

The Binding Site Group Limited

Reports and financial statements

30 September 2020

Registered number: 05508774

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The Binding Site Group Limited

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The Binding Site Group Limited

Directors and advisors

The Board of Directors

C Booth
P A McGarry
S J Harding
M A Fuhrer

Registered office

8 Calthorpe Road
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Birmingham
West Midlands
B15 1QT

Independent auditors

Ernst & Young LLP
One Colmore Square
Birmingham
B4 6HQ

Bankers

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

Solicitors

Pinsent Masons LLP
55 Colmore Row
Birmingham
B3 2FG

The Binding Site Group Limited

Strategic Report for the year ended 30 September 2020

The directors present their Strategic Report for the year ended 30 September 2020.

Review of the business

The principal activity of The Binding Site Group Limited (the 'Company') during the year continued to be the manufacture and supply of medical diagnostic products, to its UK based customers, overseas subsidiaries and to third party distributors around the world.

The majority of the Company's turnover is derived from the sale of blood tests to public and private hospitals, laboratories and research institutions. Freelite is the Company's biggest selling product which is used in the diagnosis and monitoring of a severe blood cancer, Multiple Myeloma. The Company also develops and sells a range of tests designed to detect deficiencies in and the performance of a patient's immune system. In addition, the Company places its own laboratory instruments, the Optilite, with customers and these placements improve uptake of the Company's tests.

The key financial performance indicators during the year were as follows:

	2020	2019	Change	Change
	£'000	£'000	£'000	%
Revenue	103,941	91,617	12,324	13%
Gross profit	73,616	65,510	8,106	12%
Operating profit	38,844	35,256	3,588	10%
Profit after taxation	37,144	33,153	3,991	12%
Profit after tax including discontinued operations	37,144	39,656	(2,512)	(6%)

Given the global nature of the Company, around 50% (2019: 50%) of the Company's sales are in US dollars and 29% (2019: 23%) are in Euros whereas most of the cost of production is in pounds sterling together with the UK head office functions. Consequently, currency fluctuations can influence the underlying results of the business. In the table below revenue is presented on a 'constant currency' basis i.e. removing the impact of year on year currency fluctuations; 2020 and 2019 constant currency revenue has been represented using currency rates of £:\$1.25 and £:€1.15.

	2020	2019	Change	Change
	£'000	£'000	£'000	%
Constant currency revenue	105,107	92,493	12,614	14%

The Binding Site Group Limited

Strategic Report *continued*

Key highlights and Principal Decisions for the year include:

- **Covid 19**
 - **Business impact:** At the start of the pandemic, clinically vulnerable patients e.g. cancer patients (and including patient groups that are the recipients of our tests) were deterred from attending hospitals and doctors for investigation, treatment or follow up testing in order to protect them from the risk of Covid 19 infection. This resulted in a substantial reduction in testing across all our major territories at broadly the same time and hence our revenues were significantly depressed in April and May, by up to 35% on prior year.
 - Since then health systems have adapted and established Covid management strategies to safely allow critical patient categories to visit hospital for treatments, which many governments have actively encouraged. Consequently, the revenues of the business quickly returned to prior year levels (revenues and EBITDA finished the year ahead of 2019) and business levels have been maintained despite many of our core markets entering a 'second wave' of infections. Liquidity levels at the balance sheet date are stronger than at the start of the year and the Revolving Credit Facility is undrawn.
 - As the pandemic started to impact, we introduced a series of measures to address the short-term disruption caused by the reduction in demand to protect the business and maintain liquidity. As we saw demand recover, we were able to relax these controls during the year to provide a platform to support future growth.
 - **Safeguards:** Given the nature of the products that we manufacture and distribute, the business is classed as an 'essential supplier' and hence has continued to operate and manufacture throughout the pandemic thus ensuring our products are delivered to healthcare systems and ultimately patients around the world. In order to ensure the safety of our staff we have invested in measures to ensure we maintain a Covid secure environment in line with the latest government guidance.
 - **Test Launch:** In addition to resilience the business also demonstrated its scientific and commercial flexibility by developing and launching a test in collaboration with the University of Birmingham to accurately detect an antibody response to the SARS-CoV-2 virus, more commonly known as Covid 19. The test was developed using an accelerated R&D timeline and took a few months to deliver, significantly shorter than has traditionally been the case for new product introductions.

- **Brexit preparations:** As an organisation we have sought to ensure that any impact on supply, support and service to customers is mitigated in the event of potential disruption caused by Brexit by putting in place contingency plans around our key operations, including:
 - Development of the capabilities of our German and French operations which now serve as distribution hubs to the whole European market;
 - Conversion of the European branches into subsidiaries (Spain, Portugal and France);
 - Increased stockholding of any European sourced raw materials and components.

- We continue to monitor the discussions between the British Government and the EU regarding a potential 'Brexit deal' and should no agreement be reached and the default 'WTO position' come into effect then neither our instruments or assays (kits) would attract duties.

The Binding Site Group Limited

Strategic Report *continued*

- *Immunologicals*: During the year, to ensure the business can cater for future growth, the Group took the decision to close the Immunologicals department (supplying B2B products). The department had relatively low gross margins and so the loss of revenues going forwards (less than 2% of group revenues) is not expected to have a material impact to the business as a whole.
- *Overseas expansion*: successful execution of our go direct strategy in both China and New Zealand with local teams now in place to serve their respective markets and customers. Work continues on expanding the range of products registered in China which once received will further enable the business to take advantage the of the significant market opportunity.
- *Revenue progression*: Despite a delay to some Optilite placements during the year due to Covid 19 the share of revenues on the Group's own instrument platforms continues to grow with the majority of revenues now on TBS instruments.

Future developments

Looking forward, growth is expected to continue to be driven by the take-up of Freelite and also increased sales of our other blood tests driven by Optilite instrument placements whilst continuing to develop geographic expansion opportunities, in particular in Asia Pacific. The business also continues to invest in the next generation of testing technology combining the Group's market leading antibody and protein specialisms with Mass Spectrometry technology, which should support future growth prospects.

