

Pera International

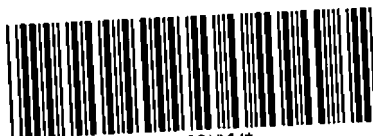
Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 00412652

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**Pera International
(A Company Limited by Guarantee)**

Company Information

Directors	Roger James Whysall Alan John Baxter Peter Robert Hughes
Company secretary	Lorraine Ann Badjie
Registered number	00412652
Registered office	Pera Business Park Nottingham Road Melton Mowbray Leicestershire LE13 0PB
Independent auditors	BDO LLP Statutory Auditors Two Snowhill Birmingham B4 6GA

Pera International
(A Company Limited by Guarantee)

Contents

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10 - 11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Analysis of Net Debt	16
Notes to the Financial Statements	17 - 37

Pera International (A Company Limited by Guarantee)

**Group Strategic Report
For the Year Ended 31 March 2020**

Principal activities, business review and future developments

Pera International continues as a membership-based company limited by guarantee as it has existed since its creation in 1946. Its purpose is to support innovation, primarily in companies in manufacturing sectors, by supporting the development of new strategies, and research for new products, standards and improved production techniques. The principal activities of the company's subsidiaries are business incubation and business park management.

It has been previously reported that a new partnership with PRA World Ltd was established through a Framework Agreement for the generation and dissemination of generic intellectual property. That company has the capability for R&D and information dissemination services, including through its well respected Irfab operations. The capabilities have been inherited from its predecessor companies which have been serving as a catalyst for innovation and growth since 1926. Similar to Pera International it has an industrial membership base and PRA World is located in the Pera Business Park in Melton Mowbray.

The first R&D commissioned under the new Framework Agreement concerned researching chromate-free coating systems for manufacturers in the aerospace and defence sectors. A further research stream deals with coatings used by manufacturers in the Agricultural, Construction and Earthmoving (ACE) sectors and the latest addition concerns coatings used for architectural internal structures. Further projects are defined. All these are with a view to establishing new Quality Assurance Schemes with national accreditation. The projects demonstrate well the advantages of a scientific research association like Pera International whereby it can commission R&D for a class of trade where any one company would not have the incentive or the means to develop and disseminate its own solution.

To extend the range of R&D that can be commissioned by Pera International the association has recently concluded a Memorandum of Understanding with Loughborough University whereby the Wolfson School of Mechanical, Electrical and Manufacturing Engineering will similarly act as a research partner for generation and dissemination of new knowledge into manufacturing sectors.

The Company has continued to encourage its subsidiaries to be pro-active in developing their premises in Melton Mowbray and Hampton to be suitable for small businesses to rent either at the business incubation or later growth stage. The relevant subsidiaries are Pera Business Park Ltd and PRA Hampton Ltd. The Hampton premises are fully occupied and eighty percent of the offices and laboratories are taken up by high-technology companies. In the Pera Business Park a full-support service is offered to tenant companies in order to give them maximum assistance for business stability and growth. A flexible mix of offices, research areas and light workshop facilities is available, with a range of tenancy options from hot-desking for the smallest start-ups to large suites with bespoke layout. The occupancy rate is high and investigations continue to see whether more space can be economically converted to provide room for tenant companies. The Company is intending to raise the necessary development funds by disposing of underused land.

Following substantial contributions during the previous year into the Pera defined-benefit pension scheme, which was closed to further accrual in 2001, the scheme is currently in surplus on a basis that assumes continuing support from the Company would be available in the future if needed. However the Trustee of the Scheme, with Pera International's agreement, has recently adopted a capital-backed investment strategy which should lead to an insurance buy-out of the scheme by 2026. This should create greater certainty over the future resources available for R&D and certainty for members of the Scheme.

Pera International (A Company Limited by Guarantee)

Group Strategic Report (continued) For the Year Ended 31 March 2020

Principal risks and uncertainties

Listed investment performance - the group hold listed investments, the values of which are subject to potential volatility in performance and this is managed through continuing monitoring and review by the directors in conjunction with the external investment managers.

