Company Registration No. NI031639 (Northern Ireland)

SARCON (NO.39) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

SARCON (NO.39) LIMITED

COMPANY INFORMATION

Directors	Mr Martin Sharkey Mr John Maguire
Company number	NI031639
Registered office	Main Street Belleek Co. Fermanagh Northern Ireland
Auditor	PKF-FPM Accountants Limited Chartered Accountants & Statutory Auditors Dromalane Mill The Quays Newry Co. Down Northern Ireland BT35 8QS
Solicitors	Carson McDowell Murray House 4 Murray Street Belfast Co. Antrim Northern Ireland BT1 6DN

SARCON (NO.39) LIMITED

CONTENTS

SARCON (NO.39) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Review of the Company's Business
The principal activity of the company is the holding of investments in subsidiary companies.

The principal activity of the group is the manufacture and sale of parian china, fine bone china, table, ornamental ware and associated products. The Directors acknowledge the trading conditions in the global market had been difficult in recent years and had adversely affected the trading performance of The Belleek Pottery Limited and Aynsley China Limited. However, due to better than anticipated sales in the various dot.com businesses and new ranges introduced, The Belleek Pottery Limited has demonstrated profits for the third consecutive year.

Net sales for the group have increased by 7% to £9.6m for the year ended 31 March 2019 relative to net sales of £9.0m achieved in the year ended 31 March 2018.

The gross margin for the period was 42.5% (2018: 41.6%).

With regards to The Belleek Pottery Limited the directors had set a target to increase profit to £400k. The company achieved a profit of £230k (2018: £301k) and therefore did not meet this target, mainly due to a customer going into administration during the year and this resulted in a loss for the company on that customer of approximately £100k. Towards the end of the financial year ended 31 March 2019 the company closed certain stores which were unprofitable. Therefore, management expect to see an increase in profits in the next financial year.

The group's asset base has fallen slightly, with net assets decreasing from £5.1m to £4.9m. This is mainly due to the actuarial loss on defined benefit pension schemes of Aynsley China Limited.

A provision has been made in line with FRS 102 for the deficit in the Aynsley Works Pension Scheme and the Aynsley Staff Pension Staff. The total provision as at 31 March 2019 was £2,028,000 (2018: £1,890,000).

Principal risks and uncertainties

The group uses financial instruments throughout its business. The core risks associated with the group's financial instruments (i.e. its cash and finance leases, and on the operational level trade receivables and payables) are currency risk, uncertainty over Brexit, finance and interest rate risk, liquidity and cash flow risk, credit risk and actuarial risk. The board reviews and agrees policies for the prudent management of these risks as follows:

Currency risk

The group's activities in the UK are conducted primarily in sterling, the company's activities in the rest of Europe are conducted primarily in Euro and the activities in America are conducted in Dollars, this results in low levels of currency transaction risk, variances affecting operational activities in this regard are reflected in distribution costs in the profit and loss account in the years in which they arise.

Uncertainty over Brexit

Management have formulated an action plan to address some of the potential issues and concerns in relation to the impact of Brexit on business and on its trading activities. These concerns include challenges such as extensive security issues, tarriffs on importing and exporting goods and labour concerns which would act as barriers to cross border trade.

Finance and Interest rate risk

The group's objective in relation to interest rate management is to minimise the impact of interest rate volatility on interest costs in order to protect recorded profitability.

Liquidity and cash flow risk

The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. The group's policy is to ensure that sufficient resources are available either from cash balances and cash flows to ensure all obligations can be met when they fall due. To achieve this the group ensures that its liquid investments are in highly rated counterparties; when relevant it limits the maturity of cash balances and borrows the majority of its debt needs under term financing.

Credit risk

The group has no significant concentrations of credit risk. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored.

Actuarial risk

The group operates two pension schemes providing benefits based on final pensionable pay which are currently on deficit by £2,028,000 (2018: £1,890,000). The group is required to pay £294,000 per annum until 2022 to replenish the current deficit. Should the assumptions used to determine the minimum annual pension obligation not be realised, a risk exists that the minimum annual obligation may extend beyond 2022.