The Binding Site Group Limited

Strategic Report *continued*

Section 172 statement

The Directors are aware of their responsibility to act in good faith to promote the long-term success of the business and consider difference stakeholder groups on decision making.

The Group has identified its key stakeholders as its customers, patients, employees, investors, lenders and ratings agencies.

The following table include the principle considerations for each stakeholder including why the Group engages with them, how the engagement takes place, actions undertaken by the Board and outcomes.

Customers & Patients		
<i>Why do we Engage</i>	<i>How do we Engage</i>	<i>Outcomes and Actions</i>
Our customers and patients are at the heart of everything we do, and we are committed to improving patients' lives around the world.	<p>The company primarily engages with its customers through its sales organisation, scientific liaison and customer services teams.</p> <p>The business is in regular dialogue with patient advocacy groups in our key territories.</p>	<p>Feedback from customers and patients is that they desire a high level of product availability and continued product innovation.</p> <p>The board has focussed attention on raw materials supply and manufacturing scheduling and has successfully improved 'on time in full' performance during the year.</p> <p>In terms of product innovation, the business continues to invest in R&D and is looking forward to the launch of its next generation technology for use in the Monoclonal Gammopathy space.</p>
Employees		
<i>Why do we Engage</i>	<i>How do we Engage</i>	<i>Outcomes and Actions</i>
Our people are our most valuable asset. They make a critical difference to our success and our investment in them strengthens our business.	Throughout the year employees are updated on strategy and performance through a range of communication channels including a regular Newsletter.	The feedback received clearly demonstrates the value that employees place on the various support structures that the company has put in place.

The Binding Site Group Limited

Employees continued		
<i>Why do we Engage</i>	<i>How do we Engage</i>	<i>Outcomes and Actions</i>
	<p>Employee well-being and concerns are addressed in a number of ways and including an Employee Forum and anonymised Engagement and Stress Surveys as well as a network of Mental Health First Aiders.</p> <p>Employees also have active roles in the Charity and Social Committees as well as company sponsored initiatives to engage with the local community.</p>	<p>A number of initiatives have been implemented as a result of employee feedback to improve the working environment, business performance or engagement with the community and this results in improved employee wellbeing as well as providing opportunities for members of the wider community to enter the world of work through the company's apprentice programme.</p>
Investors & Lenders/Ratings Agencies		
<i>Why do we Engage</i>	<i>How do we Engage</i>	<i>Outcomes and Actions</i>
<p>These groups have a significant financial interest in the business and regular, transparent, two-way communication is integral to maintaining successful business relationships and fostering an environment for business growth and value creation.</p>	<p>Monthly reporting packs issued to both Investors and Lenders/Ratings Agencies which include analysis on the Group's sales, profitability, net debt and cash flow performance and including commentary on the key variances to budget and prior year.</p> <p>Reporting calls with the Investors held monthly and involvement at quarterly board meetings. Finance and Audit Committee meetings scheduled during the year to discuss key financial issues and decisions, including the year-end results and auditor report.</p> <p>Annual results and budget calls/meetings with lenders and ratings agencies.</p>	<p>The directors in regularly engaging with this stakeholder group demonstrate how they have evaluated the impact of principal decisions on them, the business and wider stakeholder groups during the year.</p>

Principal decisions made by the Board, impacting the Group's stakeholders, has been discussed in conjunction with the business review of the Strategic Report.

The Binding Site Group Limited

Strategic Report *continued*

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate measures put in place to monitor and mitigate them. The key business risks affecting the Company are set out below:

a) Competition

The Company operates in a competitive market with potential threats arising from new products and new competitors.

Consequently, the Company routinely monitors the competitive landscape both in terms of new entrants to the market and of new competing technologies and has been successful in measures implemented to robustly defend its position in terms of its scientific and commercial position.

b) Regulatory/Quality

Given the technical nature of our products and regulatory context in which we operate there is a risk that the business does not meet the performance and quality expectations of global regulatory bodies and those of our customers.

To mitigate these risks, the Company undertakes weekly and monthly reviews to monitor quality standards employing dedicated and experienced quality and regulatory departments to ensure they are being met. In recent years the business has invested heavily in this area both in terms of headcount and continual update of quality and regulatory procedures.

c) Employees

The Company's performance depends on its managers and staff. The resignation of key individuals and any inability to recruit people with the right experience and skills from the local community could adversely affect the Company's results. To mitigate these issues, the Company operates a training programme for all employees and has implemented a number of reward schemes linked to the Company's results and individual performance that are designed to retain key individuals.

d) Supply chain

Given the Company's dependence on certain specialised raw materials, our purchasing team continually monitors supplier performance and actively seeks to ensure alternative supplies are available where possible. The Company also continues to invest in raw material production to ensure that there is sufficient capacity to cope with the current and anticipated business growth.

e) Investments

Given the nature of the Company, there are no significant trading risks or uncertainties facing the Company. The Company holds investments in other companies within the Company. The carrying value of these investments relies on the trading performance of the company invested in. Should trading results deteriorate, there is a risk that the value of the investment may become impaired.

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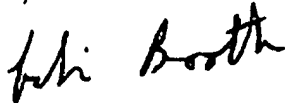
Strategic Report *continued*

f) Financial risk management

The Company's operations expose it to a variety of financial risks that include exchange risk, credit risk and liquidity risk. The Company manages these risks as follows:

- As set out in the Review of the business section of this report, due to the international nature of the business, foreign exchange movements can influence the sales and profits of the Company. The majority of revenues are in US Dollars and Euros and should these currencies weaken significantly versus pound sterling, being the currency of our UK head office and principle production facility, then reported results will be depressed. The Company monitors this risk on a regular basis.
- The Company has implemented policies that require appropriate assessment of credit limits for potential customers before sales are made.

By order of the board



C Booth
Director

21 December 2020

The Binding Site Group Limited

Directors' Report for the year ended 30 September 2020

Registered number: 05508774

The directors present their report for the year ended 30 September 2020. Information with regards future developments and financial instruments are included in the Strategic Report as permitted under s414C(11).