Defined benefit pension - the group hold a defined benefit pension scheme in deficit which is frozen to future service accrual. Movements in the deficit impact on the net asset position of the group. Management of the deficit has been reviewed by the directors with the trustees and a recovery plan agreed.

Property values - the group holds investment property and is therefore subject to volatility in the property market and risk of lost tenants, the latter being mitigated through longer term leases.

Financial key performance indicators

The directors consider net assets and cash flow to be the key financial performance indicators. Group net assets decreased by £1.1 million in the year with a decrease in cash of £0.6 million.

Going concern

In January 2020, an outbreak of a novel coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. The impact of COVID-19 is widespread and continues to cause economic disruption. Governments in the UK and elsewhere around the world have taken drastic and unprecedented measures which include compulsory business closures and tight restrictions on movement of people and on their activities.

Whilst it is too early to assess the impact of the COVID-19 pandemic and the UK Government's lockdown and other measures on the Group, to date COVID-19 has not materially impacted Group operations, with minimal impact on rent collections during the lockdown period. Only a minimal number of tenants were in rent arrears at the balance sheet date and up to the date of this report.

The financial statements have been prepared on a going concern basis. This requires the directors to consider, as at the date of approving the financial statements, that there is reasonable expectation that the Group has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

The Directors have undertaken procedures to ensure that the Group has sufficient cash resources to manage the potential financial impact of the Covid-19 pandemic on its business under going concern principles. These procedures included the following:

- Reviewing and establishing that cash and cash equivalent balances are sufficient to cover at least twelve months of operations;
- Reviewing cash flow forecast scenarios. Any decision on property acquisitions and developments in the next twelve months will be taken following review of revised cash flow forecasts; and
- Performing credit checks on prospective tenants to assess credit risk. The checks include verification of income levels and capacity to pay, as well as checks of rental references. Any arrears are actively managed.

In the light of the results of the procedures described above, the directors consider that the adoption of the going concern basis is reasonable and appropriate.

Pera International
(A Company Limited by Guarantee)

Group Strategic Report (continued)
For the Year Ended 31 March 2020

This report was approved by the board on 17 November 2020 and signed on its behalf by:



Roger James Whysall
Director

Pera International

(A Company Limited by Guarantee)

Directors' Report **For the Year Ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £338,000 (2019 - profit £1,100,000).

Directors

The directors who served during the year were:

Roger James Whysall
Alan John Baxter
Peter Robert Hughes

Community and the environment

We recognise that in our day-to-day operations we inevitably impact on the environment and our local community. We strive to minimise detrimental environmental impact and to work with the tenant companies of our premises in Hampton and Melton Mowbray to be a constructive part of the local community.

Pera International
(A Company Limited by Guarantee)

Directors' Report (continued)
For the Year Ended 31 March 2020

Section 469 of the Corporation Tax Act 2010

During the prior year, the Board reconfirmed its intention that the business of Pera International would continue to have scientific and technological research as its purpose and the Company would continue to be run in such a way that it remained compliant with Section 469 of the Corporation Tax Act 2010.

All non-qualifying activities of the Group are conducted through subsidiary companies whose profits are available to Pera International to pursue its purpose.

Future developments

Future developments are detailed in the Strategic Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

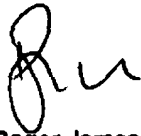
Subsequent events

There are no additional subsequent events that have occurred since the reporting date that require additional disclosure in these financial statements.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 November 2020 and signed on its behalf by:



Roger James Whysall
Director

Pera International
(A Company Limited by Guarantee)

Independent Auditors' Report to the Members of Pera International

Opinion

We have audited the financial statements of Pera International (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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

Pera International

(A Company Limited by Guarantee)

Independent Auditors' Report to the Members of Pera International (continued)

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group 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 Group Strategic Report and the 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Directors' Responsibilities Statement on page 4, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**Pera International
(A Company Limited by Guarantee)**

Independent Auditors' Report to the Members of Pera International (continued)

Auditors' responsibilities for the audit of the financial statements

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

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



Paul Fenner (*Senior Statutory Auditor*)

For and on behalf of:
BDO LLP

Two Snowhill
Birmingham
B4 6GA

Date: 23 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Pera International
(A Company Limited by Guarantee)

Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	4	1,487	1,412
Cost of sales		(340)	(329)
Gross profit		<u>1,147</u>	<u>1,083</u>
Administrative expenses		(1,654)	(2,062)
Other operating income	5	68	1,149
Fair value movements on investment property	18	380	-
Operating (loss)/profit	6	<u>(59)</u>	<u>170</u>
Income from fixed assets investments	10	128	175
Interest receivable and similar income	11	37	25
Other finance (expense)/income	12	(419)	732
(Loss)/profit before taxation		<u>(313)</u>	<u>1,102</u>
Tax on (loss)/profit	13	(25)	(2)
(Loss)/profit for the financial year		<u>(338)</u>	<u>1,100</u>
Actuarial (losses)/gains on defined benefit pension scheme	26	(797)	1,598
Other comprehensive (loss)/income for the year		<u>(797)</u>	<u>1,598</u>
Total comprehensive (loss)/income for the year		<u>(1,135)</u>	<u>2,698</u>
(Loss)/profit for the year attributable to:			
Owners of the parent Company		<u>(338)</u>	<u>1,100</u>

All amounts relate to continuing activities of the Company.

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)
Registered number:00412652

Consolidated Statement of Financial Position
As at 31 March 2020

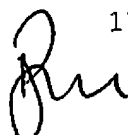
	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	14		17		26
Tangible assets	15		48		85
Investments	16		20		20
Investment property	18		8,280		7,900
			<u>8,365</u>		<u>8,031</u>
Current assets					
Debtors: amounts falling due within one year	19	130		148	
Current asset investments	20	3,367		3,830	
Cash at bank and in hand		6,143		6,683	
		<u>9,640</u>		<u>10,661</u>	
Creditors: amounts falling due within one year	21	(396)		(957)	
Net current assets			<u>9,244</u>		<u>9,704</u>
Total assets less current liabilities			<u>17,609</u>		<u>17,735</u>
Provisions for liabilities					
Deferred tax	23	(2)		(2)	
			(2)		(2)
Pension asset	26		5,568		6,577
Net assets			<u><u>23,175</u></u>		<u><u>24,310</u></u>

Pera International
(A Company Limited by Guarantee)
Registered number:00412652

Consolidated Statement of Financial Position (continued)
As at 31 March 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Other reserves	24	2,014	2,014
Profit and loss account	24	21,161	22,296
		<u>23,175</u>	<u>24,310</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
17 November 2020



Roger James Whysall
Director

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)
Registered number:00412652

Company Statement of Financial Position
As at 31 March 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	15		2		1
Investments	16		20		20
			22		21
Current assets					
Debtors: amounts falling due within one year	19	4,386		4,060	
Current asset investments	20	3,367		3,830	
Cash at bank and in hand		5,542		5,848	
		13,295		13,738	
Creditors: amounts falling due within one year	21	(38)		(37)	
Net current assets			13,257		13,701
Total assets less current liabilities			13,279		13,722
Net assets excluding pension asset					
			13,279		13,722
Pension asset	26		2,784		3,289
Net assets			16,063		17,011
Capital and reserves					
Profit and loss account carried forward	24		16,063		17,011

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £784,000 (2019 - profit of £467,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

17 November 2020


Roger James Whysall
Director

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2020

	Other reserves £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 April 2019	2,014	22,296	24,310	24,310
Comprehensive loss for the year				
Loss for the year	-	(338)	(338)	(338)
Actuarial losses on pension scheme	-	(797)	(797)	(797)
Total comprehensive loss for the year	<u>-</u>	<u>(1,135)</u>	<u>(1,135)</u>	<u>(1,135)</u>
At 31 March 2020	<u>2,014</u>	<u>21,161</u>	<u>23,175</u>	<u>23,175</u>

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2019

	Other reserves £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 April 2018	2,014	19,598	21,612	21,612
Comprehensive income for the year				
Profit for the year	-	1,100	1,100	1,100
Actuarial gains on pension scheme	-	1,598	1,598	1,598
Total comprehensive income for the year	<u>-</u>	<u>2,698</u>	<u>2,698</u>	<u>2,698</u>
At 31 March 2019	<u>2,014</u>	<u>22,296</u>	<u>24,310</u>	<u>24,310</u>