Development and performance

The group continues to operate within a depressed sector however the directors believe that performance will continue to improve as a result of continued promotional lines, the development of new product lines and bottom slicing the group's product offerings.

Key performance indicators
With regards to Aynsley China Limited, the directors plan to rely on license fee income and group support which should allow the company to meet its annual pension deficit obligations.

With regards to The Belleek Pottery Limited the directors have set a number of key financial indicators and targets:
1. Increase sales to £9.8m; and
2. Achieve a £400k profit position for the year ended 31 March 2020.

The directors of The Belleek Pottery Limited are satisfied that the company continued to achieve net profits this year, and are confident that with continued effort in implementing strategic plans, that this profitability will continue to grow.

On behalf of the board

Martin Sharkey

Mr Martin Sharkey
Director
26 June 2019

SARCON (NO.39) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Martin Sharkey
Mr John Maguire

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Post reporting date events

There are no events after the balance sheet date which would require disclosure.

Future developments

Future developments are set out in the strategic report.

Auditor

The auditors, PKF-FPM Accountants Limited, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 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 group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going Concern
The group as a whole is showing a net loss for the year of £168,446 (2018: £194,621 profit) as Aynsley China Limited continue to incur losses and this is expected to continue for the next 12 months. However, given the continued support from the group and expected license fee income, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to support and adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

Martin Sharkey

Mr Martin Sharkey
Director

John Maguire

Mr John Maguire
Director

26 June 2019

SARCON (NO.39) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SARCON (NO.39) LIMITED

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.

Opinion

We have audited the financial statements of Sarcon (No.39) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 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 the parent company's affairs as at 31 March 2019 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. 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 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 auditor's 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 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 strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Feargal McCormack

Feargal P. McCormack (Senior Statutory Auditor)
for and on behalf of PKF-FPM Accountants Limited

Chartered Accountants
Statutory Auditors
Dromalane Mill
The Quays
Newry
Co. Down
Northern Ireland
BT35 8QS

26 June 2019

SARCON (NO.39) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	9,619,736	8,991,858
Cost of sales		(5,535,304)	(5,249,796)
Gross profit		4,084,432	3,742,062
Distribution costs		(2,136,681)	(1,833,411)
Administrative expenses		(2,067,759)	(1,998,367)
Other operating income		89,562	114,472
Operating (loss)/profit	4	(30,446)	24,756
Interest receivable and similar income	8	-	1,233
Interest payable and similar expenses	9	-	(368)
(Loss)/profit before taxation		(30,446)	25,621
Tax on (loss)/profit	10	-	-
(Loss)/profit for the financial year	23	(30,446)	25,621

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

SARCON (NO.39) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
(Loss)/profit for the year	(30,446)	25,621
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(138,000)	169,000
Total comprehensive (loss)/profit for the year	(168,446)	194,621

Total comprehensive (loss) / income for the year is all attributable to the owners of the parent company.

SARCON (NO.39) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		958,751		995,686
Investments	12		386,710		386,710
			1,345,461		1,382,396
Current assets					
Stocks	14	3,431,249		3,364,791	
Debtors	15	2,526,857		2,576,839	
Cash at bank and in hand		1,018,748		1,057,147	
		6,976,854		6,998,777	
Creditors: amounts falling due within one year	16	(1,351,399)		(1,353,328)	
Net current assets			5,625,455		5,645,449
Total assets less current liabilities			6,970,916		7,027,845
Deferred income	18		-		(26,483)
Net assets excluding pension liability			6,970,916		7,001,362
Defined benefit pension liability	19		(2,028,000)		(1,890,000)
Net assets			4,942,916		5,111,362
Capital and reserves					
Called up share capital	20		2		2
Share premium account	23		33,418		33,418
Other reserves	23		4,978,859		4,978,859
Profit and loss reserves	23		(69,363)		99,083
Total equity			4,942,916		5,111,362

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

The financial statements were approved by the board of directors and authorised for issue on 26 June 2019 and are signed on its behalf by:

Mr Martin Sharkey	Mr John Maguire
Director	**Director**

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Current assets					
Debtors	15	2		2	
Net current assets			2		2
Capital and reserves					
Called up share capital	20		2		2

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2018 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 June 2019 and are signed on its behalf by:

Martin Sharkey

Mr Martin Sharkey
Director

John Maguire

Mr John Maguire
Director

Company Registration No. NI031639

SARCON (NO.39) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 April 2017	2	33,418	1,674	4,978,859	(95,538)	4,918,415
Year ended 31 March 2018:						
Profit for the year	-	-	-	-	25,621	25,621
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	169,000	169,000
Total comprehensive income for the year	-	-	-	-	194,621	194,621
Revalued gain	-	-	(1,674)	-	-	(1,674)
Balance at 31 March 2018	2	33,418	-	4,978,859	99,083	5,111,362
Year ended 31 March 2019:						
Loss for the year	-	-	-	-	(30,446)	(30,446)
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	(138,000)	(138,000)
Total comprehensive income for the year	-	-	-	-	(168,446)	(168,446)
Balance at 31 March 2019	2	33,418	-	4,978,859	(69,363)	4,942,916

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £
Balance at 1 April 2017	2
Year ended 31 March 2018:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2018	2
Year ended 31 March 2019:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2019	2

SARCON (NO.39) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash absorbed by operations	28		(38,399)		(1,098,669)
Interest paid			-		(368)
Net cash outflow from operating activities			(38,399)		(1,099,037)
Investing activities					
Purchase of tangible fixed assets		-		(84,160)	
Proceeds on disposal of tangible fixed assets		-		808,210	
Interest received		-		1,233	
Net cash (used in)/generated from investing activities			-		725,283
Net decrease in cash and cash equivalents			(38,399)		(373,754)
Cash and cash equivalents at beginning of year			1,055,463		1,429,217
Cash and cash equivalents at end of year			1,017,064		1,055,463
Relating to:					
Cash at bank and in hand			1,018,748		1,057,147
Bank overdrafts included in creditors payable within one year			(1,684)		(1,684)

1 Accounting policies

Company information

Sarcon (No.39) Limited ("the company") is a private limited company domiciled and incorporated in Northern Ireland. The registered office is Main Street, Belleek, Co. Fermanagh, Northern Ireland, BT93 3FY.

The group consists of Sarcon (No.39) Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1 Accounting policies **(Continued)**

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Sarcon (No.39) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

The group as a whole is showing a net loss for the year of £168,446 (2018: £194,621 profit) as Aynsley China Limited continue to incur losses and this is expected to continue for the next 12 months. However, given the continued support from the group and expected license fee income, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to support and adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% / 2.5% Straight Line
Plant and equipment	15% Reducing Balance
Fixtures and fittings	15% Reducing Balance
Motor vehicles	25% Straight Line
Moulds	10% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1 Accounting policies **(Continued)**

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

1 Accounting policies **(Continued)**

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Inventory Provision

The group considers the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

Inventory Valuation

When valuing inventory, the company applies consistent judgements based on their knowledge of the industry to bring the stocks to their present location and condition.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Defined Benefit Pension Plan

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations, and the discount rate on corporate bonds. The assumptions reflect historical experience and current trends. See note 19 for disclosures relating to the defined benefit pension schemes.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of products	9,405,427	8,786,156
Tours and restaurant	214,309	205,702
	9,619,736	8,991,858

	2019	2018
	£	£
Other significant revenue		
Interest income	-	1,233
Amortisation of government grants	26,483	62,592

	2019	2018
	£	£
Turnover analysed by geographical market		
UK	4,487,519	4,054,998
Rest of world	5,132,217	4,936,860
	9,619,736	8,991,858

4 Operating (loss)/profit

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange gains	(21,454)	(9,963)
Research and development costs	9,733	15,410
Depreciation of owned tangible fixed assets	36,935	27,627
(Profit)/loss on disposal of tangible fixed assets	-	20,116
Cost of stocks recognised as an expense	3,622,489	3,412,477

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £21,454 (2018 - £9,963).

