

COLT INVESTMENTS LIMITED

ANNUAL REPORT 2019

Registration No: 2647060



COLT INVESTMENTS LIMITED

ANNUAL REPORT 2019

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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

1 PRINCIPAL ACTIVITY

The principal activity of the Company is a holding company for the Colt group of companies ("the Group") which designs, supplies, installs, commissions, services and maintains engineered solutions for ventilation, smoke control, climate control and solar shading for the built environment.

2 REVIEW OF THE BUSINESS

The Group achieved a strong performance in 2019, with record operating profit in Continental Europe division, driven by Smoke and Service and Maintenance businesses as well as achieving a strong recovery in the Solar Shading business during 2019. The UK had a challenging end to the year which resulted in a lower level of profit than achieved in 2018.

The performance of the Continental Europe Solar Shading business improved significantly in the year due to key changes to the organisation and improved processes being implemented for estimating, quoting and delivery.

The business also completed a restructure and relocation of the office in Singapore (Colt Ventilation East Asia Pte Ltd) during 2019 which resulted in a return to profitability for that business unit.

Revenues for the group increased by only 0.8% (at constant exchange rates) but the Group profit before taxation is up 15% at £9.3m from £8.1m from continuing operations in 2018, driven by Continental Europe businesses and the improvements achieved in European Solar Shading and Singapore.

The Group continued to deliver strong growth in Service and Maintenance achieving 9% revenue growth. Expanding Service and Maintenance continues to be a key focus area of the Group's strategy.

Strong working capital management resulted in a £3.3m increase in net cash in the year with the 31 December net cash balance reaching £33.2m.

With a robust position in European markets, and a strong order book entering 2020 the Group is well placed to take advantage of growth and the increasing demand for environmentally sustainable green buildings and infrastructure.

Our Coltlite product won further awards in 2019 including a German Design Award and an Iconic Award "Best of the Best", both for the CLST variant. Our Solar Shading Ellisse Photovoltaic Slider also won an Iconic Award for Innovative Architecture and two new patents were registered for innovative mechanisms on horizontal and vertical shutters. The UK business was awarded the RoSPA Order of Distinction for Occupational Health as a result of achieving fifteen consecutive RoSPA Gold Awards and was also one of the first companies in the UK to be audited and certified to the new ISO45001:2018 Safety Management Standard. Finally, the Group was named International Business of the Year at the Solent 250 Awards.

3 MAIN OBJECTIVES, STRATEGY AND BUSINESS MODEL

The Group's vision is to be recognised as a market leader in providing and servicing innovative solutions and products for ventilation, smoke control, climate technology and solar shading to improve the performance and sustainability of the built environment, and the safety and well-being of its users.

The Group's strategy is to focus on growth within its existing geographical footprint, building stable platforms to expand its engineered solutions and service and maintenance businesses in the natural ventilation, smoke control, climate control and solar shading sectors both organically and through acquisitions. Due to an agreement signed on 17th April 2020 for Kingspan Holding Netherlands BV to acquire Colt Investments Limited, in future Colt will operate as a subsidiary business of the Kingspan Light + Air Division.

The Group's value proposition is that its expertise, built on proven experience, delivers innovative, cost effective, sustainable solutions.

The Group provides and services innovative solutions and products for ventilation, smoke control, solar shading and climate technology. It operates as a specialist design and build contractor with a service and maintenance business and also manufactures a proportion of the unique products and systems that it uses in its solutions. The Group differentiates its offering through a combination of products, services and expertise tailored to each customer's needs. The business operates through local, largely wholly owned subsidiaries supported by a global research and development team and regionally centralised manufacturing facilities.

4 PRINCIPAL RISKS AND UNCERTAINTIES

The management of risks within the Group underpins the execution of its strategy. A Group Risk Committee oversees risk management in the operating companies, who are required to identify and manage day-to-day risks in accordance with defined policies and procedures. Exceptional risks are escalated to the Group Risk Committee for review. The Group currently operates a Brexit risk review process covering operational, legal and financial risks and mitigation strategies.

COVID 19 is a risk to our business in the short term, but it is deemed to be largely an impact to the 2nd Quarter 2020 in certain countries in which we operate. The Group's wide geographic footprint has reduced the overall impact to the Group, with a significant amount of the impact being a delay in projects rather than cancellations. The order book and cash position of the Group have remained robust to date and we anticipate that to continue.

Economic Environment

The investment decisions and levels of business activity of the Group's customers are directly affected by changes in economic circumstances which are often regarded as the root cause of the cyclical nature of the construction industry. The Group seeks to manage this risk by maintaining geographic diversity and diversity in its products and services and supplying to a wide range of industries and business segments as well as the public sector.

4 PRINCIPAL RISKS AND UNCERTAINTIES (continued)**Product Development**

The Group invests in research and development each year including maintaining centres of excellence to keep its subsidiaries up to date with developments in their key technologies and products.

Furthermore, the Group's subsidiaries undertake routine market research to understand better their customers' expectations and whether their needs are being met.

Competition

The Group faces competition both nationally and internationally which, in mature markets, can result in severe pressure on margins. The Group seeks to manage the risk by differentiating itself from its competitors by providing tailored and specialist solutions of a high quality to its customers.

Financial

The Board of Colt Group Limited monitors the operation of the financial systems put in place to manage the risks of transacting business across a number of different countries, with a number of its customers being contractors in the construction industry.

The Group has implemented policies that require appropriate credit checks on potential customers and financial institutions and they have certain credit insurance arrangements. The Group has in place currently unused bank facilities to supplement its cash resources as required. Known currency exposures are managed by entering into appropriate forward foreign exchange contracts.

The Group has short-term variable interest bearing liabilities. The Group's current and forecast cash flows are regularly reviewed by management to mitigate its exposure to changes in short term interest rates.

Pension Schemes

The Group operates defined benefit pension schemes in Germany and the UK (the UK scheme being closed to future accrual from 31 March 2013 and the German Scheme is closed to new entrants) the valuation of which is dependent on a number of assumptions such as longevity, interest rates and expectations of future inflation. Assumptions such as these are used by the trustees of the UK scheme to determine the level of contributions payable by the Colt Group Limited. The German scheme is unfunded and the scheme liabilities are paid by the Group as they fall due. The Group and the scheme trustees regularly review and manage the risks associated with such pension schemes supported by professional actuaries and investment managers.

5 FUTURE PROSPECTS

The Group aims to have a portfolio of businesses in smoke control and ventilation, solar shading and climate technology in each of its geographic markets.

The Group expects future growth in operational profitability in all segments, particularly in its climate control technology and service segments.

STRATEGIC REPORT (continued)

5 FUTURE PROSPECTS (continued)

With increasing demand for green, low-energy climate control solutions, the Group foresees opportunities for its adiabatic cooling solutions, its range of natural ventilation solutions as well as its solar shading solutions which, by reducing the heat load on buildings, also contribute to a low energy solution.

6 KEY PERFORMANCE INDICATORS

Given the straightforward nature of the Company's business as an investment holding company, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

The Board of Colt Investments Limited monitors the progress of the strategy for its subsidiaries and the individual strategic elements by reference to several key performance indicators but not all of the progress achieved can be measured by financial ratios.

	<u>2019</u>	<u>2018</u>
(a) Increase / (Decrease) in Orders	5.4%	(4.5)%
(b) Increase in Turnover	0.8%	4.8%
(c) Profit before Taxation	£9,328,000	£8,146,000
(d) Return on Capital Employed excluding Pension Liabilities	34.8%	18.9%
(a) Year on year growth in orders expressed as a percentage, excluding the impact of exchange rate variances, for continuing operations.		
Orders were 5.4% higher in 2019 than in 2018 due to strong orders growth in our Germany, France, Belgium, Slovakia and our Solar Shading Business unit.		
(b) Year on year growth in turnover expressed as a percentage, excluding the impact of exchange rate variances, for continuing operations.		
(c) Profit before taxation is in respect of continuing operations.		
(d) Capital employed is the average of the total equity less the net cash at the start and end of the financial year excluding pension liabilities. Return is defined as profit before interest and tax.		

7 SECTION 172(1) - HOW THE DIRECTORS HAVE PERFORMED THEIR DUTY TO PROMOTE THE SUCCESS OF THE COMPANY FOR THE BENEFIT OF ITS MEMBERS AS A WHOLE.

(I) Stakeholder Engagement

The following disclosure describes how the directors have had regard to the matters set out in section 172 (1) (a) – (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Colt Investments is an investment holding company and as such the Directors have delegated executive management of the Colt group of companies to the Directors of Colt Group Limited, the Company's immediate subsidiary, while still being involved in strategic decision making. The following disclosure includes a description of delegated roles to the directors of Colt Group Limited.

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Investors/ Shareholders	<p>Continued access to capital is vital to the long-term success of the company.</p> <p>We engage with shareholders to obtain buy-in to our strategic objectives and how we intend to execute them.</p> <p>Through our engagement with the executive and non-executive directors of Colt Group Limited we create value for our shareholders by generating strong and sustainable results that translate into dividends.</p>	<p>Quarterly Meetings with Shareholder representatives attended by the Shareholders, including the Directors, and the Chairman, NED, CEO and CFO of Colt Group Limited</p> <p>Additional Meetings with Shareholder representatives, when required, attended by the Directors and the Chairman, NED, CEO and CFO of Colt Group Limited to seek approval on decisions that are a matter for shareholders.</p> <p>Annual or Biennial Meetings with the Colt Shareholder Council (CSC), a sub-group of the main Shareholders, attended by all Directors, the Directors of Colt Group Limited and some Executive</p>	<p>Four quarterly meetings took place in the year to report on performance and to seek approval on those decisions that are a matter for shareholders.</p> <p>Specific topics which the Directors and Directors of Colt Group Limited engaged in with shareholders during the year included:</p> <ul style="list-style-type: none"> • Regional and Segment strategies. • Impact of Grenfell and Ocado fires on demand for smoke control. • Pension liabilities. • Properties. • Litigations. • Health & Safety. 	<p>Strategic objectives in the Three Year Business Plan agreed.</p> <p>Shareholder support for the decisions made by the Directors.</p>

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Investors/ Shareholders (continued)		<p>Management of Colt Group to report on performance.</p> <p>Triennial Shareholders days where the Directors of Colt Group Limited host a site visit and present specific topics at a meeting that all Shareholders are invited to.</p>		
Employees	Essential to the company's long-term success is the commitment of Group employees to our strategy and their demonstration of our core values on a daily basis.	Leadership on Health & Safety.	<p>The Directors of Colt Group Limited introduced a number of actions to improve Health & Safety:</p> <ul style="list-style-type: none"> • A common Group wide Health & Safety reporting procedure. • Sharing of Group Health and Safety Alerts on the Intranet to communicate information on incidents around the Group with the aim of sharing 	<p>Additional guidance provided on the importance of protective clothing.</p> <p>Investment in office furniture to enable employees to work in a standing position.</p> <p>Colt UK awarded RoSPA Order of Distinction for Occupational Health as a result</p>