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)

Company Statement of Changes in Equity
For the Year Ended 31 March 2020

	Profit and loss account £000	Total equity £000
At 1 April 2019	17,011	17,011
Comprehensive loss for the year		
Loss for the year	(784)	(784)
Actuarial losses on pension scheme	(399)	(399)
	<u>(1,183)</u>	<u>(1,183)</u>
Total comprehensive loss for the year		
Contributions by and distributions to owners		
Gift aid	234	234
	<u>234</u>	<u>234</u>
Total transactions with owners		
	<u>16,062</u>	<u>16,062</u>
At 31 March 2020	<u>16,062</u>	<u>16,062</u>

Company Statement of Changes in Equity
For the Year Ended 31 March 2019

	Profit and loss account £000	Total equity £000
At 1 April 2018	15,595	15,595
Comprehensive income for the year		
Profit for the year	467	467
Actuarial gains on pension scheme	799	799
	<u>1,266</u>	<u>1,266</u>
Total comprehensive income for the year		
Contributions by and distributions to owners		
Gift aid	150	150
	<u>150</u>	<u>150</u>
Total transactions with owners		
	<u>17,011</u>	<u>17,011</u>
At 31 March 2019	<u>17,011</u>	<u>17,011</u>

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2020

	2020	2019
	£000	£000
Cash flows from operating activities		
(Loss)/profit for the financial year	(338)	1,100
Adjustments for:		
Amortisation of intangible assets	9	9
Depreciation of tangible assets	52	55
Interest received	(165)	(200)
Taxation charge	25	2
Increase in debtors	18	(20)
Decrease in creditors	(586)	(35)
Net fair value (gains) recognised in P&L	(368)	(6,278)
Net cash generated from operating activities	<u>(1,353)</u>	<u>(5,367)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(15)	(57)
Interest received	165	200
Income from investments	663	7,870
Net cash generated from investing activities	<u>813</u>	<u>8,013</u>
Net (decrease)/increase in cash and cash equivalents	<u>(540)</u>	<u>2,646</u>
Cash and cash equivalents at beginning of year	6,683	4,037
Cash and cash equivalents at the end of year	<u><u>6,143</u></u>	<u><u>6,683</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,143	6,683
	<u><u>6,143</u></u>	<u><u>6,683</u></u>

The notes on pages 17 to 37 form part of these financial statements.

Pera International
(A Company Limited by Guarantee)

Consolidated Analysis of Net Debt
For the Year Ended 31 March 2020

	At 1 April 2019 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2020 £000
Cash at bank and in hand	6,683	(540)	-	6,143
Current asset investments	3,830	(500)	37	3,367
	<u>10,513</u>	<u>(1,040)</u>	<u>37</u>	<u>9,510</u>

The notes on pages 17 to 37 form part of these financial statements.

Pera International

(A Company Limited by Guarantee)

Notes to the Financial Statements **For the Year Ended 31 March 2020**

1. General information

Pera International is a private company limited by guarantee. It was incorporated in England and its registered office is Pera Business Park, Nottingham Road, Melton Mowbray, Leicestershire, LE13 0PB. The principal activity of the Company is scientific research and development. The principal activities of the Company's subsidiaries are primarily investment property management as well as other commercial activities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Pera International (A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 Going concern

In January 2020, an outbreak of a novel coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. The impact of COVID-19 is widespread and continues to cause economic disruption. Governments in the UK and elsewhere around the world have taken drastic and unprecedented measures which include compulsory business closures and tight restrictions on movement of people and on their activities.

Whilst it is too early to assess the impact of the COVID-19 pandemic and the UK Government's lockdown and other measures on the Group, to date COVID-19 has not materially impacted Group operations, with minimal impact on rent collections during the lockdown period. Only a minimal number of tenants were in rent arrears at the balance sheet date and up to the date of this report.