Directors

The directors, who served the Company during the year and at the date of this report, were as follows:

S J Harding

C Booth

D Feger (resigned 1 October 2019)

H D Carr-Smith (resigned 1 October 2019)

P A McGarry

M A Fuhrer (appointed 4 February 2020)

Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholder approval the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Research and development

The Company continues to invest substantially in research and development, progressing major long term projects as well as introducing new products during the period. To safeguard and promote future growth the business is developing the next generation of testing, initially focused on the principal market that the business currently services (diagnosis and monitoring of Multiple Myeloma/Monoclonal Gammopathies) and combining the Company's market leading antibody and protein specialisms with Mass Spectrometry technology. Details of amounts expensed are detailed in Note 4 and those costs capitalised are set out in Note 13.

Results for the year

The profit for the year, after taxation, amounted to £37,144,000 (2019: £39,656,000).

In 2020, the Company paid no dividends (2019: *£nil*) to its holding company.

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Directors' Report *continued*

Employees

The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, religion, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

In order to recognise the contribution made by employees in the Company, it supports them in ways such as the operation of a childcare voucher scheme, a cycle to work scheme and the payment of discretionary bonuses.

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its performance. Employees receive a company newsletter which gives Company performance information and updates on key developments as well as regular meetings with their managers.

Going concern

The directors, having assessed the Cidron (TBS) NewHoldco Limited group (the highest parent company to produce consolidated accounts in the group) and the Company's financial position, and having assessed the responses of the other companies within the group, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cidron (TBS) NewHoldco Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

The assessment undertaken included the modelling of three scenarios (for the period June 2020 to December 2021) being a base case, a severe downside case and a reverse stress test. Based on current trading and liquidity, it would take a sustained decline in revenue of approximately 50% to December 2021 for the business to breach its lending arrangements (and this is before implementation of controllable mitigations around cost control to preserve liquidity) a scenario that is deemed remote given that current trading through November 2020 is ahead of the base case scenario and prior year period.

On the basis of the assessment of the group and company financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Binding Site Group Limited

Statement of directors' responsibilities in respect of the Reports and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

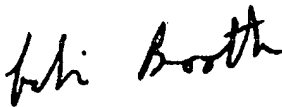
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



C Booth

Director

21 December 2020

Independent auditor's report to the members of The Binding Site Group Limited

Opinion

We have audited the financial statements of The Binding Site Group Limited for the year ended 30 September 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 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 auditor's report to the members of The Binding Site Group Limited *continued*

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of The Binding Site Group Limited *continued*

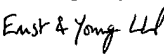
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Adrian Roberts (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 21 December 2020

The Binding Site Group Limited

Income statement for the year ended 30 September 2020

		2020	2019
	Note	£'000	£'000
Revenue	3	103,941	91,617
Cost of sales		(30,325)	(26,107)
Gross profit		73,616	65,510
Administrative expenses		(34,772)	(30,254)
Operating profit	4	38,844	35,256
Finance income	7	1,295	1,298
Finance costs	8	(149)	(100)
Investment income	9	801	1,114
Profit before taxation		40,791	37,568
Tax expense	11	(3,647)	(4,415)
Profit for the year from continuing operations		37,144	33,153
Profit after tax for the year from discontinued operations	10	-	6,503
Profit for the year		37,144	39,656

The Binding Site Group Limited

Statement of comprehensive income for the year ended 30 September 2020

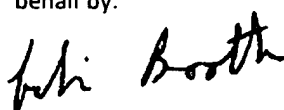
	Note	2020	2019
		£'000	£'000
Profit for the year		37,144	39,656
Other comprehensive income/(expense):			
Items that cannot be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	23	721	(3,544)
Income tax effect on defined benefit plan	11	(17)	661
		704	(2,883)
Items that can be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-	(32)
Other comprehensive income/(expense) for the year, net of tax		704	(2,915)
Total comprehensive income for the year, net of tax		37,848	36,741

The Binding Site Group Limited

Statement of financial position at 30 September 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Property, plant and equipment	12	12,630	12,490
Intangible assets	13	22,050	19,098
Right-of-use assets	21	748	-
Deferred tax assets	11	-	1,077
Investments	14	16,125	15,461
		<u>51,553</u>	<u>48,126</u>
Current assets			
Inventories	15	28,403	25,914
Trade and other receivables	16	75,268	63,229
Prepayments		1,631	1,505
Other current financial assets	17	710	1,094
Cash and short term deposits		37,200	15,461
		<u>143,212</u>	<u>107,203</u>
Assets held for sale	18	802	3,521
		<u>144,014</u>	<u>110,724</u>
		<u>195,567</u>	<u>158,850</u>
Total assets			
Current liabilities			
Trade and other payables	19	(8,357)	(8,223)
Interest bearing loans and borrowings	20	(87)	-
Income tax payable		(202)	(610)
Accruals		(4,440)	(3,541)
		<u>(13,086)</u>	<u>(12,374)</u>
Non-current liabilities			
Interest bearing loans and borrowings	20	(624)	-
Deferred tax liability	11	(2,995)	(2,703)
Defined benefit pension plan deficit	23	(3,778)	(6,537)
		<u>(7,397)</u>	<u>(9,240)</u>
		<u>(20,483)</u>	<u>(21,614)</u>
Total liabilities			
		<u>175,084</u>	<u>137,236</u>
Net assets			
Capital and reserves			
Equity share capital	22	1	1
Share premium account		12,558	12,558
Retained earnings		162,525	124,677
		<u>175,084</u>	<u>137,236</u>
Total equity			

These financial statements were approved by the directors on 21 December 2020 and are signed on their behalf by:



C Booth
Director

The Binding Site Group Limited

Statement of changes in equity for the year ended 30 September 2020

	Issued capital (Note 22) £'000	Share premium £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total Equity £'000
At 1 October 2018	1	12,558	32	87,904	100,495
Profit for the year	-	-	-	39,656	39,656
Other comprehensive expense	-	-	(32)	(2,883)	(2,915)
Total comprehensive income	-	-	(32)	36,773	36,741
At 30 September 2019 and 1 October 2019	1	12,558	-	124,677	137,236
Profit for the year	-	-	-	37,144	37,144
Other comprehensive income	-	-	-	704	704
Total comprehensive income	-	-	-	37,848	37,848
At 30 September 2020	1	12,558	-	162,525	175,084

The Binding Site Group Limited

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of The Binding Site Group Limited (the "Company") for the year ended 30 September 2020 were authorised for issue by the board of directors on 21 December 2020 and the statement of financial position was signed on the board's behalf by Mr Colin Booth. The Binding Site Group Limited is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of The Binding Site Corporation Limited. The results of The Binding Site Corporation Limited are included in the consolidated financial statements of Cidron (TBS) NewHoldco Limited which are available from 8 Calthorpe Road, Edgbaston, Birmingham, B15 1QT.

The principal accounting policies adopted by the Company are set out in Note 2.

2. Accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2020.

The financial statements have been prepared on a historical cost basis.

On 1 October 2019 the Company adopted IFRS 16 Leases superseding IAS 17 Leases. The impact of this change in accounting standard is discussed in Note 2.4g.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The Company has applied the transitional provision in IFRS 1 to recognise investments in subsidiaries and joint ventures at 1 September 2014 at deemed cost, being the carrying value under UK GAAP; and
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

The Binding Site Group Limited

Notes to the financial statements *continued*

2.2 Going concern

The directors, having assessed the Cidron (TBS) NewHoldco Limited group (the highest parent company to produce consolidated accounts in the group) and the Company's financial position, and having assessed the responses of the other companies within the group, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cidron (TBS) NewHoldco Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of the assessment of the group and company financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the statement of financial position date:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 11.

Notes to the financial statements *continued*

2.3 Judgements and key sources of estimation uncertainty *continued*

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details about the assumptions used are given in Note 23.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.3.7. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30 September 2020, the carrying amount of capitalised development costs was £17,630,000 (2019: £15,136,000). See Note 13.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates.

Notes to the financial statements *continued*

2.4 Significant accounting policies

a) *Foreign currency translation*

The Company's financial statements are presented in sterling, which is also the UK Company's functional currency.

Transactions in foreign currencies are initially recorded by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) *Intangible assets*

Goodwill

Goodwill is initially measured at cost, being the excess of the acquisition cost over the Company's interest in the assets and liabilities recognized. Goodwill is not amortised, but is reviewed for impairment annually or whenever there is any indication of impairment.

This is a departure from the requirements of the Companies Act 2006 which requires amortisation of goodwill. However, the departure is necessary in order that the financial statements show a true and fair view, as the carrying value of goodwill is not considered to reduce gradually over its life. By recognising any impairment as it arises, this better reflects the true carrying value of the goodwill and is consistent with IFRS. The group is not able to reliably estimate the impact of non-amortisation on the Income statement, because the useful economic life and the pattern of diminishment of the goodwill cannot be reliably predicted.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the financial statements *continued*

2.4 Significant accounting policies *continued*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Administration expenses. During the period of development, the asset is tested for impairment annually.

The Binding Site Group Limited

Notes to the financial statements *continued*

2.4 Significant accounting policies *continued*

A summary of the policies applied to the Company's intangible assets is as follows:

	Software	Goodwill	Customer lists	Development costs
Useful lives	3-10 years	Indefinite	5 years	5 years
Amortisation method used	Amortised over the period of expected future benefit of the software	No amortisation	Amortised over the period of expected future benefit of the customer lists	Amortised over the period of expected future sales from the related product on a straight-line basis
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated

c) *Investments*

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

d) *Tangible fixed assets*

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

➤ Freehold land	Non-depreciable
➤ Freehold buildings	20 – 50 years
➤ Plant & machinery (general)	6 – 10 years
➤ Plant & machinery (instruments)	6 years
➤ Fixtures, fittings and computer equipment	4 – 6 years
➤ Motor vehicles	4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the financial statements *continued***2.4 Significant accounting policies *continued*****e) *Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) *Provisions for liabilities*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

g) *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Notes to the financial statements *continued***2.4 Significant accounting policies *continued***

Some of the Company's land and building contracts include extension and early termination options. When calculating the term of a lease contract the Company recognises the extension period, provided there is reasonable certainty the extension period will be exercised and there is no contractual right of the lessor to terminate at the original lease end date, over and above the contractual right of the lessee. Likewise, where an early termination option is offered within the lease agreement, this has been assumed not to be exercised by the Company and reflected within the lease term provided the lessor has no contractual right to terminate the lease at these earlier dates.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

The Company's lease liabilities are included in Interest-bearing loans and borrowings (Note 20).

h) *Financial instruments****Financial assets******Initial recognition and measurement***

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Notes to the financial statements *continued*

2.4 Significant accounting policies *continued*

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL's) for all financial assets not held at fair value through profit or loss. The Company calculates ECL's by applying a provision matrix based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Held-to-maturity investments

The Company did not have any held-to-maturity investments during the year ended 30 September 2020 (2019: £nil).

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Notes to the financial statements *continued***2.4 Significant accounting policies *continued*****i) *Inventories***

Inventories are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost comprises direct material and labour costs together with the relevant factory overheads (including depreciation) on the basis of normal activity levels. Raw materials and bought-in-goods are valued on a first in first out basis.

Work in progress is valued on the basis of direct costs plus overheads attributable to the manufacturing process based on normal levels of activity. A provision is made for any foreseeable losses where appropriate to write inventories down to net realisable value where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

No element of profit is included in the valuation of work in progress.

j) *Trade and other receivables*

Trade debtors, which generally have 30-60 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

k) *Cash and cash equivalents*

Cash and short term deposits in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

l) *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements *continued*

2.4 Significant accounting policies *continued*

m) *Pensions and other post-employment benefits*

The Binding Site Group Limited operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the Company. The scheme is now closed to new and existing members. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Company's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with IAS 19.93A.

n) *Exceptional items*

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

o) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from diagnostic kits and laboratory consumables are recognised when the principal risks and rewards of ownership pass to the customer, typically when the goods are despatched. Revenue from the sale of equipment is typically recognised when the equipment is received by the customer. For maintenance support and service contracts, revenue is recognised on a straight line basis over the term of the contract.