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Employees (continued)			<p>the lessons that can be learned from them to prevent similar incidents occurring elsewhere.</p> <ul style="list-style-type: none"> Decisions on the use of hand protection. 	of achieving fifteen consecutive RoSPA Gold Awards.
		Leadership on Director and Executive Management Team Remuneration.	The Colt Group Limited Remuneration Committee approve salary & bonus plan for Executive Directors and Executive Management.	Management team remuneration aligned with objectives of the Company

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Employees (continued)		Employee Communication: The Colt Group Limited CEO publishes regular briefing notes which are made available to all employees.	<p>In 2019 ten Colt Group Limited CEO Briefing Notes were published covering:</p> <ul style="list-style-type: none"> • Health and Safety • Performance update • Strategy updates (e.g. new R&D strategy and updated Vision statement) • Management changes • Top Ten and CEO Awards • Group Policy updates (Gifts & Hospitality, CSR & Sustainability, Intellectual Property Trademarks & Domains) • Major orders won • New products launched • New patents registered 	

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Employees (continued)		In principal subsidiaries in Continental Europe the Director of Continental Europe engages with the employee representatives on the Works Councils.	<p>The Works Councils in Holland and Germany are informed of all key decisions and matters which have a significant impact of the local workforce. Examples are as follows:</p> <ul style="list-style-type: none"> • Changes in organisation structure • Approved and planned investments • Working conditions and actions to improve • Regular financial updates 	
		<p>The Directors of Colt Group Limited are involved in the recognition of Employees:</p> <ul style="list-style-type: none"> • Top 10: since 1973 the CEO has honoured the Group's top ten best performing sales people annually, in terms of both volume and margin of order intake. 	<p>Top 10 for 2018 announced by CEO in July 2019.</p>	

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Employees (continued)		<ul style="list-style-type: none"> CEO Awards: since 2017 the Colt Group Limited CEO recognised exceptional performance across the Group from any department including project management, service, production and support functions. Candidates are nominated by their manager. Director involvement in Long Service Awards: 	<p>Six winners of 2018 Colt Group Limited CEO award announced in July 2019.</p> <p>The Colt Group Limited CEO attended the 25 year Silver Jubilee of Colt Arabia and presented 25 and 10 year service awards to employees.</p> <p>Directors and Shareholders attended the Fifty Year work anniversary of a UK employee.</p>	
		Director involvement in Employee Training:	The Colt Group Limited CEO and Commercial Director participated in Knowledge Exchange Days.	

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Suppliers and sub-contractors	<p>Our suppliers and sub-contractors are fundamental to the quality of the products and services we provide to our customers.</p> <p>We expect our suppliers and sub-contractors to meet the high standards of conduct that we set ourselves.</p>	<p>In line with the delegated authority matrix, the management of suppliers is delegated to business unit management. The Colt Group Limited directors engagement is via oversight by the Group Risk Committee which consists of the Colt Group Limited Executive Directors.</p> <p>The Colt Group Limited Group Risk Committee requires that the Company makes its suppliers and sub-contractors aware of the Anti-Bribery and Corruption Policy.</p>	<p>Business Unit management organise supplier and sub-contractor training days. Key topics this year were:</p> <ul style="list-style-type: none"> • Health & Safety • Impact of Brexit on business continuity in our sector. • Supplier Code of Conduct • Supplier Audits 	Strong, long lasting partnerships with the Group's suppliers and sub-contractors.

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Customers	Each group company's relationship with its customers is critical to the group's success. Maintaining those relationships is a high priority for all employees throughout the group.	Directors of Group companies agree Customer strategy and support the development and maintenance of customer relationships.	<p>The Directors of Colt Group Limited agreed an update to the Group Vision to incorporate a reference to how the Group improves the lives of its customers.</p> <p>The Directors of Colt Group Limited approved a new R&D strategy to set the future direction that we will take in product development to support the Group's strategic positioning as an innovator in order to attract and retain customers.</p> <p>The Colt Group Limited directors approved participation at Trade Fairs, some of which were also attended by directors of Colt Group Limited:</p> <ul style="list-style-type: none"> - BAU Munich - Riyadh Civil Defence - Big5 Jeddah - Feuertrutz Nuernberg 	<p>Colt UK was awarded a highly commended certificate in the Collaboration category at the inaugural VINCI Facilities Supply Chain Awards.</p> <p>The Coltlite CLS45 was a winner in the "Excellent Product Design – Building and Elements" category of the German Design Award 2019.</p> <p>The Coltlite CLS45 was also the winner of a "Best of the Best" in the Iconic Awards 2019 Innovative Interior. Colt Germany won the 'Industry Excellence in Branding' category at the German Brand Awards.</p>

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Pension Trustees	The UK Defined Benefit Pension Scheme (CLARS) is significant relative to the size of the Colt Group.	<p>The Directors and the Directors of Colt Group Limited (the sponsoring company of the CLARS scheme) work collaboratively with the Pension Trustees to develop a long-term investment and funding strategy for the scheme.</p> <p>As a key stakeholder the Pension Trustees receives twice yearly performance updates from the Colt Group Limited CFO and/or CEO.</p>	<p>The principal topic has been the long-term investment strategy.</p> <p>Financial performance of the group.</p>	Due to a strong financial performance the company covenant continues to be assessed as Moderate/Strong. Investment strategy agreed.
Community & Environment	The Company's and its subsidiaries' engagement with the Community and Environment could have a significant impact on the success of the Group	The Directors of Colt Group Limited set the strategy for the Company's engagement with the Community & Environment.	The Directors of Colt Group Limited agreed a new Corporate Social Responsibility (CSR) & Sustainability Policy with a set of Goals and Values and published them on the Group's website.	Colt Group was named 2019 International Business of the Year for the Solent 250, covering companies with their main headquarters located in this region of the UK.

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Community & Environment (continued)			<p>The Directors of Colt Group Limited agreed an update to the Group Vision to reflect the formal goals policy for Corporate Social Responsibility (CSR) and sustainability.</p> <p>The Directors of Colt Group Limited approved a new policy for protecting the Group's intellectual property including brands, trademarks, patents and confidential information</p>	<p>Colt Group was ranked 7th in the 2019 Southern Manufacturing 100, covering the Thames Valley and Solent & South Central regions.</p> <p>Colt Germany was regional winner and North Rhine-Westphalia finalist in the Grosser Preis des Mittelstandes (Grand Prize for Small and Medium Sized Companies) which recognises companies that bring the greatest economic and social benefit to the country.</p>

STRATEGIC REPORT (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Construction and Smoke Control Industries	The Colt Group's engagement with the industry can influence legislation, building regulations and customs and practices that could impact on the success of the Company and Group.	The Directors of Colt Group Limited set the strategy for engagement and review progress of the engagements.	The Directors of Colt Group Limited engaged in the Company's position with respect to the UK Grenfell fire disaster enquiries by being directly appraised at a Board meeting by the technical expert from the UK business and approving the Group's approach.	Colt UK is recognised as an expert and thought leader in the UK Smoke Control Industry and plays a lead role in running the UK Smoke Control Association (SCA) The Chartered Institute of Building Services Engineers (CBSE) has appointed the UK Managing Director of Colt to its Patrons Steering Committee.
Reputation for high standards of business conduct.	The Company and Group's reputation for standards and business conduct could have an impact on the relationship with all of the stakeholder groups above.	The Directors and the Directors of Colt Group Limited, set the strategy for the Group's standards of business conduct. The directors engagement is also via oversight by the Colt Group Limited Risk Committee which consists of its Executive Directors.	During the year the Directors of Colt Group Limited approved: <ul style="list-style-type: none"> a Gifts & Hospitality Policy, to align with current best governance. 	UK business certified to the new ISO45001:2018 Safety Management Standard as well as re-certifying the ISO14001 (Environmental) and ISO9001 (Quality) standards.

STRATEGIC REPORT (continued)

Section 172(1) (continued)

Who? Stakeholder Group	Why? Why is it important to engage?	How? How directors engage	What? What were the key topics of engagements this year	Outcomes and actions? What was the impact of the engagement
Reputation for high standards of business conduct (continued)			<ul style="list-style-type: none"> • a Modern Slavery Act 2015 statement to be displayed prominently on the Group website. • An IP Strategy and an IP & Trademarks Policy. • an update to the Corporate Identity. • an update to the Group Delegated Authority Matrix. 	Colt is one of the first companies in the UK to achieve the new ISO45001 standard.

Section 172 (1) (continued)**(II) Principal Decisions**

We define principal decisions as both those that are material to the Group but also those that are significant to any of our key stakeholders. In making the following principal decisions the Directors considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between members of the company.

1. Approved the Annual Budget and Three year Plan

- The directors approved a three year financial plan that set targets for 2019, 2020 and 2021 taking into account growth opportunities in key markets.
- The directors considered the impact of the challenge on employees' ability to achieve the targets as well as the markets conditions in which Colt operates and concluded that the targets were reasonable and in line with shareholders expectations.

2. Approved the Innovation and R&D Strategy

- Following the go to market strategy approved by the directors and implemented in 2017, the directors concluded that Group's R&D strategy needed to be re-focussed.
- In approving the strategy the directors considered the impact on the Group's ability to serve its target markets and the impact that a re-focussing of R&D would have on employees.

3. Approved the Restructuring of certain Segments and Regions

- The directors approved the restructuring of some segmental and regional businesses to deliver sustainable business performance.
- The directors took into account whether markets presented growth opportunities for the Colt Group and whether these opportunities could be exploited in a profitable manner.
- The directors considered the impact of the restructuring on the welfare of the employees of the Colt Group and concluded that attaining sustainable businesses was in the best interests of employees and all stakeholders.

4. Approved the Dividend Distribution

- The directors decided to pay a total dividend of £2,000,000 in the year.
- The directors took into account whether it would adversely impact the on-going strategic investment considered critical to the long-term success of the company and achievement of our strategic objectives and concluded it would not in light of the strong cash position of the group net of the dividend payment.
- The directors also considered the funding position of the UK Defined Benefit Pension Scheme (CLARS) and have continued to engage with the Pension Trustees in respect of long term investment strategy and funding of the scheme.