The financial statements have been prepared on a going concern basis. This requires the directors to consider, as at the date of approving the financial statements, that there is reasonable expectation that the Group has adequate financial resources to continue to operate, and to meet its liabilities as they fall due for payment, for at least twelve months following the approval of the financial statements.

The Directors have undertaken procedures to ensure that the Group has sufficient cash resources to manage the potential financial impact of the Covid-19 pandemic on its business under going concern principles. These procedures included the following:

- Reviewing and establishing that cash and cash equivalent balances are sufficient to cover at least twelve months of operations;
- Reviewing cash flow forecast scenarios. Any decision on property acquisitions and developments in the next twelve months will be taken following review of revised cash flow forecasts; and
- Performing credit checks on prospective tenants to assess credit risk. The checks include verification of income levels and capacity to pay, as well as checks of rental references. Any arrears are actively managed.

In the light of the results of the procedures described above, the directors consider that the adoption of the going concern basis is reasonable and appropriate.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rental income - rental income is recognised on an accrued basis.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.6 Pensions (continued)

Defined benefit pension scheme (continued)

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, each entity recognises the net defined benefit cost charged in its own financial statements.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Intangible assets are amortised over a five year period.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20% to 33% on cost per annum
-----------------------	--------------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Investment property

Investment property is carried at fair value. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial assets measured at amortised cost comprise cash at bank, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Certain of the amounts included in the financial statements involve the use of judgment and/or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements and the key areas are summarised below:

Judgments in applying accounting policies:

1) Revenue Recognition - The directors must judge whether all of the conditions required for revenues to be recognised in the Statement of Comprehensive Income of the financial year, as set out in note 2.4, have been met.

Sources of estimation uncertainty:

1) Depreciation and amortisation - Depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved.

2) Investment property valuation - Investment property valuations are based on valuation assumptions.

3) Defined benefit pension scheme - Pension adjustments in respect of the defined benefit scheme are based on underlying valuation assumptions.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Rental Income	1,487	1,412

All turnover arose within the United Kingdom.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

5. Other operating income

	2020	2019
	£000	£000
Interest	3	2
Recovery of loans and investments	65	1,147
	68	1,149
	68	1,149

As noted in the prior year the group had loans in trading companies arising from a managed buy out in 2012. In prior years, following events in respect of these trading companies the directors considered it appropriate to provide against these loans. In the year ended 31 March 2020 there has been some recovery in respect of these loans and this is recognised as a gain in that year's Profit and Loss account.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible assets	52	55
Amortisation of intangible assets, including goodwill	9	9
	61	64
	61	64

7. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	9	9
	9	9
Fees payable to the Group's auditor in respect of:		
Other non-audit services	15	15
Audit of the Group's subsidiaries pursuant to legislation	11	11
	26	26
	26	26

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	496	460	-	-
Social security costs	32	30	-	-
Cost of defined benefit scheme	375	879	188	440
Cost of defined contribution scheme	125	39	115	26
	<u>1,028</u>	<u>1,408</u>	<u>303</u>	<u>466</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	<u>12</u>	<u>13</u>

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	197	164
Company contributions to defined contribution pension schemes	10	5
	<u>207</u>	<u>169</u>

The total amount payable to the highest paid director in respect of emoluments was £88,499. Company pension contributions of £7,525 were made to a defined contribution pension scheme on their behalf.

There are no key management personnel other than the directors of the Group.

10. Income from investments

	2020 £000	2019 £000
Income from fixed asset investments	<u>128</u>	<u>175</u>

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

11. Interest receivable

	2020	2019
	£000	£000
Other interest receivable	37	25
	37	25

12. Other finance costs

	2020	2019
	£000	£000
Interest income on pension scheme assets	163	66
Fair value movements on listed investments	(582)	666
	(419)	732

13. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	25	-
	25	-
Deferred tax		
Origination and reversal of timing differences	-	2
	-	2
Taxation on profit on ordinary activities	25	2