Notes to the financial statements *continued***2.5 Changes in accounting policies and disclosures****2.5.1 New and amended standards and interpretations****IFRS 16 Leases**

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 October 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption of IFRS 16 as at 1 October 2019 is, as follows:

	1 October 2019
	£'000
Assets	
Right-of-use assets	869
Total assets	869
Liabilities	
Interest-bearing loans and borrowings	869
Total liabilities	869

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Binding Site Group Limited**Notes to the financial statements *continued*****2.5 Changes in accounting policies and disclosures *continued***

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 October 2019:

- Right-of-use assets of £869,000 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of £869,000 (included in interest bearing loans and borrowings) were recognised.
- There was no impact to retained earnings as a result of these adjustments.

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments from 30 September 2019:

	£'000
Operating lease commitments as at 30 September 2019	3,836
Less: operating lease in relation to discontinued operation	(2,857)
Operating lease commitments as at 1 October 2019	979
Discount of weighted average incremental borrowing rate of 3.5%	(110)
Lease liabilities as at 1 October 2019	869

3 Revenue

Revenue recognised in the income statement is analysed as follows.

	2020	2019
	£'000	£'000
United Kingdom	11,085	10,851
Other European Union countries	29,663	23,662
United States of America	47,880	42,453
Rest of World	15,313	14,651
Total revenue per income statement	103,941	91,617

The Binding Site Group Limited

Notes to the financial statements *continued*

4 Operating profit

This is stated after charging:

	Continuing Operations		Discontinuing Operations		Total	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Included in administration expenses:						
Amortisation of capitalised development costs	1,148	1,299	-	-	1,148	1,299
Loss on disposal of intangibles	1,338	763	-	-	1,338	763
Research and development expenditure expensed	3,181	1,863	-	-	3,181	1,863
Total research and development costs	5,667	3,925	-	-	5,667	3,925
Included in cost of sales:						
Cost of inventories recognised as an expense	29,356	25,276	-	358	29,356	25,634
Depreciation of owned property, plant and equipment	947	808	-	326	947	1,134
Amortisation of intangible assets	22	23	-	101	22	124
Included in administration expenses:						
Amortisation of intangible assets	783	567	-	4	783	571
Impairment of intangible assets	-	9	-	-	-	9
Depreciation of owned property, plant and equipment	1,652	1,283	-	75	1,652	1,358
Depreciation of right-of-use assets	121	-	-	-	124	-
Intercompany loan waiver (Note 16)	3,169	-	-	-	3,169	-
(Profit)/loss on disposal of tangible fixed assets	5	(43)	-	53	5	10
Net (gain)/loss on foreign currency translation	484	(2,048)	-	(24)	484	(2,072)
Operating lease payments – minimum lease payments (*):						
Land and buildings	-	3,019	-	129	-	3,148
Other	-	10	-	136	-	146

(*Under IFRS16, Operating Leases are now treated as Lease liabilities (Note 21)).

The Binding Site Group Limited

Notes to the financial statements *continued*

5 Auditors remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2020	2019
	£'000	£'000
Audit of the financial statements	141	125
Tax compliance services	76	54
Tax advisory services	108	66
Corporate finance	21	12
	346	257

6 Staff costs and directors' remuneration

<i>Staff costs</i>	2020	2019
	£'000	£'000
Wages and salaries	25,762	26,959
Social security costs	2,431	3,148
Other pension costs	1,384	1,483
	29,577	31,590

Included in other pension costs are £nil (2019: £nil) in respect of defined benefit schemes and £1,366,000 (2019: £1,295,000) in respect of the defined contribution scheme.

The Binding Site Group Limited

Notes to the financial statements *continued*

6. Staff costs and directors' remuneration *continued*

The average monthly number of employees during the year was made up as follows:

	2020	2019
	Number	Number
Production and research & development staff	513	479
Sales and marketing staff	106	141
Administrative staff	107	114
	726	734

Included in the 2019 staff costs and the average monthly number of employees are the French, Spain and Portugal branches before they were incorporated.

<i>Directors' remuneration</i>	2020	2019
	£'000	£'000
Emoluments receivable	877	1,682
Pension contributions to money purchase schemes	22	11

The number of directors who received contributions into money purchase pension schemes was as follows:

	2020	2019
Money purchase scheme	2	2

In respect of the highest paid director:

	2020	2019
	£'000	£'000
Aggregate remuneration	300	402

Key management are considered to be the directors of the entity.

7. Finance income

	2020	2019
	£'000	£'000
Bank interest receivable	12	2
Interest receivable on intercompany loans	1,283	1,296
	1,295	1,298

8. Finance costs

	2020	2019
	£'000	£'000
Net loss on pension scheme (Note 23)	121	100
Interest on lease liabilities (Note 21)	28	-
	149	100

9. Investment income

	2020	2019
	£'000	£'000
Dividends received from subsidiaries	801	1,114
	801	1,114

The Binding Site Group Limited

Notes to the financial statements *continued*

10. Discontinued operations

On 31 December 2018, the Company transferred its' Spanish operations to an incorporated subsidiary in Spain, The Binding Site Spain (Specialist Protein Company), S.L.. On 31 May 2019, the Company transferred its' Portuguese operations to an incorporated subsidiary in Portugal, The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd.

Both segments of the business represent all operations in Spain and Portugal for the Company and are classified as discontinued operations.

On 30 June 2019, the Company announced the decision of the Board of Directors to transfer its' French operations on 1 October 2019, to an incorporated subsidiary in France, The Binding Site France SASU. This segment of the business represents all operations in France for the Company. At 30 September 2019, the French branch was classified as an asset held for sale and as a discontinued operation.