5 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	3,250	3,250
Audit of the financial statements of the company's subsidiaries	27,500	27,500
	30,750	30,750

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019	2018	Company 2019	2018
	Number	Number	Number	Number
Production	65	65	-	-
Sales, administration, & management	82	78	-	-
	147	143	-	-

Their aggregate remuneration comprised:

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Wages and salaries	2,977,124	2,902,403	-	-
Social security costs	193,658	138,399	-	-
Pension costs	356,364	340,523	-	-
	3,527,146	3,381,325	-	-

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	313,867	340,295
Company pension contributions to defined contribution schemes	31,387	34,029
	345,254	374,324

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	148,833	145,822

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	-	1,233

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	-	368

10 Taxation

10 Taxation (Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
(Loss)/profit before taxation	(30,446)	25,621
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(5,785)	4,868
Tax effect of utilisation of tax losses not previously recognised	(44,155)	(44,708)
Unutilised tax losses carried forward	49,639	53,586
Permanent capital allowances in excess of depreciation	301	(13,746)
Taxation charge	-	-

11 Tangible fixed assets

Group	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Moulds	Total
	£	£	£	£	£	£
Cost						
At 1 April 2018	1,979,468	2,289,707	943,339	28,250	292,248	5,533,012
Disposals	-	-	-	(15,000)	-	(15,000)
At 31 March 2019	1,979,468	2,289,707	943,339	13,250	292,248	5,518,012
Depreciation and impairment						
At 1 April 2018	1,114,928	2,277,938	836,212	16,000	292,248	4,537,326
Depreciation charged in the year	19,795	1,177	10,713	5,250	-	36,935
Eliminated in respect of disposals	-	-	-	(15,000)	-	(15,000)
At 31 March 2019	1,134,723	2,279,115	846,925	6,250	292,248	4,559,261
Carrying amount						
At 31 March 2019	844,745	10,592	96,414	7,000	-	958,751
At 31 March 2018	864,540	11,769	107,127	12,250	-	995,686

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

12 Fixed asset investments

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Unlisted investments	386,710	386,710	-	-

12 Fixed asset investments **(Continued)**

Sarcon (No.39) Limited owns all of the 1,170,000 issued ordinary shares of 10 pence each in Erne Heritage Holdings Limited. 1,000,000 of these shares were transferred to Sarcon (No.39) Limited on 2 May 1997 for nil consideration as part of a group reorganisation, with the remaining 170,000 shares being transferred in the year ended 31 March 2001, again for nil consideration. Erne Heritage Holdings Limited is registered in Northern Ireland and its principal activity is that of a holding company.

The above investment includes £386,710 (2018: £386,710) which is in relation to the 100% preference shares which Erne Heritage Holdings Limited hold in Swivel Holdings Limited. Swivel Holdings Limited is registered in the Republic of Ireland and its principal activity is that of a holding company.

Sarcon (No.39) Limited also owns 100% of the issued share capital of Aynsley China Limited and Hammersley Limited, all registered in Great Britain. These companies were acquired on 9 May 1997, and their principal activities are the manufacture and sale of fine bone china, ornamental ware and associated products. The value of this investment has been written down to £Nil (2018: £Nil).

Movements in fixed asset investments

Group	**Investments other than loans**
	£
Cost or valuation	
At 1 April 2018 and 31 March 2019	386,710
Carrying amount	
At 31 March 2019	386,710
At 31 March 2018	386,710

13 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,208,226	2,411,368	n/a	n/a
Equity instruments measured at cost less impairment	386,710	386,710	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	1,191,255	1,232,046	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

14 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	142,800	148,200	-	-
Work in progress	75,774	91,088	-	-
Finished goods and goods for resale	3,212,675	3,125,503	-	-
	3,431,249	3,364,791	-	-

The replacement cost of stock did not differ significantly from the figures shown.

Finished goods are stated after provisions for obsolete stock of £25,000 (2018: £25,000).

15 Debtors

	Group		Company	
	2019	2018	2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	741,213	1,034,355	-	-
Other debtors	1,467,441	1,378,037	2	2
Prepayments and accrued income	318,203	164,447	-	-
	2,526,857	2,576,839	2	2

Trade debtors are stated after provisions for bad debt of £11,958 (2018: £10,768).