STRATEGIC REPORT (continued)

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M Oliver', written over a horizontal line.

M Oliver
Director
Waterlooville
Hampshire
PO7 7YH

22 May 2020

REPORT OF THE DIRECTORS

The Directors present their Report and audited consolidated Financial Statements for the year ended 31 December 2019.

1 PRINCIPAL ACTIVITY

The principal activity of the Company is a holding company for the Group which designs, supplies, installs, commissions, services and maintains engineered solutions for ventilation, smoke control, climate control and solar shading for the built environment.

2 DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Mr L McDaniel (appointed 17 April 2020)
Mr G Crowe (appointed 17 April 2020)
MR M Oliver (appointed 28 April 2020)
Mr A Leitch (appointed 28 April 2020)
Mr J O'Hea (resigned 17 April 2020)
Mr A O'Hea (resigned 17 April 2020)
Mr S O'Hea (resigned 17 April 2020)
Mrs J M Leach (resigned 17 April 2020)
Mrs C M Gilchrist (resigned 17 April 2020)
Mr P J O'Hea (resigned 17 April 2020)
Mr P O'Hea (resigned 17 April 2020)
Mrs J A Corbisiero (resigned 17 April 2020)
Mrs P Lebus resigned 17 April 2020)
Mrs C M Fitzsimons (resigned 17 April 2020)

3 DIVIDENDS

The Group profit before taxation amounted to £9,328,000 (2018: profit £5,222,000).

A First Interim Dividend for 2018 of £1,000,000 was declared and paid on 16 January 2019 (2018: £1,000,000).

A Second Interim Dividend for 2018 of £1,000,000 was declared on 23 May 2019 and paid on 24 May 2019 (2018: £1,000,000).

The Directors do not recommend the payment of a final dividend (2018: nil):

A First Interim Dividend for 2019 of £1,000,000 was declared and paid on 23 January 2020.

REPORT OF THE DIRECTORS (continued)

4 EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

5 FINANCIAL RISKS*

The Board of Colt Group Limited regularly monitors the operation of the financial systems it has put in place to manage the risks of transacting business across a number of different countries, with a number of its customers being contractors in the construction industry.

The Group has implemented policies that require appropriate credit checks on potential customers and financial institutions and has certain credit insurance arrangements. It has in place facilities to supplement its cash resources as required. Known currency exposures are managed by entering into appropriate forward foreign exchange contracts. The Group has short-term variable interest bearing liabilities. The Group's current and forecast cash flows are regularly reviewed by management to mitigate its exposure to changes in short term interest rates.

6 FUTURE PROSPECTS*

The Group aims to have a portfolio of businesses in smoke control and ventilation, solar shading and climate technology in each of its geographic markets.

The Group expects continued growth and a further increase in operational profitability, particularly in its climate technology and service segments. With increasing demand for green, low-energy climate control solutions, the Group foresees opportunities for its Coolstream adiabatic cooling products, its range of natural ventilation products as well as its solar shading solutions which, by reducing the heat load on buildings, also contribute to a low energy solution.

7 RESEARCH AND DEVELOPMENT ACTIVITIES*

In order to avoid being overtaken by new developments leading to possible product obsolescence, the Group invests in research and development each year including maintaining centres of excellence to keep its subsidiaries up to date with developments in their key technologies and products. Furthermore, routine market research is undertaken to understand customer expectations and whether their needs are being met.

8 EMPLOYEE INVOLVEMENT

Employees are encouraged to contribute their ideas and suggestions within their local businesses and receive regular briefing notes and newsletters about the wider Group's activities.

REPORT OF THE DIRECTORS (continued)

9 EMPLOYEE ENGAGEMENT STATEMENT

The Directors have described the action that has been taken during the financial year to (i) introduce, maintain and develop arrangements aimed at providing employee systematically with information on matters of concern to them as employees; (ii) consulting employees or their representatives on a regular basis so views of employees can be taken into account in decision making; (iii) encouraging the involvement of employees in the Group's performance; and (iv) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Group, in the Section 172(1) statement in the Strategic Report.

10 STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

The Directors have regard to the need to foster the Group's business relationship with suppliers, customers and others, and the effect of that regard, including on principal decisions taken by the Group during the financial year. Please refer to the Group's Section 172(1) statement in the Strategic Report.

11 DIRECTORS' INDEMNITY

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the respective period of Directorship during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

12 POST BALANCE SHEET EVENT

On 17 April 2020, the shareholders of Colt Investments Limited, the ultimate parent company of Colt Group Limited, completed the sale of Colt Investments Limited to Kingspan Holding Netherlands BV, a subsidiary of Kingspan Group plc. Kingspan Group plc is listed on Euronext Dublin and the London Stock Exchange, and is headquartered in Kingscourt, County Cavan, Ireland.

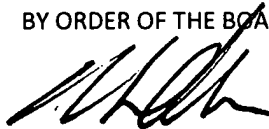
13 DIRECTORS' DECLARATION IN RELATION TO RELEVANT AUDIT INFORMATION

Each person who was a Director at the time this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REPORT OF THE DIRECTORS (continued)

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M Oliver', written over the text 'BY ORDER OF THE BOARD'.

M Oliver
Director
Waterlooville
Hampshire
PO7 7YH

22 May 2020

* Also stated in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT INVESTMENTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

In our opinion, Colt Investments Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2019 (the "Annual Report"), which comprise: the Group and Company balance sheets as at 31 December 2019; the consolidated profit and loss account, the consolidated statement of comprehensive income, the Group and Company statements of changes in equity, and the consolidated statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT INVESTMENTS LIMITED

Conclusions relating to going concern (continued)

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLT INVESTMENTS LIMITED

Responsibilities for the financial statements and the audit (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Trevor Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
22 May 2020

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2019

	Notes	2019			2018		
		Continu- ing Operat- ions £'000	Disconti- nued Operat- ions £'000	Total £'000	Continu- ing Operat- ions £'000	Disconti- nued Operat- ions £'000	Total £'000
Turnover	1	180,445	-	180,445	179,764	-	179,764
Net operating expenses	2	(170,789)	-	(170,789)	(171,260)	-	(171,260)
Loss on disposal of operation	26	-	-	-	-	(2,924)	(2,924)
Operating profit/(loss)		9,656	-	9,656	8,504	(2,924)	5,580
Interest receivable and similar income	4	18	-	18	26	-	26
Interest payable and similar expenses	5	(346)	-	(346)	(384)	-	(384)
Profit/(loss) before taxation		9,328	-	9,328	8,146	(2,924)	5,222
Tax on profit	6	(2,411)	-	(2,411)	(2,286)	-	(2,286)
Profit/(loss) for the financial year		6,917	-	6,917	5,860	(2,924)	2,936
Profit /(loss) for the financial year attributable to:							
- Shareholders		6,913	-	6,913	5,880	(2,924)	2,956
- Non-controlling interests		4	-	4	(20)	-	(20)
		6,917	-	6,917	5,860	(2,924)	2,936

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019 £'000	2018 £'000
Profit for the financial year	6,917	2,936
Other comprehensive (expense)/ income:		
Currency translation differences on reserves	(1,789)	389
Actuarial (loss)/gain in respect of pension schemes	(2,754)	1,430
Movement on deferred tax relating to pension schemes	545	(309)
Other comprehensive (expense)/income for the year	<u>(3,998)</u>	<u>1,510</u>
Total comprehensive income for the year	<u>2,919</u>	<u>4,446</u>
Total comprehensive income attributable to:		
- Shareholders	2,918	4,464
- Non-controlling interests	<u>1</u>	<u>(18)</u>
	<u>2,919</u>	<u>4,446</u>

BALANCE SHEETS
as at 31 December 2019

Registration No: 2647060

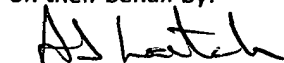
		The Company		The Group	
	Notes	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	-	-	1,547	2,046
Tangible assets	9	-	-	11,156	12,072
Investments	10	12,177	12,177	-	-
		<u>12,177</u>	<u>12,177</u>	<u>12,703</u>	<u>14,118</u>
Current assets					
Stocks	11	-	-	8,507	9,692
Debtors	12	1	-	55,114	53,310
Cash at bank and in hand		1	2	34,239	37,119
		<u>2</u>	<u>2</u>	<u>97,860</u>	<u>100,121</u>
Creditors: amounts falling due within one year	14	<u>(1,116)</u>	<u>-</u>	<u>(42,749)</u>	<u>(48,811)</u>
Net current (liabilities)/assets		<u>(1,114)</u>	<u>2</u>	<u>55,111</u>	<u>51,310</u>
Total assets less current liabilities		<u>11,063</u>	<u>12,179</u>	<u>67,814</u>	<u>65,428</u>
Creditors: amounts falling due after more than one year	15	-	-	(269)	(254)
Post-employment benefits deficit	17	-	-	(15,243)	(15,080)
Post-employment benefits surplus	17	-	-	4,864	6,753
Provisions for other liabilities	16	-	-	(6,797)	(7,397)
Net assets		<u><u>11,063</u></u>	<u><u>12,179</u></u>	<u><u>50,369</u></u>	<u><u>49,450</u></u>
Capital and reserves					
Called up share capital	18	2,245	2,245	2,245	2,245
Capital redemption reserve		4,700	4,700	4,700	4,700
Retained earnings		4,118	5,234	30,371	29,453
Other reserves		-	-	13,005	13,005
Total equity attributable to owners of the parent		<u>11,063</u>	<u>12,179</u>	<u>50,321</u>	<u>49,403</u>
Non-controlling interests		-	-	48	47
Total equity		<u><u>11,063</u></u>	<u><u>12,179</u></u>	<u><u>50,369</u></u>	<u><u>49,450</u></u>

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present its own profit and loss account or statement of comprehensive income

The Company's profit and total comprehensive income for the financial year was £884,000 (2018: profit and total comprehensive income £2,000,000).

The accounting policies and notes on pages 33 to 77 are an integral part of these financial statements.