Spanish operations

The results of Spanish operations for the year are as follows:

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Revenue	-	1,359
Expenses	-	(87)
Operating income	-	1,272
Finance costs	-	(612)
Profit before tax from discontinued operation	-	660
Tax expense	-	(36)
Profit for the year from discontinued operation	-	624

Portuguese operations

The results of Portuguese operations for the year are as follows:

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Revenue	-	607
Expenses	-	(34)
Operating income	-	573
Finance costs	-	(168)
Profit before tax from discontinued operation	-	405
Tax expense	-	(10)
Profit for the year from discontinued operation	-	395

The Binding Site Group Limited

Notes to the financial statements *continued*

10. Discontinued operations *continued*

French operations

The results of French operations for the year are as follows:

	2020	2019
	£'000	£'000
Revenue	-	9,759
Expenses	-	(283)
Operating income	-	9,476
Finance costs	-	(3,830)
Profit before tax from discontinued operation	-	5,646
Tax expense	-	(162)
Profit for the year from discontinued operation	-	5,484

The major classes of assets and liabilities of the French operations classified as held for sale at 30 September 2019 and at the date of disposal, 1 October 2019, are as follows:

	2019
	£'000
<i>Assets</i>	
Property, plant and equipment (Note 12)	1,057
Intangible assets (Note 13)	209
Inventories	646
Debtors	2,294
Cash and short-term deposits	421
Assets held for sale	4,627
<i>Liabilities</i>	
Creditors	(1,106)
Liabilities directly associated with assets held for sale	(1,106)
Net assets directly associated with disposal group	3,521

The Binding Site Group Limited

Notes to the financial statements *continued*

11. Taxation

Tax charged in the income statement

	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Current income tax:						
UK corporation tax	2,120	4,415	-	-	2,120	4,415
Amounts under/(over) provided in previous years	175	(462)	-	-	175	(462)
Net overseas tax suffered	-	-	-	208	-	208
Total current income tax	2,295	3,953	-	208	2,295	4,161
Deferred tax:						
Origination and reversal of timing differences	1,043	662	-	-	1,043	662
Amounts over provided in previous years	(2)	(129)	-	-	(2)	(129)
Impact of change in tax laws and rates	311	(71)	-	-	311	(71)
Total deferred tax charge	1,352	462	-	-	1,352	462
Tax expense in the income statement	3,647	4,415	-	208	3,647	4,623

Tax relating to items charged or credited to other comprehensive income

Current tax:						
Total current income tax	-	(551)	-	-	-	(551)
Deferred tax:						
On actuarial losses on defined benefit plans	17	(110)	-	-	17	(110)
Total deferred tax	17	(110)	-	-	17	(110)
Tax charge in the statement of other comprehensive income	17	(661)	-	-	17	(661)

The Binding Site Group Limited

Notes to the financial statements *continued*

11. Taxation *continued*

(a) Reconciliation of the total tax charge

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year of 19% (2019: 19%) The differences are reconciled below:

	2020	2019
	£'000	£'000
Accounting profit before income tax	40,791	37,568
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	7,750	7,138
Effects of:		
Expenses not deductible for tax purposes	61	158
Non-taxable income	(96)	(210)
Adjustment in respect of prior years	173	(591)
Effects of group relief/other reliefs	(4,552)	(2,951)
Effect of higher taxes on overseas earnings	-	(209)
Changes in tax laws and rate	311	(71)
Discontinued operations	-	1,151
Total tax expense reported in the income statement	3,647	4,415

(b) Change in deferred tax rate

Deferred tax balances on temporary differences and tax losses as at the balance sheet date are calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse. A change to the corporation tax rate, so that it remained at 19% rather than reducing to 17% from 1 April 2020, was substantively enacted on 17 March 2020.

Accordingly, deferred tax balances as at the balance sheet date are calculated at 19% (2019: 17%).

Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£'000	£'000
Deferred tax liability		
Accelerated capital allowances	(3,675)	(2,727)
Temporary differences	38	24
	(3,637)	(2,703)
Deferred tax asset		
Pensions and post-employment medical benefits	642	1,077
	642	1,077
Disclosed on the statement of financial position		
Deferred tax asset	-	1,077
Deferred tax liability	(2,995)	(2,703)
	(2,995)	1,626
Deferred tax in the income statement		
Accelerated capital allowances	948	486
Temporary differences	(14)	(24)
Pension plans and other post-employment medical benefits	418	-
Deferred tax expense	1,352	462

The Binding Site Group Limited

Notes to the financial statements *continued*

12. Property, plant and equipment

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and computer equipment	Motor vehicles	Assets under course of construction	Total
<i>Cost</i>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2019	5,822	12,704	4,386	564	1,741	25,217
Additions	-	2,185	881	71	597	3,734
Disposals	-	(252)	(40)	(75)	(42)	(409)
Transfers	-	329	457	-	(904)	(118)
Assets held for sale	(1,745)	-	-	-	(630)	(2,375)
At 30 September 2020	4,077	14,966	5,684	560	762	26,049
<i>Depreciation and impairment</i>						
At 1 October 2019	3,288	7,011	2,126	302	-	12,727
Charge for the period	296	1,482	715	106	-	2,599
On disposals	-	(239)	(40)	(55)	-	(334)
Assets held for sale	(1,573)	-	-	-	-	(1,573)
At 30 September 2020	2,011	8,254	2,801	353	-	13,419
<i>Carrying amount</i>						
At 30 September 2020	2,066	6,712	2,883	207	762	12,630
At 30 September 2019	2,534	5,693	2,260	262	1,741	12,490

At 30 September 2020, the Company had total capital commitments of £150,000 (2019; £2,330,000).