Amounts due from related companies are unsecured, with no interest, and are payable on demand.

16 Creditors: amounts falling due within one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	17	1,684	1,684	-	-
Trade creditors		347,603	411,118	-	-
Other taxation and social security		160,144	121,282	-	-
Other creditors		806,056	806,056	-	-
Accruals and deferred income		35,912	13,188	-	-
		1,351,399	1,353,328	-	-

Amounts owed to related companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Bank of Ireland holds a Group Composite Debenture Guarantee & Indemnity dated 1 February 2011 covered by the following:

- First legal charge over Belleek Factory premises at Belleek, Co Fermanagh
- First legal charge over UK and US Registered Trade Marks
- Debenture charging all of the assets and undertakings of the borrower
- Letter of set-off over Deposit held in the name of The Belleek Pottery Limited
- Inter Company Guarantee in the sum of £2,000,000.

17 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank overdrafts	1,684	1,684	-	-
Payable within one year	1,684	1,684	-	-

18 Government grants

Total capital grants received of £902,771 (2018: £902,771), and total amortised grants brought forward of £876,288 (2018: £813,696). Amortisation during the year of £26,483 (2018: £62,592), therefore closing net book value of £nil (2018: £62,592).

19 Retirement benefit schemes

Defined benefit schemes

The company operates two pensions schemes providing benefits based on final pensionable pay, contributions are being charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The two schemes are the Works Scheme and the Staff Scheme both of which became paid up with future benefit accrual ceasing effect from 1 February 2005. Contributions are paid into the scheme by the company to reduce the deficit.

The assets of both schemes are held under a Scottish Life branded insurance contract with Royal London Mutual Insurance Society Limited (i.e. an insurance policy). The contracts are administered ion unit linked principles which allow access to a wide range of available funds.

The major assumptions from the preliminary results of the latest triennial actuarial valuation being prepared for the trustees, with an effective date of 5 April 2016 for the Retirement and Death Benefit Scheme and an effective date of 25 March 2016 for the Staff Scheme are as follows:

Retirement and Death Benefit Scheme	2019 %	2018 %
Discount rate	2.2	2.5
Expected rate of increase of pensions in payment	2.4	2.2
Retail Price Inflation	3.3	3.1
Proportion of employees opting for early retirement	2.4	2.2
Present value of scheme net liabilities	(932,000)	(771,000)

19 Retirement benefit schemes **(Continued)**

Staff Pension Scheme	**2019** %	**2018** %
Discount rate	2.20	2.40
Expected rate of increase of pensions in payment	3.00	3.00
Retail Price Inflation	3.30	3.20
Proportion of employees opting for early retirement	2.40	2.30
Present value of scheme net liabilities	(1,096,000)	(1,119,000)
Total present value of defined benefit pension scheme liabilities	(2,028,000)	(1,890,000)

The life expectancy (in years) used to place a value on both the Retirement and Death Benefit Scheme and Staff Scheme liabilities as at 31 March 2018 were:

Assumed life expectations on retirement at age 65:

Mortality assumptions	**2019** Years	**2018** Years
Retiring today		
- Males	16.8	17.0
- Females	18.8	18.9
Retiring in 20 years		
- Males	18.1	18.3
- Females	20.2	20.3

19 Retirement benefit schemes **(Continued)**

Amount recognised in statement of financial position	2019 £'000s	2018 £'000s
Retirement and Death Benefit Scheme		
Present value of defined benefit obligation	6,185	5,882
Fair value of plan assets	(5,253)	(5,111)
Net defined benefit liability/(asset)	932	771
Effect of asset ceiling	-	-
Recognised defined benefit liability/(asset)	932	771
Staff Pension Scheme		
Present value of defined benefit obligation	5,373	5,222
Fair value of plan assets	(4,277)	(4,103)
Net defined benefit liability/(asset)	1,096	1,119
Effect of asset ceiling	-	-
Recognised defined benefit liability/(asset)	1,096	1,119