The Financial Statements on pages 27 to 77 were approved by the Board of Directors on 22 May 2020 and signed on their behalf by:



A Leitch
Director

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Called up Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
The Company				
Balance as at 1 January 2018	2,245	4,700	5,234	12,179
Profit for the financial year	-	-	2,000	2,000
Total comprehensive income for the year	-	-	2,000	2,000
Dividends	-	-	(2,000)	(2,000)
Balance as at 31 December 2018	2,245	4,700	5,234	12,179
Balance as at 1 January 2019	2,245	4,700	5,234	12,179
Profit for the financial year	-	-	884	884
Total comprehensive income for the year	-	-	884	884
Dividends	-	-	(2,000)	(2,000)
Balance as at 31 December 2019	2,245	4,700	4,118	11,063

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Called up Share Capital	Capital Redemp- tion Reserve	Retained Earnings	Other Reserves	Equity Attributable to the Owners of the Parent £'000	Non- controlling interest £'000	Total Equity £'000
The Group	£'000	£'000	£'000	£,000	£'000		£'000
Balance as at 1 January 2018	2,245	4,700	26,989	13,005	46,939	65	47,004
Profit/(loss) for the financial year	-	-	2,956	-	2,956	(20)	2,936
Other comprehensive income for the year	-	-	1,508	-	1,508	2	1,510
Total comprehensive income/(expense) for the year	-	-	4,464	-	4,464	(18)	4,446
Dividends	-	-	(2,000)	-	(2,000)	-	(2,000)
Balance as at 31 December 2018	2,245	4,700	29,453	13,005	49,403	47	49,450
Balance as at 1 January 2019	2,245	4,700	29,453	13,005	49,403	47	49,450
Profit for the financial year	-	-	6,913	-	6,913	4	6,917
Other comprehensive expense for the year	-	-	(3,995)	-	(3,995)	(3)	(3,998)
Total comprehensive income for the year	-	-	2,918	-	2,918	1	2,919
Dividends	-	-	(2,000)	-	(2,000)	-	(2,000)
Balance as at 31 December 2019	2,245	4,700	30,371	13,005	50,321	48	50,369

Other Reserves arose on the acquisition of Colt Group Limited in 1992.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flow from operating activities	19	12,023	10,898
Interest paid		(248)	(259)
Taxation paid		(3,431)	(1,297)
Net cash generated from operating activities		<u>8,344</u>	<u>9,342</u>
Cash flow from investing activities			
Purchase of intangible assets		(69)	(272)
Purchase of tangible assets		(979)	(1,271)
Purchase of subsidiary undertakings		-	-
Disposal of subsidiary		-	(1,103)
Proceeds from disposal of tangible assets		52	228
Interest received		22	26
Net cash used in investing activities		<u>(974)</u>	<u>(2,392)</u>
Cash flow from financing activities			
Repayment of obligations under finance leases		(48)	(60)
Dividends paid to shareholders		(2,000)	(2,000)
Net cash used in financing activities		<u>(2,048)</u>	<u>(2,060)</u>
Net increase in cash and cash equivalents		5,322	4,890
Cash and cash equivalents at the beginning of the year		29,835	24,522
Exchange adjustments		(2,005)	423
Cash and cash equivalents at the end of the year		<u>33,152</u>	<u>29,835</u>
Cash and cash equivalents consist of:			
Cash at bank and in hand		34,239	37,119
Bank overdrafts		(1,087)	(7,284)
Net cash in hand at end of year		<u>33,152</u>	<u>29,835</u>

ACCOUNTING POLICIES
for the year ended 31 December 2019

General information

Colt Investments Limited ("The Company") is a private company limited by shares and is incorporated in England. The address of the Company's registered office is Unit 12, The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH.

The principal activity of the Company is a holding company for the Colt group of companies ("the Group") which designs, supplies, installs, commissions, services and maintains engineered solutions for ventilation, smoke control, climate control and solar shading for the built environment.

The Group consists of Colt Investments Limited and all of its subsidiaries.

Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified to recognise certain financial instruments at fair value through the profit and loss account, the 1985 revaluation of freehold properties and the historic revaluation of the investments by the parent company in subsidiary companies.

The Group financial statements are prepared in pounds sterling, which is the functional currency of the Group and monetary amounts are rounded to thousands unless otherwise indicated.

The Company's presentational currency is also pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on pages 43-45.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Basis of consolidation

The consolidated financial statements incorporate Colt Investments Limited and all of its subsidiary undertakings together with the Group's share of the results of associates.

A subsidiary undertaking is an entity that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits. Where necessary, when preparing the consolidated financial statements, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Where the Group owns less than 50% of the voting power of an entity, but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group has a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The Group's share of the results of associates are accounted for using the equity method of accounting.

All statutory financial statements of the Company's subsidiaries are made up to 31 December 2019.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary undertakings acquired during the year are consolidated using the purchase method. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in the profit and loss account as a gain or loss on disposal. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings.

Where an interest in a subsidiary is increased or reduced, but control is not obtained or lost, the difference between the fair value of any consideration paid or received and the change to the non-controlling interest is recognised directly in equity and attributed to owners of the parent.

Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date for the subsequent measurement period.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Business combinations (continued)

On transition to FRS 102, the Group elected not to apply FRS 102 to business combinations effected before the date of transition of 1 January 2014. Consequently, any intangible assets subsumed within goodwill were not separately recognised and no adjustment was made to the carrying value of goodwill arising on those business combinations.

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax and other sales taxes.

Work is undertaken for customers either on the basis that time and materials are billed as incurred or according to the terms of fixed price contracts. For time and material contracts, turnover and profit is recognised when the right to consideration has been established according to time worked and materials expended.

With respect to fixed price contracts, turnover and profit is recognised according to the percentage of the estimated total contract value completed. For practical expediency, in respect of short term and low value fixed price contracts, sales and profit may be recognised once the contract is complete. Completion is defined as the point at which all contractual obligations have been satisfied and the Group has an enforceable debt.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred. Turnover and profit on project variations are included in the calculation of the percentage of the total contract value completed once they have been agreed with the customer.

If a contract covers a number of assets, the construction of each asset is treated as a separate construction contract when the costs and revenues of each asset can be identified, the assets are subject to separate proposals and negotiation, and the part of the contract relating to each asset can be accepted or rejected. Contracts are combined and treated as a single construction contract when they are negotiated as a single package, performed concurrently or in a continuous sequence and so closely interrelated that they are, in effect, part of a single project with an overall profit margin.

As turnover is recognised and invoiced, a corresponding amount is included within trade debtors. Amounts recoverable on contracts are also included in debtors and represent turnover recognised in excess of invoiced amounts. Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments on account and amounts are set off against the value of work undertaken as the contracts progress.

Turnover for maintenance services is recognised when the services are rendered.

Also included within turnover are royalties earned, licence fees and other payments for technical "know-how" which are recognised on an accruals basis.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Dividend income

Dividend income from the Company's investments in subsidiaries is recognised when the Company's right to receive payment is established.

Foreign currencies

Transactions in foreign currencies, other than the functional currency, are translated into sterling and recorded at an exchange rate that is a reasonable approximation to the rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year.

Exchange differences arising on the re-translation of opening net investments in subsidiary companies and on translation of profit and loss account items at average rates are recognised in other comprehensive income and are accumulated in equity.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Research and development

The Group capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so that the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life of 5 years.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Expenditure on development plant and equipment is capitalised as tangible fixed assets and written off over its useful economic life.

Investments

Investments in subsidiary undertakings are included in the financial statements at cost, less any provision required for impairment.

Goodwill

Purchased goodwill, which arises on the acquisition of a business, is capitalised and amortised through the profit and loss account on a straight line basis over a period of up to 20 years as, in the opinion of the Directors, this represents the period over which the goodwill is expected to give rise to economic benefits. This is evaluated on a case by case basis.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Intangible fixed assets

Intangible fixed assets purchased are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on a straight-line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful economic lives and is charged to the profit and loss account.

The principal annual amortisation rates are as follows:

Intellectual property rights	3-5 years
Software	3-5 years

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible fixed asset is recognised in the profit or loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or deemed cost of each asset to its estimated residual value on a straight line basis over its estimated useful economic life. The principal annual rates used for this purpose are as follows:

Freehold or long leasehold buildings	50 years
Short leasehold properties	10 years or period of lease if shorter
Plant and machinery	3-10 years
Fixtures, fittings, tools and equipment	3-10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Leasehold improvements are depreciated over the shorter of the estimated useful lives of the assets or the unexpired lease term.

On transition to FRS 102 on 1 January 2014, the Group elected to use the revalued cost (1985 valuation) of freehold land and buildings as their deemed cost at the date of transition.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from the revaluation reserve to retained earnings.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in the profit and loss account in the period in which they are identified.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the profit and loss account or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful economic life.

Stocks and work in progress

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out basis and, for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in the profit and loss account.

Reversals of impairment losses are also recognised in profit and loss account.

Short-term contract work in progress is valued at direct cost plus a proportion of related production overheads, except where the contract is material, when it is accounted for as a long-term contract.

Long-term contract work in progress is stated at total cost incurred net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Profit is taken on those long-term contracts the outcome of which can reasonably be foreseen, in proportion to the stage of completion reached.

In the case of both short-term and long-term contracts provision is made for any anticipated losses in the period in which the losses are identified.

Cash

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). Lease payments are treated as consisting of capital and interest elements. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease on a straight-line basis.

Leased assets are depreciated over the shorter of the lease term and the estimated useful economic life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and the annual rentals, including any incentives received from the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Provision is made for the best estimate of the costs of meeting claims received against product guarantees and claims expected to be received against guarantees issued before the year-end. Estimates are based on past experience of the level of claims and costs incurred.

Contingent assets and liabilities

Contingent assets are not recognised, but are disclosed in the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Taxation

The charge for taxation represents the sum of the current tax charge and deferred tax charge. Current tax is based on the taxable profit for the year or prior years. Taxable profit differs from total comprehensive income because it equals taxable income adjusted for amounts determined in accordance with the rules established by the taxation authorities.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the average tax rates that are expected to apply to the periods in which the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in the profit or loss account, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends to settle on a net basis or to realise the liability simultaneously.

Financial instruments

The Group has chosen to adopt the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in respect of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Financial instruments (continued)

(i) Financial assets

Basic financial assets, including trade debtors and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction in which case the transaction is initially and subsequently measured at the present value of future receipts discounted at a market rate of interest.

A provision for impairment of financial assets is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the profit and loss account for the excess of the carrying value of the asset over the present value of the estimated future cash flows.

(ii) Financial liabilities and equity

Basic financial liabilities, including trade and other payables, and bank loans and overdrafts are initially recognised at transaction price unless the arrangement constitutes a financing transaction in which case the transaction is initially and subsequently measured at the present value of future payments discounted at a market rate of interest.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in the profit and loss account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

(iii) Hedging arrangements

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

(iv) Dividends

Final dividends to the Company's shareholders are recognised as liabilities in the period in which the dividends are approved by the shareholders. Interim dividends to the Company's shareholders are recognised as liabilities in the period in which the dividends are paid. These amounts are recognised in the statement of changes in equity.