The Binding Site Group Limited

Notes to the financial statements *continued*

13. Intangible assets

	Software	Customer lists	Development costs	Assets under course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2019	5,606	795	23,177	687	30,265
Additions	862	-	4,980	283	6,125
Disposals	-	-	(1,338)	-	(1,338)
Transfers	446	-	-	(328)	118
At 30 September 2020	6,914	795	26,819	642	35,170
Depreciation and impairment					
At 1 October 2019	2,331	795	8,041	-	11,167
Charge for the year	805	-	1,148	-	1,953
At 30 September 2020	3,136	795	9,189	-	13,120
Carrying amount					
At 30 September 2020	3,778	-	17,630	642	22,050
At 30 September 2019	3,275	-	15,136	687	19,098

14. Investments

	Total
	£'000
Cost and net book value	
At 1 October 2019	15,461
Additions	738
Reductions in investment	(74)
At 30 September 2020	16,125

The reduction during the year relates to a decrease in investment in The Binding Site VT Inc. Additions relate to The Binding Site France SASU and The Binding Site K.K. (Japan).

The Binding Site Group Limited

Notes to the financial statements *continued*

14. Investments *continued*

Details of group undertakings

Investments in which the Company holds any class of share capital are detailed below, all holdings are via Ordinary shares :

	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
The Binding Site Inc.	USA	Ordinary shares	100% (Indirect)	Supply of medical and biological products
The Binding Site GmbH	Germany	Ordinary shares	100% (Indirect)	Supply of medical and biological products
The Binding Site VT Inc.	USA	Ordinary shares	100% (Direct)	Supply of antisera to the parent company
TBS Howard Hill L.L.C.	USA	Ordinary shares	100% (Indirect)	Supply of antisera to the parent company
The Binding Site S.R.O.	Czech Republic	Ordinary shares	90% (Direct)	Supply of medical and biological products
The Binding Site BVBA	Belgium	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site S.R.L.	Italy	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site Holding GmbH	Germany	Ordinary Shares	100% (Direct)	Holding company
The Binding Site Holding Inc.	USA	Ordinary Shares	100% (Direct)	Holding company
TBS Brazil Ltda.	Brazil	Ordinary Shares	99% (Direct)	Supply of medical and biological products
The Binding Site Pte Ltd	Singapore	Ordinary shares	100% (Direct)	Supply of medical and biological products
The Binding Site Brasil Comercio de Produtos Para Laboratório Ltda	Brazil	Ordinary shares	100% (Direct)	Supply of medical and biological products
Binding Site Group (Shanghai) Trading Co., Ltd	China	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Limited	New Zealand	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Portugal, Specialist Protein Company, Unipessoal, Ltd	Portugal	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site Spain (Specialist Protein Company), S.L.	Spain	Ordinary Shares	100% (Direct)	Supply of medical and biological products

Details of the new investments in which the Company holds 100% or more of the nominal value of any class of share capital at 30 September 2020 are as follows:

The Binding Site France SASU	France	Ordinary Shares	100% (Direct)	Supply of medical and biological products
The Binding Site K.K.	Japan	Ordinary Shares	100% (Direct)	Supply of medical and biological products

The Binding Site Group Limited

Notes to the financial statements *continued*

15. Inventories

	2020	2019
	£'000	£'000
Raw materials	3,389	3,016
Work in progress	20,468	17,551
Finished goods	4,546	5,347
	28,403	25,914

16. Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	3,889	3,804
Amounts owed by group undertakings *	71,234	59,266
VAT receivable	145	159
	75,268	63,229

*On 30 September 2020, The Binding Site Group Limited waived its intercompany balance with Cidron (TBS) NewBidco Limited of £3,169,000 (2019:£nil) by issuing board minutes approving the issue of a unilateral promissory note, acknowledging waiver and termination of the balance.

17. Other current financial assets

	2020	2019
	£'000	£'000
Directors loans	290	290
Other receivables	420	804
	710	1,094

18. Assets Held for Sale

During the year, the board announced its decision to dispose of the site at Warstock Road (former premises). The resultant gain or loss on disposal will be recognised within the income statement in 2021. As at 30 September 2020, a sale is highly probable with a potential purchaser being identified and legal proceedings having commenced. As a result, this was classified as an asset held for sale.

The class of assets of the business held for sale at 30 September 2020 were as follows:

	2020
	£'000
<i>Tangible Fixed Assets</i>	
Land and Buildings	802
Total Assets Held for Sale	802

The Binding Site Group Limited

Notes to the financial statements *continued*

19. Trade and other payables

	2020	2019
	£'000	£'000
Trade payables	2,523	4,370
Amounts due to group undertakings	5,054	2,729
Other tax and social security	524	1,005
Other liabilities	256	119
	8,357	8,223

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

20. Interest-bearing loans and borrowings

	Interest rate	Maturity	2020	2019
	%		£'000	£'000
Current interest-bearing loans and borrowings				
Lease liabilities (Note 21)	3.5%	September 2021	87	-
Total current interest-bearing loans and borrowings			87	-

	Interest rate	Maturity	2020	2019
	%		£'000	£'000
Non-current interest-bearing loans and borrowings				
Lease liabilities (Note 21)	3.5%	October 2026	624	-
Total non-current interest-bearing loans and borrowings			624	-

21. Leases

Company as a lessee

Leases of land and buildings generally have lease terms between 3 and 10 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below is the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings
	£'000
Introduced on 1 October 2019	869
Depreciation expense	(121)
As at 30 September 2020	748

The Binding Site Group Limited

Notes to the financial statements *continued*

21. Leases *continued*

Set out below is the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	<u>2020</u>
	£'000
Introduced on 1 October 2019	869
Accretion of interest	28
Payments	(186)
As at 30 September 2020	711
Current	87
Non-current	<u>624</u>

The following are the amounts recognised in profit or loss:

	<u>2020</u>
	£'000
Depreciation expense of right-of-use assets	121
Interest expense on lease liabilities	28
Total amount recognised in profit and loss	149

22. Authorised, issued and called up share capital

<i>Authorised</i>	<u>2020</u>		<u>2019</u>	
	Number	£	Number	£
Ordinary shares of £0.01 each	105,000	1,050	105,000	1,050

<i>Allotted, called up and fully paid</i>	<u>2020</u>		<u>2019</u>	
	Number	£	Number	£
Ordinary shares of £0.01 each	95,024	950	95,024	950

The Binding Site Group Limited

Notes to the financial statements *continued*

23. Pensions and other post-employment benefits

The Company operates a closed pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. The expected average duration of the scheme is 25 years (2019: 25 years). The scheme is operated by The Binding Site Group Limited.