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

13. Taxation (continued)

Factors affecting tax charge for the year

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

	2020	2019
	£000	£000
(Loss)/profit on ordinary activities before tax	(313)	1,102
	<u><u> </u></u>	<u><u> </u></u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(59)	209
Effects of:		
Expenses not deductible for tax purposes	195	2
Fixed asset differences	3	-
Non-taxable income	(41)	(86)
Deferred tax not recognised	418	(204)
Deferred tax adjustments	(397)	(24)
Pension adjustment	(76)	152
Gift aid payable	(18)	(47)
	<u><u> </u></u>	<u><u> </u></u>
Total tax charge for the year	25	2

Factors that may affect future tax charges

The main rate of corporation tax in force at the Balance Sheet date was 19%. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The deferred taxation liability has therefore been calculated at 19%, being the rate substantively enacted at the Statement of Financial Position date.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

14. Intangible assets

Group

	Goodwill £000
Cost	
At 1 April 2019	47
At 31 March 2020	<u>47</u>
Amortisation	
At 1 April 2019	21
Charge for the year	9
At 31 March 2020	<u>30</u>
Net book value	
At 31 March 2020	<u>17</u>
At 31 March 2019	<u>26</u>

Intangible assets represent the value of tenant agreements arising on the acquisition of Pera Business Park Limited during 2017. The intangible asset is being amortised over a five year period.

Amortisation of intangible assets is included in administrative expenses.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

15. Tangible fixed assets

Group

	Fixtures and fittings £000
Cost	
At 1 April 2019	1,604
Additions	15
At 31 March 2020	<u>1,619</u>
Depreciation	
At 1 April 2019	1,519
Charge for the year	52
At 31 March 2020	<u>1,571</u>
Net book value	
At 31 March 2020	<u>48</u>
At 31 March 2019	<u>85</u>

**Pera International
(A Company Limited by Guarantee)**

**Notes to the Financial Statements
For the Year Ended 31 March 2020**

15. Tangible fixed assets (continued)

Company

	Fixtures and fittings £000
Cost	
At 1 April 2019	1
Additions	1
At 31 March 2020	2
At 31 March 2020	-
Net book value	
At 31 March 2020	2
At 31 March 2019	1

16. Fixed asset investments

Group

	Other fixed asset investments £000
Cost or valuation	
At 1 April 2019	20
At 31 March 2020	20

Other fixed asset investments constitute the purchase of art work, which is not depreciated.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

16. Fixed asset investments (continued)

Company

	Other fixed asset investments £000
Cost or valuation	
At 1 April 2019	20
At 31 March 2020	20

Other fixed asset investments constitute the purchase of art work, which is not depreciated.

17. Investments in subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Pera Innovation Limited	Ordinary £1	100%	Investment property management and holding company
The Paint Research Association Limited	Limited by guarantee	100%	Investment property management
Pera Business Park Limited*	Ordinary £1	100%	Investment property management
PRA Hampton Limited*	Ordinary £1	100%	Investment property management
Staveley Gardens Development Company Limited*	Ordinary £1	100%	Investment property management
Staveley Lodge Development Company Limited*	Ordinary £1	100%	Investment property management

* These entities are indirect holdings of the Company.

PRA Hampton Limited is owned by The Paint Research Association Limited.

Pera Business Park Limited, Staveley Gardens Development Company Limited and Staveley Lodge Development Company Limited are owned by Pera Innovation Limited.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

18. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 April 2019	7,900
Surplus on revaluation	380
	8,280
At 31 March 2020	8,280

The value of the properties is based on professional valuations performed in 2017 on one of the properties and in 2012 on the remaining properties. The valuations were made on an open market value for existing use basis. The directors consider that the valuation of the properties at 31 March 2020 is in line with the previous professional valuations.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £000	2019 £000
Historic cost	2,904,015	2,904,015
Accumulated depreciation and impairments	(871,205)	(813,124)
	2,032,810	2,090,891

19. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade debtors	60	36	-	-
Amounts owed by group undertakings	-	-	4,379	4,054
Other debtors	37	65	1	-
Prepayments and accrued income	33	47	6	6
	130	148	4,386	4,060

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

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

20. Current asset investments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Listed investments	3,367	3,830	3,367	3,830

21. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade creditors	106	120	38	37
Corporation tax	25	-	-	-
Other taxation and social security	37	41	-	-
Other creditors	114	738	-	-
Accruals and deferred income	114	58	-	-
	<u>396</u>	<u>957</u>	<u>38</u>	<u>37</u>

22. Financial instruments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial assets				
Financial assets measured at fair value through profit or loss	9,510	10,513	8,909	9,678

Financial assets measured at fair value through profit or loss comprise cash held at bank and current asset investments.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

23. Deferred taxation

Group

		2020
		£000
At beginning of year		(2)
Charged to profit or loss		-
At end of year		(2)
		<hr style="border-top: 1px solid black;"/>
	Group	Group
	2020	2019
	£000	£000
Accelerated capital allowances	(2)	(2)
Short term timing differences	263	202
Losses and other deductions	(263)	(202)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(2)	(2)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

24. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Other reserves

The revaluation reserve reflects the surplus arising on the revaluation of the property.

25. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £5 towards the assets of the company in the event of liquidation.

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

26. Pension commitments

The Group operates a Defined Benefit Pension Scheme.

A defined benefit pension fund exists for all eligible employees who joined the scheme prior to 1 May 1999. This is an approved funded pension scheme. The scheme assets are held separately and are secured by a self administered investment fund. The scheme was frozen to future service accrual in December 2001.

Pension liabilities are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent valuation was carried out as at 31 March 2020 by KPMG Pensions.

The funding method used for the valuation was the Defined Accrued Benefit method (using this method the valuation estimated the Technical Provisions (of future liabilities) of the pension fund as £27.6 million, whereas the market value of the assets were calculated as £33.2 million. This indicated a funding surplus of £5.6 million). By comparison the market value of assets at the previous valuation, as at 31 March 2019, were £35.8 million.

The Trustees of the Scheme ('the Trustees') and Pera International ('the Employer') have agreed level annual contribution of £200,000 will be paid by the Employer from March 2016 until March 2025 inclusive in respect of the shortfall in the Technical Provisions, allowing for the payments made in March 2015 of £4.276 million.

FRS 102 retirement benefit disclosure

The disclosures below have been prepared by an independent actuary in accordance with FRS 102 in preparing the disclosure the actuary has relied on information provided by the group.

The disclosures below represent the disclosures for the entire scheme, and the related accounting entries are reflected in the consolidated financial statements. The Company's own share of the surplus at 31 March 2020 was £2,784,000 (2019: surplus of £3,289,000).

Reconciliation of present value of plan liabilities:

	2020	2019
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	29,269	30,126
Interest cost	697	791
Actuarial losses/(gains)	1,499	(30)
Benefits paid	(3,872)	(2,027)
Past service cost	-	409
At the end of the year	27,593	29,269

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	35,846	28,918
Interest income	860	857
Contributions	-	7,000
Benefits paid	(3,872)	(2,027)
Scheme administration expenses	(375)	(470)
Return on scheme assets excluding interest income	702	1,568
At the end of the year	33,161	35,846

Composition of plan assets:

	2020 £000	2019 £000
European bonds	32,498	33,337
Cash and other	663	2,509
Total plan assets	33,161	35,846

	2020 £000	2019 £000
Fair value of plan assets	33,161	35,846
Present value of plan liabilities	(27,593)	(29,269)
Net pension scheme liability	5,568	6,577

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Interest income on plan assets	163	66
Past service cost	-	(409)
Gains on curtailments and settlements	(375)	(470)
Total	(212)	(813)

Pera International
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2020

26. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date:

	2020	2019
	%	%
Discount rate	2.34	2.55
Future pension increases	2.71	3.35
Deferred pension increases	2.67	3.20
Mortality rates		
- for a male aged 65 now	21.6	21.5
- at 65 for a male aged 45 now	22.9	22.8

27. Related party transactions

The company is exempt under paragraph 33.1A of FRS 102 from the requirements to disclose transactions with other members of the group headed by Pera International on the basis that they are wholly owned entities.

28. Subsequent events

There are no additional subsequent events that have occurred since the reporting date that require additional disclosure in the financial statements.

29. Controlling party

In the opinion of the directors there is no one ultimate controlling party.