(v) Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Pensions

The Group operates three defined benefit pension schemes in the UK, Germany and Belgium, and a post-retirement health benefit scheme in the UK. Actuarial valuations are prepared in accordance with local legislative requirements and contributions are made in accordance with the actuary's recommendations.

Amounts charged to operating profit are the current and past service costs, gains and losses on settlements and curtailments and scheme expenses. Past service costs are recognised in the profit and loss account. The net interest on the net defined benefit liability/(asset) is recognised in the profit and loss account under interest payable and similar charges/interest receivable and similar charges. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Pension scheme defined benefit surpluses are recognised where this is in accordance with the scheme rules and other agreements with the Trustees.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The Group also operates defined contribution schemes. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions are charged directly to the profit and loss account as an expense as they fall due.

Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Share based payments

The Group operates a share-based compensation plan for certain employees and directors. The value awarded to participants of this plan is based on certain future realisation events occurring, which include a disposal of the business. In determining the accounting for such plans, the directors are required to judge the probability and timing of such future realisation events occurring. If these future realisation events are considered probable, an estimate of the accounting charge is also required to be made and recorded in the profit and loss account.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. Judgements and estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

However, the nature of estimation means that actual outcomes are likely to differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Critical accounting judgements and estimation uncertainty (continued)**(i) Pensions**

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligations are determined based on assumptions concerning the discount rates on corporate bonds, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The recognition of an accounting surplus on the UK defined benefit scheme is a judgement and dependent on the Company's subsidiary, Colt Group Limited, being able to recover any surplus in the future through refunds from the plan and having considered the pension scheme rules a surplus is recognised on this basis when it arises.

(ii) Deferred tax assets

A deferred tax asset is recognised by the Group insofar as it is expected to be recoverable. A part of the Group's deferred tax asset relates to accumulated tax losses held by overseas subsidiaries which will only become recoverable when those subsidiaries make taxable profits. Management have to make estimates concerning the future profitability of those subsidiaries and the timing of potential recovery of tax losses. A deferred tax asset is only recognised when losses are expected to be recoverable in the foreseeable future.

(iii) Revenue recognition for long term contracts

For long term fixed price contracts the Group recognises revenue once the outcome of the contract can be estimated reliably, and recognises revenue according to the stage of completion of the contract. Reliable estimation of both the outcome and the revenue to be recognised in the year requires management to assess for each such contract the stage of completion, future costs in fulfilling the contract and collectability of resulting debtors.

(iv) Product guarantee provisions

The Group guarantees the product it supplies and installs for an agreed period after satisfactory completion of each contract. If a claim is judged to exist, based on past experience management make a provision for future guarantee claims which have not been identified at the balance sheet date in addition to specific provisions already held for known claims where cash outflow is deemed probable.

(v) Shared based payments

The Group operates a share-based compensation plan for certain employees and directors. The value awarded to participants of this plan is based on certain future realisation events occurring, which include a disposal of the business. In determining the accounting for such plans, the directors are required to judge the probability and timing of such future realisation events occurring. If these future realisation events are considered probable, an estimate of the accounting charge is also required to be made and recorded in the profit and loss account. In the judgement of the directors, no realisation event was considered to be probable as at 31 December 2019. Subsequently, a realisation event, being the sale of the Group, did occur on 17 April 2020, but this is a non-adjusting post balance sheet event. The associated share-based payment accounting charge will be recorded as necessary in the financial year ending 31 December 2020.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

Critical accounting judgements and estimation uncertainty (continued)**(vi) Valuation of investments**

The Company holds investments in its subsidiary companies at fair value, being cost less provisions for impairment. Where there are any indications of impairment management consider, by reference to the underlying net assets of the subsidiary and projections of its future profitability, whether any provision for impairment is required.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1 Turnover

All of the Group's turnover relates to the principal activity as described in the Report of the Directors.

	Total 2019 £'000	Total 2018 £'000
Geographical markets supplied:		
United Kingdom	37,119	34,666
Continental Europe	131,541	131,654
Rest of World	11,785	13,444
	<u>180,445</u>	<u>179,764</u>
Turnover by source:		
United Kingdom	38,211	35,411
Continental Europe	131,864	133,987
Rest of World	10,370	10,366
	<u>180,445</u>	<u>179,764</u>
Turnover by segment:		
Ventilation, Smoke Control, Climate Control and Solar		
Shading solutions	126,634	130,482
Service and Maintenance	52,835	48,299
Royalties	976	983
	<u>180,445</u>	<u>179,764</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

2 Net Operating Expenses

	2019 £'000	2018 £'000
Change in stocks of finished goods and work in progress	360	(167)
Raw materials and sub-contractor costs	89,026	93,804
Staff costs (note 3)	57,865	56,259
Depreciation - owned assets	1,201	1,230
- under finance leases	139	161
Amortisation of intangible assets	469	816
Profit on disposal of fixed assets	(33)	(122)
Research and development costs	1,084	1,056
Credit in respect of research and development	(71)	(92)
Foreign exchange gains	(9)	(66)
Other operating expenses	20,758	18,381
Total operating expenses	<u>170,789</u>	<u>171,260</u>

Other operating expenses include a reversal of impairment of stocks and work in progress (excluding long-term contract work in progress) of £7,000 (2018: impairment of stocks and work in progress (excluding long-term contract work in progress) of £115,000).

Other operating expenses include restructuring costs of £604,000 (2018: £267,000).

Services provided by the Group's auditors and network firms

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	2019 £'000	2018 £'000
Audit services		
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	86	97
The audit of the Company's subsidiaries pursuant to legislation	271	272
Non-Audit services		
Tax advisory services	81	131
	<u>438</u>	<u>500</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

3 Employees and Directors
The Group

	2019	2018
	£'000	£'000
Staff costs:-		
Wages and salaries	47,055	45,003
Social security costs	8,209	7,867
Pension costs – defined contribution schemes	2,145	1,973
Pension costs – defined benefit schemes	456	1,416
	<u>57,865</u>	<u>56,259</u>

The average monthly number of employees including Directors in the Group during the year was:

	2019	2018
	No.	No.
Selling and Operations	962	919
Manufacturing	141	146
	<u>1,103</u>	<u>1,065</u>

The comparative employee numbers have been restated to include an additional 30 selling and operations employees and another 1 manufacturing employee to correctly reflect the average number of employees

Key Management Compensation

Key management includes the Directors of Colt Group Limited. The compensation paid or payable to key management for employee service is shown below:

	2019	2018
	£'000	£'000
Salaries and other short-term benefits	1,867	1,714
Post-employment benefits	28	31
	<u>1,895</u>	<u>1,745</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

3 Employees and Directors (continued)
The Company

There are no employees or staff costs borne by the Company.

The following remuneration in respect of the Directors of the Company was borne by the Company's subsidiary Colt Group Limited:

	2019 £'000	2018 £'000
Aggregate emoluments	200	197
Defined contribution pension paid during the year	-	-

No directors (2018: None) are covered by a defined contribution pension scheme at the year end.

No directors (2018: None) have pensions accruing under defined benefit schemes at the year-end.

	2019 £'000	2018 £'000
The highest paid director:		
Aggregate emoluments	110	108
Defined contribution pension paid during the year	-	-
Amount of accrued pension under a defined benefit scheme	-	-

4 Interest receivable and similar income – The Group

	2019 £'000	2018 £'000
Bank interest receivable	14	20
Other	4	6
	<u>18</u>	<u>26</u>

5 Interest payable and similar expenses – The Group

	2019 £'000	2018 £'000
Bank loans and overdrafts	223	235
Finance leases	9	7
Net interest expense on post-employment benefits	98	125
Other	16	17
	<u>346</u>	<u>384</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

6 Tax on profit/(loss)

	The Group	
Tax expense shown in consolidated profit and loss account	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax on profits/(losses) of the year	638	793
Adjustments in respect of previous periods	(16)	99
Double taxation relief	(27)	(24)
Overseas taxes	1,866	1,860
Overseas tax in respect of previous periods	141	(11)
Transfer of tax credit to OCI in respect of pension	10	-
Total current tax	2,612	2,717
Deferred tax:		
Movement in pension scheme balances	6	(246)
Origination and reversal of timing differences	(129)	(438)
Amounts relating to change in rate	3	46
Adjustments in respect of previous periods	(81)	207
Total deferred tax	(201)	(431)
Tax on profit/(loss)	2,411	2,286

Reconciliation of tax charge

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19.00 % (2018: 19.00%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit before taxation	9,328	5,222
Total tax on profit calculated at the standard rate of corporation tax in the UK of 19% (2018: 19.00%).	1,772	992
Effects of:		
Items not deductible for tax purposes	390	642
Adjustments in respect of previous periods	44	295
Adjustments in respect of pension schemes	6	-
Utilisation of tax losses not previously recognised	(27)	-
Movement in other timing differences not previously recognised	(61)	(38)
Tax losses (recognised)/not recognised as a deferred tax asset	(116)	164
Different tax rates on overseas earnings	400	224
Irrecoverable overseas tax	13	25
Research & development tax credit	(4)	(4)
Deferred tax rate changes	4	46
Small profits relief	(10)	-
Release of historical tax provision	-	(60)
Tax on profit/(loss)	2,411	2,286

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

6 Tax on profit (continued)

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Under FRS 102, provision has been made for deferred tax on gains recognised on revaluing property to its market value. However, such tax would become payable only if the property was sold without it being possible to claim rollover relief.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures unless it is intended for such earnings to be remitted. Deferred tax liabilities have not been discounted.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce it to 17% from 1 April 2020. Deferred tax balances for the Group's subsidiaries in the United Kingdom at 31 December 2019 have been measured using this enacted rate for the period over which the deferred tax balances are forecast to be utilised.

In November 2019 the Government announced it intended to cancel the future reduction in corporation tax rate from 19% to 17%. This was subsequently enacted in March 2020. However, neither of these events constitute a substantive enactment at 31 December 2019 and therefore deferred taxes at the balance sheet date continue to be measured at a rate of 17%.

7 Dividends

A First Interim Dividend for 2018 of £1,000,000 (44.54p per share) was declared, paid and accounted for on 16 January 2019, (2018: £1,000,000, 44.54p per share).

A Second Dividend for 2018 of £1,000,000 (44.54p per share) was declared on 23 May 2019, and paid and accounted for on 24 May 2019 (2018: £1,000,000).