The scheme is managed by a professional trustee. The trustees have responsibility for obtaining valuations of the scheme, administering benefit payments and investing the scheme's assets.

The following table summarises the principal risks associated with the Company's defined benefit arrangements:

Investment Risk	To the extent that the return on plan assets is lower than the discount rate, the pension surplus may reduce and the deficit may increase.
Interest Rate Risk	A fall in bond yields would increase the value of the liabilities. This would be only partially offset by an increase in the value of bond investments held.
Inflation Risk	An increase in inflation would increase the value of pension liabilities.
Longevity Risk	The present value of the defined benefit liabilities is calculated having regards to a best estimate of the mortality of plan members. If members are expected to live longer, this will increase the liabilities.

The assets and liabilities of the schemes at 30 September are:

	2020	2019
	£'000	£'000
<i>Scheme assets at fair value</i>		
Diversified growth funds	16,120	15,680
Fair value of scheme assets	16,120	15,680
Present value of scheme liabilities	(19,898)	(22,217)
Defined benefit pension plan liability	(3,778)	(6,537)

The pension schemes have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2020	2019
	£'000	£'000
Recognised in income statement		
Charge included in administrative expenses:		
Past service credit/(cost)	1,631	(200)
Charge included in finance costs:		
Interest cost on benefit obligation	(418)	(510)
Expected return on plan assets	297	410
Settlement and curtailment costs	528	-
	407	(100)
Net interest on defined benefit liability	2,038	(300)

The Binding Site Group Limited

Notes to the financial statements *continued*

23. Pensions and other post-employment benefits *continued*

<i>Taken to statement of other comprehensive income</i>	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Return on plan assets (excluding amounts included in interest expense)	203	409
Experience gains/(losses) on liabilities	(282)	52
Actuarial changes arising from changes in demographic assumptions	208	-
Actuarial changes arising from changes in financial assumptions	592	(4,005)
Recognised in statement of other comprehensive income	<u>721</u>	<u>(3,544)</u>

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	<u>Total</u>
	<u>£'000</u>
As at 1 October 2019	22,217
Interest on benefit obligation	418
Past service credit/(cost)	(1,631)
Benefits paid	(60)
Actuarial gain	(518)
Changes due to settlements and curtailments	(528)
Defined benefit obligation at 30 September 2020	<u>19,898</u>

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

	<u>Total</u>
	<u>£'000</u>
As at 1 October 2019	15,680
Expected return on assets	297
Benefits paid	(60)
Actuarial gain	203
Defined benefit assets at 30 September 2020	<u>16,120</u>

The Binding Site Group Limited

Notes to the financial statements *continued*

23. Pensions and other post-employment benefits *continued*

The principal assumptions used in determining pension benefit obligations for the Company's plans are shown below:

<i>Main assumptions:</i>	2020	2019
Discount rate	1.70%	1.90%
Salary increases	n/a	3.15%
Inflation (RPI)	2.40%	3.15%
Inflation (CPI)	2.05%	n/a
Pension increase (RPI max 5% pa)	n/a	3.05%
Pension increase (CPI max 5% pa)	2.00%	n/a
Mortality pre-retirement	S3NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa
Mortality post retirement	S3NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa	S2NA tables based on year of birth with CMI projections and long term improvement of 1.5% pa
Tax free cash	100% of members assumed to commute 25% of their pension for cash on retirement	100% of members assumed to commute 25% of their pension for cash on retirement
Assumed retirement age	65	65

The following illustrates the sensitivity of the value of the liabilities to changes in key assumptions:

Adjustment to assumptions	Approximate effect on liabilities
	£'000
Discount rate	
Plus 0.25%	(980)
Minus 0.25%	1,146
Inflation assumption	
Plus 0.25%	852
Minus 0.25%	(635)
Mortality	
90% of base table	399
110% of base table	(268)

In the year 30 September 2020, there have been two rule changes under IAS19 in the assumptions adopted for the accounting disclosures:

- From 1 January 2020, under IAS19 the reference index for all future deferred revaluation and pension increases was changed from RPI inflation to CPI inflation.
- From 6 April 2020 the salary link was broken for all Scheme members who are also employees of the Company.

The Binding Site Group Limited

Notes to the financial statements *continued*

23. Pensions and other post-employment benefits *continued*

As at 30 September 2020, there is a £400,000 provision in the statement of financial position (2019: £200,000) to cover potential costs associated with GMP equalisation. This represents c.2% of the liabilities.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method as the end of the reporting period) has been applied as when calculating the pension liability recognised with the consolidated statement of financial position. The methods and assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

24. Directors' loans and other directors' interests

Any loans granted to directors are included in financial assets on the face of the statement of financial position. The Company had loans in place with two directors during the year. The balances outstanding at 30 September 2020 and 30 September 2019 were £145,000 and £145,302 with repayments made during the year of £3,625 on each (2019: £302 and *Nil* respectively). Both loans were unsecured at an interest rate of 2.5% with interest charged of £3,625 (2019: £302) for each loan in the year.

The maximum outstanding balance on Directors loans during the year was £291,208 (2019: £290,302).

25. Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in Note 6. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 September 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2019: *Nil*). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

26. Ultimate group undertaking

The controlling interest in the Company (by virtue of the controlling interest in the parent company) is Nordic Capital CV1. The immediate parent undertaking of the Company is The Binding Site Corporation Limited.

Cidron (TBS) NewHoldco Limited is the highest parent company to produce consolidated accounts in the group. Copies of the group consolidated financial statements of Cidron (TBS) NewHoldco Limited, are available from the Chief Financial Officer, Cidron (TBS) NewHoldco Limited, 8 Calthorpe Road, Edgbaston, Birmingham, B15 1QT or Companies House.