A First Interim Dividend for 2019 of £1,000,000 (44.54p per share) was declared, paid and accounted for on 23 January 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

8 Intangible Assets
The Group

	Goodwill	Software	Other	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	2,827	2,342	273	5,442
Additions	-	66	3	69
Disposals	-	(243)	(73)	(316)
Exchange adjustment	(157)	(122)	(3)	(282)
At 31 December 2019	2,670	2,043	200	4,913
Accumulated Amortisation				
At 1 January 2019	1,326	1,909	161	3,396
Charge for year	276	153	40	469
Disposals	-	(243)	(72)	(315)
Exchange adjustment	(81)	(102)	(1)	(184)
At 31 December 2019	1,521	1,717	128	3,366
Net book value				
At 31 December 2019	1,149	326	72	1,547
At 31 December 2018	1,501	433	112	2,046

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

9 Tangible Assets
The Group

	Land & Buildings £'000	Leasehold Improve- ments £'000	Plant & Machinery £'000	Fixtures Fittings Tools & Equipment £'000	Total £'000
Cost					
At 1 January 2019	14,469	1,942	4,284	7,586	28,281
Exchange adjustment	(826)	(3)	(178)	(386)	(1,393)
Additions	137	11	119	726	993
Disposals	(13)	-	(29)	(880)	(922)
Reclassification	-	1	158	-	159
At 31 December 2019	<u>13,767</u>	<u>1,951</u>	<u>4,354</u>	<u>7,046</u>	<u>27,118</u>
Accumulated Depreciation					
At 1 January 2019	6,382	618	3,306	5,903	16,209
Exchange adjustment	(376)	(3)	(140)	(324)	(843)
Charge for year	376	99	206	659	1,340
Disposals	(4)	-	(28)	(874)	(906)
Reclassification	-	4	158	-	162
At 31 December 2019	<u>6,378</u>	<u>718</u>	<u>3,502</u>	<u>5,364</u>	<u>15,962</u>
Net book value					
At 31 December 2019	<u>7,389</u>	<u>1,233</u>	<u>852</u>	<u>1,682</u>	<u>11,156</u>
At 31 December 2018	<u>8,087</u>	<u>1,324</u>	<u>978</u>	<u>1,683</u>	<u>12,072</u>
				2019 £'000	2018 £'000
The net book value of land included in land and buildings above comprises:					
Freeholds				1,109	997
Long leaseholds				169	183
Net book value				<u>1,278</u>	<u>1,180</u>

The net carrying amount of assets held under finance leases included in fixtures, fittings, tools and equipment is £79,000 (2018: £109,000).

10 Investments

	Subsidiaries £'000	Total £'000
The Company		
At 1 January and 31 December 2019	<u>12,177</u>	<u>12,177</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

10 Investments (continued)

Details of the subsidiary and associate undertakings are as stated below. Unless otherwise indicated, all companies are incorporated in England and Wales and are 100% equity owned by the Group.

Owned by the Company	Country of Registration or Incorporation	Registered address
Colt Group Limited		Unit 12, The Briars, Waterberry Drive, Waterlooville, PO7 7YH
Owned by another Group undertaking		
Colt International Ltd		Colt House Ridgeway Office Park, Petersfield, Hampshire, GU32 3QF
Colt International Licensing Ltd		Unit 12, The Briars, Waterberry Drive, Waterlooville, PO7 7YH
Colt International Holdings Ltd		Unit 12, The Briars, Waterberry Drive, Waterlooville, PO7 7YH
Colt International Holding BV	Holland	Korte Oyen 4, 5433 NE Katwijk NB, Postbus 29, 5430 AA Cuijk, Holland
Colt International Pty Limited (In liquidation) *	Australia	81 Market Street, Smithfield, NSW 2164, Australia
Colt International GesmbH	Austria	Winetzhhammerstrasse 12, A-4030 Linz, Austria
Colt International GmbH	Germany	Briener Strasse 186, D-47533 Kleve, Germany
Colt Technocon GmbH Consultancy & Engineering	Germany	Briener Strasse 186, D-47533 Kleve, Germany
Hype GmbH – Final Design	Germany	Am Weiher 3, D-89359, Kötzing, Germany
Colt International Beheer BV	Holland	Korte Oyen 4, 5433 NE Katwijk NB, Postbus 29, 5430 AA Cuijk, Holland
Colt International BV	Holland	Korte Oyen 4, 5433 NE Katwijk NB, Postbus 29, 5430 AA Cuijk, Holland
Colt International Productie BV	Holland	Korte Oyen 4, 5433 NE Katwijk NB, Postbus 29, 5430 AA Cuijk, Holland
SA Colt International NV	Belgium	Zandvoortstraat, Mechelen 2800, Belgium
Colt France SARL	France	Paris Nord 2, 165 rue de la Belle Etoile, 95700 Roissy, France

* Following a number of years of losses Colt Group Limited withdrew its funding of Colt International Pty Limited and on 7 February 2018 Colt International Pty Limited was put into voluntary administration and on 9 May 2018 went into liquidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

10 Investments (continued)

Owned by another Group undertaking (continued)	Country of Registration or Incorporation	Registered address
Colt International (Schweiz) AG	Switzerland	Oberneuhofstraße 3, CH 6340 Baar, Switzerland
Colt Ventilation East Asia Pte Ltd	Singapore	10 Anson Road, #35-06A International Plaza, Singapore 079903
Colt Arabia Ltd	Saudi Arabia	PO Box 9788, Dammam 31423, Kingdom of Saudi Arabia
Colt International s.r.o.	Czech Republic	Strakonicka 150 00, Prague 5, Czech Republic
Colt International s.r.o.	Slovakia	Haanova 12, 851 04 Bratislava, Slovakia
Colt International Sp.z.o.o.	Poland	ul. Przasnyska 6A, 01-756 Warsaw, Poland
Colt Portugal SA	Portugal	Rua Vale, Formoso de Cima No. 148, A-B Lisbon, Portugal
CCMC (Hong Kong) Ltd (91.47%)	Hong Kong	25F, OTB Building, 160 Gloucester Road, Wan Chai, Hong Kong
Colt (China) Manufacturing Company Ltd (91.47%)	China	1st floor of Building 2, Hua Chuang Da Science & Technology Park, Da Fu Road of Da Fu Industrial Park, Ao Bei of Kukeng, Shenzhen, China
Colt España SA	Spain	Colt España SA, Avda. de la Granvia, 179 08908 Hospitalet de Llobregat, Barcelona, Spain
Colt International (LLC)	Dubai	PO Box 36926, Dubai, United Arab Emirates
Colt Ventilation & Solar Systems (LLC) (49%)	Abu Dhabi	Third Floor Eyad Hammad Hassan Salim Building, Al Dhafra Street, Abu Dhabi
Colt Nordic ApS	Denmark	c/o Mazars dk, Østerfælled Torv 10, 2. Sal, DK-2100, København Ø, Denmark
Colt Italia Srl	Italy	16123 Genova, Salita Santa Caterina, 10/10, Italy
Colt USA Holdings LLC	USA	16192 Coastal Highway, Lewes, Delaware 19958, County of Sussex, USA

Colt International (LLC) and Colt Ventilation Solar Systems (LLC) are 49% owned but are fully consolidated as the Group has management control of these entities. Colt Malaysia Sdn Bhd was struck off during 2019.

All subsidiaries are involved in the principal activity of the Group, or as intermediate holding companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

11 Stocks	The Company		The Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Stocks comprise:				
Raw materials and consumables	-	-	5,361	5,667
Work-in-progress	-	-	1,265	1,136
Finished goods	-	-	382	357
	<u>-</u>	<u>-</u>	<u>7,008</u>	<u>7,160</u>
Long-term contracts:				
Net costs less foreseeable losses	-	-	3,451	5,808
Less: Payments invoiced on account	-	-	(1,952)	(3,276)
	<u>-</u>	<u>-</u>	<u>1,499</u>	<u>2,532</u>
	<u>-</u>	<u>-</u>	<u>8,507</u>	<u>9,692</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £602,000 (2018: £664,000).

12 Debtors	The Company		The Group	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	-	-	39,062	39,316
Amounts recoverable on long-term contracts	-	-	7,842	6,424
Amounts owed by group undertakings	1	-	-	-
Corporation tax	-	-	424	43
Other debtors	-	-	2,732	2,485
Derivative financial instruments	-	-	2	3
Prepayments and accrued income	-	-	1,873	2,142
	<u>1</u>	<u>-</u>	<u>51,935</u>	<u>50,413</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 13)	-	-	3,179	2,897
	<u>1</u>	<u>-</u>	<u>55,114</u>	<u>53,310</u>

Group trade debtors are stated after provisions for impairment of £1,953,000 (2018: £2,957,000).

Amounts owed by group undertakings are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

13 Deferred tax asset	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts recognised are as follows:				
Retirement benefit obligation	-	-	2,306	2,172
Tax losses	-	-	373	322
Other timing differences	-	-	500	403
	<u>-</u>	<u>-</u>	<u>3,179</u>	<u>2,897</u>
At 1 January			2,897	3,271
Prior year adjustment			14	(198)
Exchange adjustment			(109)	18
Deferred tax (charged)/released to profit and loss account			167	(46)
Credit /(charge) to OCI			212	(108)
Rate change			(2)	(40)
At 31 December			<u>3,179</u>	<u>2,897</u>
Total potential deferred tax asset	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Retirement benefit obligation	-	-	2,306	2,172
Tax losses	-	-	2,104	2,278
Other timing differences	-	-	534	502
	<u>-</u>	<u>-</u>	<u>4,944</u>	<u>4,952</u>

There is an unrecognised deferred tax asset in the Group of £1,765,000 (2018: £2,055,000) of which £1,730,000 (2018: £1,956,000) relates to a proportion of accumulated tax losses held by a number of overseas subsidiaries which have not been recognised at the balance sheet date. The full potential deferred tax asset will be recognised when it is considered probable that sufficient future profits will be available to utilise the accumulated tax losses. The amount presently recognised represents the Directors' best estimate of the amount of tax losses recoverable in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

14 Creditors: amounts falling due within one year

	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank overdrafts	-	-	1,087	7,284
Trade creditors	-	-	16,551	15,011
Payments received on account	-	-	6,205	7,745
Amounts owed to group undertakings	1,106	-	-	-
Finance lease obligations	-	-	29	46
Corporation tax	-	-	1,194	1,632
Other taxation and social security	-	-	3,589	4,020
Other creditors	-	-	1,147	868
Derivative Financial Instruments	-	-	10	-
Accruals and deferred income	10	-	12,937	12,926
	<u>1,116</u>	<u>-</u>	<u>42,749</u>	<u>48,811</u>

Bank overdrafts attract interest at various commercial rates linked to the LIBOR or the EURIBOR as appropriate. Amounts owed to group undertakings are unsecured and repayable on demand. Non-trade balances owed to group undertakings incur interest at commercial rates linked to the LIBOR and are repayable on demand.

15 Creditors: amounts falling due after more than one year

	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	-	-	-	11
Payments received on account	-	-	-	27
Finance lease obligations	-	-	44	63
Other creditors	-	-	102	100
Accruals and deferred income	-	-	123	53
	<u>-</u>	<u>-</u>	<u>269</u>	<u>254</u>

The maturity analysis of the Company's and Group's bank, finance lease and other borrowings is as follows:

	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year or less or on demand	-	-	1,116	7,330
In more than one year but not more than two years	-	-	44	63
	<u>-</u>	<u>-</u>	<u>1,160</u>	<u>7,393</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

16 Provisions for other liabilities

The Group

	Product Guarantees	Deferred Taxation	Long Term Employee Benefits	Dilapid- ations	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	2,727	3,495	874	40	261	7,397
Exchange adjustments	(129)	(125)	(48)	-	(15)	(317)
Utilised	(872)	-	(9)	-	(69)	(950)
Credit to profit and loss account	(344)	-	-	-	-	(344)
Charged to profit and loss account	904	45	138	20	278	1,385
Credit to OCI	-	(333)	-	-	-	(333)
Prior year adjustment	-	(67)	-	-	-	(67)
Reclassifications	-	-	-	-	26	26
At 31 December 2019	2,286	3,015	955	60	481	6,797

Long term employee benefits

The Group provides certain employees with benefits that are payable on long service anniversaries, or on retirement, or if the employee is made redundant. £223,000 (2018: £248,000) is funded by short term deposits, with the balance being unfunded and payable out of cash. The long term employee benefits provision is stated net of the funded amounts.

Other provisions

In respect of the Group there are contract related provisions of £273,000 (2018: £115,000) and restructuring provisions of £123,000 (2018: £57,000) which are expected to be utilised within the next 12 months. The Group has an onerous lease provision of £nil (2018: £1,000).

Product guarantees

The Group guarantees the products it supplies and installs for an agreed period after satisfactory completion of each contract. Provision has been made for all specific claims received at 31 December 2019 and an additional amount has been provided based on past experience of the level of payments made. Guarantee costs are expected to be incurred over a period of between 1 and 10 years from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

16 Provisions for other liabilities (continued)

Provision for deferred taxation	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	166	158
Property revaluations	-	-	178	202
Other timing differences	-	-	1,895	2,035
Post-employment benefit obligation	-	-	776	1,100
	<u>-</u>	<u>-</u>	<u>3,015</u>	<u>3,495</u>

The Group's net deferred tax liability expected to reverse in 2020 is £2,239,000 (2018: expected to reverse in 2019 £2,192,000). This primarily relates to the difference between Group (UK GAAP) and local accounting policies, offset by other timing differences.

17 Post-employment benefits

The Group

	£'000
At 1 January 2019	8,327
Exchange adjustment	(847)
Benefits paid	(409)
Charged to the profit and loss account	554
Net actuarial gain reported through the statement of other comprehensive income	<u>2,754</u>
At 31 December 2019	<u>10,379</u>

The balance at 31 December 2019 comprises post-employment benefits deficits of £15,243,000 (2018: £15,080,000) and a post-employment benefits surplus of £4,864,000 (2018: £6,753,000).

The Group operates pension schemes on behalf of its employees, with the exception of the Netherlands and Switzerland where the Group participates in a local collective arrangement. In addition, a post-retirement healthcare arrangement was offered in the past for eligible UK employees and a number of beneficiaries remain covered by that arrangement.

The Group has accounted for all of its post-employment benefit arrangements in accordance with FRS 102. Full details are provided in note 23.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

18 Called up Share Capital	2019	2018
	£'000	£'000
Authorised		
Equity: 2,300,000 ordinary shares of £1 each	2,300	2,300
Non-Equity: 4,700,000 cumulative redeemable 12.5% preference shares of £1 each	4,700	4,700
	<u>7,000</u>	<u>7,000</u>
Issued and fully paid 2,245,361 ordinary shares of £1 each	<u>2,245</u>	<u>2,245</u>

19 Notes to the statement of cash flows

	2019	2018
	£'000	£'000
Profit for the financial year	6,917	2,936
Adjustments for:		
Tax on profit	2,411	2,286
Loss on disposal of operations	-	2,924
Interest receivable and similar income	(22)	(26)
Interest payable and similar expenses	346	384
Income from interests in associated undertakings	-	-
Operating profit before loss on disposal of operations	9,652	8,504
Decrease / (increase) in stocks and work in progress	1,185	(593)
(Increase) / decrease in debtors	(1,141)	4,889
Increase / (decrease) in creditors	624	(5,951)
(Decrease) / increase in provisions	(120)	1,044
Difference between service cost and contributions paid in respect of pension schemes	47	1,006
Depreciation of tangible assets	1,340	1,391
Amortisation of intangible assets	469	816
Gain on disposal of fixed assets	(33)	(208)
Cash flow from operating activities	<u>12,023</u>	<u>10,898</u>

Non-cash transactions

The Group has acquired tangible assets of £14,000 (2018: £71,000) under finance leases.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

19 Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 Jan 2019 £'000	Cash flows £'000	New finance leases £'000	Fair value & exchange £'000	At 31 Dec 2019 £'000
Cash at bank & in hand	37,119	(842)	-	(2,038)	34,239
Bank loans & overdrafts	(7,284)	6,164	-	33	(1,087)
Cash & cash equivalents	29,835	5,322	-	(2,005)	33,152
Finance leases	(109)	48	(14)	3	(72)
Derivative financial instruments	3	-	-	(11)	(8)
Total	29,729	5,370	(14)	(2,013)	33,072

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

20 Financial Commitments	2019 £'000	2018 £'000
Minimum future lease payments under finance leases:		
Payable within:		
1 year	30	50
2 – 5 years	47	66
	77	116
Less: Finance charges included above:	(4)	(7)
	73	109

The Group had the following future minimum lease payments due under non-cancellable operating leases for each of the following periods

	2019 £'000	2018 £'000
Payments due:		
Not later than one year	3,443	3,488
Later than one year and not later than five years	5,720	5,835
Later than five years	26,991	27,662
	36,154	36,985

£3,914,000 (2018: £3,631,000) was charged to the profit and loss account in respect of operating leases in the year.

Future minimum lease payments due under non-cancellable operating leases in respect of long leasehold properties amount to £29,401,000 (2018: £30,017,000). Minimum amounts receivable under non-cancellable operating leases in respect of these properties is £8,050,000 (2018: £7,214,000) as disclosed below.

The Group had the following future minimum amounts receivable under non-cancellable operating leases for each of the following periods

	2019 £'000	2018 £'000
Not later than one year	837	755
Later than one year and not later than five years	3,347	2,913
Later than five years	3,866	3,546
	8,050	7,214

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

21 Capital Commitments

Contractual commitments for the acquisition of property, plant and equipment are as follows:

	The Company		The Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Contracted but not provided for	-	-	38	-

22 Financial Instruments

The Company

	2019	2018
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by group undertakings	1	-
Financial liabilities measured at amortised cost		
- Amounts owed to group undertakings	(1,106)	-
	(1,105)	-

The Group

	2019		2018	
	£'000	£'000	£'000	£'000
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	39,062		39,316	
- Other debtors	2,732		2,485	
		41,794		41,801
Financial assets measured at fair value through profit and loss				
- Derivative financial instruments		2		3
Financial liabilities measured at amortised cost				
- Finance leases	(72)		(109)	
- Trade creditors	(16,551)		(15,022)	
- Other creditors	(1,249)		(968)	
		(17,872)		(16,099)
Financial liabilities measured at fair value through profit and loss				
- Derivative financial instruments		(10)		-
		23,914		25,705

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

22 Financial Instruments (continued)

The Group from time to time uses forward foreign exchange currency contracts to manage transactional currency risks arising from the Group's operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

23 Pension Commitments

The Group operates a number of pension schemes throughout the world and participates in collective arrangements in the Netherlands and Switzerland. The major schemes are of the defined benefit type and based on final pensionable pay, the most significant of which is in the UK. With the exception of the main unfunded scheme in Germany, assets are held in independently administered funds.

Details in respect of the schemes are provided below in accordance with FRS 102.

A triennial scheme valuation was carried out as at 31 December 2017 for the UK defined benefit scheme by an independent qualified actuary and in accordance with FRS 102 was updated to 31 December 2019.

Actuarial valuations were carried out as at 31 December 2019 and adjusted for the German defined benefit scheme and the German partial retirement arrangement by an independent qualified actuary in accordance with FRS 102.

An actuarial valuation was carried out at 31 December 2019 for the UK post-retirement medical scheme by an independent qualified actuary in accordance with FRS 102.

An actuarial valuation was carried out as at 31 December 2019 for the Belgian defined benefit scheme by an independent qualified actuary in accordance with FRS 102.

As required by FRS 102, the defined benefit liabilities have been measured using the projected unit method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

The UK defined benefit scheme, the Colt Life Assurance and Retirement Scheme (CLARS), closed to future accrual with effect from 31 March 2013.

The Company paid no contributions to CLARS in 2019 (2018: £nil).

The most recent triennial scheme valuation of CLARS was at 31 December 2017. No deficit contributions were paid into the Scheme over 2019, in accordance with the Schedules of Contributions in place during the year. No contributions are due in 2020.

Under FRS 102, the Company is able to recognise a net asset for pension scheme surpluses if it has an unconditional right to a surplus. The Company has sought legal advice in relation to CLARS and believes that it has an unconditional right to a surplus and can therefore recognise a net pension asset under FRS 102.

The Group has accounted for its contributions to the Dutch and Swiss collective arrangements (which are defined benefit in nature) as if they were defined contribution schemes. This is in accordance with the current requirements of FRS 102 relating to multi-employer defined benefit arrangements.

The following tables set out the FRS 102 disclosure for the UK defined benefit scheme, the post-retirement medical scheme and the non-UK defined benefit schemes.

The following table sets out the key FRS 102 assumptions used.

31 December 2019

Assumptions	UK Scheme	Non-UK Schemes	UK Post-Retirement Medical Scheme
Price inflation	2.90% pa	1.75% pa	2.90% pa*
Consumer price inflation	1.95% pa	n/a	n/a
Discount rate	2.05% pa	1.30% pa	2.05% pa
Pension increases	2.80% pa	1.50% pa	n/a
General salary growth	n/a	2.00% pa	n/a

* In addition, medical advance inflation of 2.5% pa is assumed plus an age related scale.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

On the basis of the assumption used for life expectancy for the UK Scheme and the UK Post-Retirement Medical Scheme, a male pensioner currently aged 65 would be expected to live for a further 22.0 years (2018: 22.2 years). A male pensioner aged 65 in 20 years' time would be expected to live for a further 23.4 years (2018: 23.6 years).

On the basis of the assumption used for life expectancy for the German Scheme (the most significant of the non-UK schemes), a male pensioner currently aged 65 would be expected to live for a further 20.0 years (2018: 20.0 years). A male pensioner aged 65 in 20 years' time would be expected to live for a further 22.8 years (2018: 22.8 years).

31 December 2018

Assumptions	UK Scheme	Non-UK Schemes	UK Post-Retirement Medical Scheme
Price inflation	3.15% pa	1.75% pa	3.15% pa*
Consumer price inflation	2.15% pa	n/a	n/a
Discount rate	2.90% pa	1.95% pa	2.90% pa
Pension increases	3.05% pa	1.50% pa	n/a
General salary growth	n/a	2.00% pa	n/a

* In addition, medical advance inflation of 2.5% pa is assumed plus an age related scale.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

The amounts included in the balance sheet arising from the Group's obligations in respect of the schemes are as follows:

	31 December 2019		
	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Present value of defined benefit obligation	150.0	14.9	0.7
Fair value of plan assets	(154.9)	(0.4)	n/a
(Surplus)/deficit	<u>(4.9)</u>	<u>14.5</u>	<u>0.7</u>

	31 December 2018		
	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Present value of defined benefit obligation	137.7	14.7	0.8
Fair value of plan assets	(144.5)	(0.4)	n/a
(Surplus)/deficit	<u>(6.8)</u>	<u>14.3</u>	<u>0.8</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

The amounts recognised in profit and loss are as follows:

Year ended 31 December 2019

	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Employer's part of current service cost*	n/a	0.2	-
Administration expenses*	0.3	-	-
Interest on net defined benefit (asset) / liability**	(0.2)	0.3	-
Total charge recognised in profit and loss	0.1	0.5	-

* Recognised in the profit and loss account within net operating expenses

** Recognised in the profit and loss account as other finance expense / (income)

Year ended 31 December 2018

	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Employer's part of current service cost*	n/a	0.2	-
Past service cost*	0.8	0.1	-
Administration expenses*	0.3	-	-
Interest on net defined benefit liability **	(0.2)	0.3	-
Total charge recognised in profit and loss	0.9	0.6	-

* Recognised in the profit and loss account within net operating expenses

** Recognised in the profit and loss account as other finance expense

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

The allocation of the schemes' assets is as follows:

	31 December 2019		
	UK Scheme	Non-UK Schemes	UK Post-Retirement Medical Scheme
Equity	16.5%	n/a	n/a
Diversified Growth Funds	31.4%	n/a	n/a
Specialist equity	2.9%	n/a	n/a
Bonds	10.1%	n/a	n/a
Property	4.2%	n/a	n/a
Liability Driven Investment Fund	17.3%	n/a	n/a
Diversified Credit Funds	15.9%	n/a	n/a
Other	1.7%	100%	n/a
	<u>100%</u>	<u>100%</u>	<u>n/a</u>
	31 December 2018		
	UK Scheme	Non-UK Schemes	UK Post-Retirement Medical Scheme
Equity	14.7%	n/a	n/a
Diversified Growth Funds	30.6%	n/a	n/a
Specialist equity	3.7%	n/a	n/a
Bonds	9.8%	n/a	n/a
Property	4.6%	n/a	n/a
Liability Driven Investment Fund	18.1%	n/a	n/a
Diversified Credit Funds	16.9%	n/a	n/a
Other	1.6%	100%	n/a
	<u>100%</u>	<u>100%</u>	<u>n/a</u>

There is no investment in financial securities issued by Colt Investments Limited or its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

Changes in the present value of the defined benefit obligation are as follows:

	Year ended 31 December 2019		
	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Opening defined benefit obligation	137.7	14.7	0.8
Employer's part of current service cost	n/a	0.2	-
Interest cost	3.9	0.3	-
Actuarial losses	14.2	0.9	-
Benefits paid	(5.8)	(0.3)	(0.1)
Exchange differences on foreign plans	-	(0.9)	-
Closing defined benefit obligation	150.0	14.9	0.7

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

Year ended 31 December 2018

	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Opening defined benefit obligation	146.8	14.7	0.8
Employer's part of current service cost	n/a	0.2	-
Past service costs	0.8	0.1	-
Interest cost	3.6	0.3	-
Actuarial (gains)/losses	(7.8)	(0.4)	0.1
Benefits paid	(5.7)	(0.3)	(0.1)
Exchange differences on foreign plans	-	0.1	-
Closing defined benefit obligation	137.7	14.7	0.8

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

Changes in the fair value of the plan assets are as follows:

	Year ended 31 December 2019		
	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Opening fair value of plan assets	144.5	0.4	-
Interest income	4.1	-	-
Actuarial gains	12.4	-	-
Contributions by the employer	-	0.3	0.1
Administration expenses	(0.3)	-	-
Benefits paid	(5.8)	(0.3)	(0.1)
Closing fair value of plan assets	154.9	0.4	-

The actual return on the UK Scheme assets over 2019 was a positive return of £16.5 (2018: negative return of £3.0m).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

	Year ended 31 December 2018		
	UK Scheme £m	Non-UK Schemes £m	UK Post-Retirement Medical Scheme £m
Opening fair value of plan assets	153.4	0.4	-
Interest income	3.8	-	-
Actuarial gains losses	(6.7)	-	-
Contributions by the employer	-	0.3	0.1
Administration expenses	(0.3)	-	-
Benefits paid	(5.7)	(0.3)	(0.1)
Closing fair value of plan assets	144.5	0.4	-

The actual return on the UK Scheme assets over 2018 was a negative return of £3.0m (2018: positive return of £9.7m).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

23 Pension Commitments (continued)

The Group operates defined contribution schemes. The amount of contributions payable to these defined contribution pension schemes in respect of the financial year and charged to the profit and loss account was £2,145,000 (2018: £1,980,000).

24 Contingent Liabilities

At the accounting date there were contingent liabilities in respect of:-

- a) Guarantees issued to banks in connection with overdraft facilities granted to certain companies in the Group. The Company has contingent liabilities in respect of guarantees issued to banks in connection with overdraft facilities to certain group companies. Any such liability would be limited to the extent of the overdraft borrowing of the participating group companies, not exceeding £2.6m (2018: £2.6m).
- b) Counter-indemnities issued to banks in connection with guarantees issued by them to customers amounting to £18.2m (2018: £20.7m). None of this amount (2018: none) relates to the Company.
- c) Guarantees issued to customers by the Company in connection with performance obligations relating to contracts with a total sales value of £3.8m (2018: £3.9m). Of these, £1.2m (2018: £1.2m) relates to a contract undertaken by Colt International Pty Limited (in liquidation), which was completed in 2016.
- d) The Group can be subject to claims and potential claims from customers and other third parties from time to time. Liabilities for which a cash outflow is considered probable are provided for in the Group's financial statements. Liabilities for which a cash outflow is considered possible are disclosed as a contingent liability in the Group's financial statements. At the date of the signing of these financial statements the Directors consider that there are no matters which are considered necessary to be disclosed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

25 Related Party Transactions

The Company and the Group have taken advantage of exemptions under FRS 102 not to disclose transactions with wholly owned subsidiaries.

The Group

Transactions with non 100% owned subsidiaries

Purchases by Group companies from non 100% owned companies in the year included:

	2019 £'000	2018 £'000
Colt (China) Manufacturing Company Limited	<u>460</u>	<u>1,318</u>

Year-end debtor balances owed by non 100% owned companies:

	2019 £'000	2018 £'000
CCMC (Hong Kong) Limited	484	500
Colt (China) Manufacturing Company Limited	<u>174</u>	<u>112</u>
	<u>658</u>	<u>612</u>

Year-end creditor balances owed by non 100% owned companies:

	2019 £'000	2018 £'000
Colt (China) Manufacturing Company Limited	<u>99</u>	<u>52</u>

Colt International (LLC) sells to a third party in Saudi Arabia who is a relation of a director of Colt International (LLC). The value of transactions in the year was £580,000 (2018: £nil) and the year-end debtor balance was £67,000 (2018: creditor £39,000).

Colt International Sp.z.o.o. purchases a product from a company called Pram Polska Sp. z o.o. in which a member of management has a shareholding. The value of transactions in the year was £519,000 (2018: £nil) and year-end creditor balance was £65,000 (2018: £nil).

Services of £14,000 (2018: £10,000) were provided to the Group by a Director of Colt Investments Limited.

Dividends paid to Directors

Dividends of £1,230,000 (2018: £1,230,000) were paid to Directors who are also shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

26 Discontinued Business

On 7 February 2018, the directors of Colt International Pty Limited placed Colt International Pty Limited into voluntary administration. The decision to appoint administrators followed a number of years of losses incurred by the company. These losses were previously financed by Colt Group Limited as one of the shareholders of the company.

The profit and loss account loss on disposal of £2,924,000 represents the disposal on administration of the net assets of Colt International Pty Limited at 31 December 2017, less any amounts subsequently recovered, and the payment of parent guarantee fees by Colt Group Limited, in relation to Colt International Pty Limited, made in 2018.

There is no impact on the profit and loss account in 2019.

27 Post Balance Sheet Event

On 17 April 2020, the shareholders of Colt Investments Limited, the ultimate parent company of Colt Group Limited completed the sale of Colt Investments Limited to Kingspan Holding Netherlands BV, a subsidiary of Kingspan Group plc. Kingspan Group plc is listed on Euronext Dublin and the London Stock Exchange and is headquartered in Kingscourt, County Cavan, Ireland. As a result of this transaction, a material share based payment charge will be recorded in the 2020 profit and loss account of Colt Group Limited.

28 Controlling Party

Colt Investments Limited is the largest and smallest group to consolidate these financial statements. A copy of these consolidated financial statements can be obtained from the following address: Colt Group Limited, Unit 12, The Briars, Waterberry Drive, Waterlooville, Hampshire, P07 7YH.

At the date of signing of these financial statements the ultimate controlling party was Kingspan Group plc.

COMPANY INFORMATION

BOARD OF DIRECTORS

L McDaniel
G Crowe
M Oliver
A Leitch

COMPANY SECRETARY

Kingspan Group Limited

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

REGISTERED OFFICE

Unit 12, The Briars
Waterberry Drive
Waterlooville
Hampshire
PO7 7YH

The Company is registered in England.