19 Retirement benefit schemes **(Continued)**

Change in recognised defined benefit liability/(asset)	**2019 £'000s**	**2018 £'000s**
Retirement and Death Benefit Scheme		
Recognised defined benefit liability/(asset) at beginning of period	771	851
Defined benefit cost	311	70
Employer contributions	(150)	(150)
Recognised defined benefit liability/(asset) at end of period	932	771
Staff Pension Scheme		
Recognised defined benefit liabiliy/(asset) at beginning of period	1,119	1,208
Defined benefit cost	121	74
Employer contributions	(144)	(163)
Recognised defined benefit liability/(asset) at end of period	1,096	1,119

19 Retirement benefit schemes **(Continued)**

Change in defined benefit obligation	**2019 £'000s**	**2018 £'000s**
Retirement and Death Benefit Scheme		
Analysis of the change in liabilities over the period		
Defined Benefit Obligation at beginning of period	5,882	6,092
Past Service Cost	290	-
Interest expense	138	148
Remeasurement arising from charges in assumptions	237	(35)
Remeasurement arising from experience	(44)	1
Benefits paid	(318)	(324)
Defined Benefit Obligation at end of the period	6,185	5,882
Staff Pension Scheme		
Analysis of the change in liabilities over the period		
Defined Benefit Obligation at beginning of period	5,222	5,329
Past Service Cost	86	-
Interest expense	123	130
Remeasurement arising from charges in assumptions	133	(36)
Remeasurement arising from experience	26	25
Benefits paid	(217)	(226)
Defined Benefit Obligation at end of the period	5,373	5,222

19 Retirement benefit schemes (Continued)

Change in plan assets	2019 £'000s	2018 £'000s
Retirement and Death Benefit Scheme		
Analysis of the change in assets over the period		
Assets at beginning of period	5,111	5,241
Interest income	121	129
Actual return on plan assets, excluding interest income	189	(85)
Employer contributions	150	150
Benefits paid	(318)	(324)
Assets at end of period	5,253	5,111
Staff Pension Scheme		
Analysis of the change in assets over the period		
Assets at beginning of period	4,103	4,121
Interest income	97	102
Actual return on plan assets, excluding interest income	150	(57)
Employer contributions	144	163
Benefits paid	(217)	(226)
Assets at end of period	4,277	4,103

19 Retirement benefit schemes (Continued)

Reconciliation of present value of scheme liabilities and fair value of scheme assets to balance sheet	2019 £'000s	2018 £'000s
Retirement and Death Benefit Scheme		
Balance sheet position		
Value of Scheme liabilities	(6,185)	(5,882)
Value of Scheme assets	5,253	5,111
Surplus / (Deficit) in Scheme	(932)	(771)
Staff Pension Scheme		
Balance sheet position		
Value of Scheme liabilities	(5,373)	(5,222)
Value of Scheme assets	4,277	4,103
Surplus / (Deficit) in Scheme	(1,096)	(1,119)

19 Retirement benefit schemes **(Continued)**

Amounts recognised in the statement of total recognised gains and losses

Retirement and Death Benefit Scheme

History of pension scheme experience gains and losses	**2019**	**2018**	**2017**	**2016**
Total amount recognised in the STRGL Amount (£)	161,000	(80,000)	(214,000)	224,000
Percentage of the present value of the scheme liabilities	3.1%	(1.4%)	(3.5%)	4.0%

Staff Pension Scheme

History of pension scheme experience gains and losses	**2019**	**2018**	**2017**	**2016**
Total amount recognised in the STRGL Amount (£)	(23,000)	(89,000)	(101,000)	205,000
Percentage of the present value of the scheme liabilities	(0.4%)	(1.7%)	(1.9%)	4.3%

19 Retirement benefit schemes **(Continued)**

	2019	2018
Defined Benefit Cost	**£'000s**	**£'000s**
Retirement and Death Benefit Scheme		
Current service cost	-	-
Past service cost	290	-
Service cost	290	-
Net interest on the recognised deferred benefit liability / (asset)	17	19
	307	19
Total recognised in Profit or Loss		
Remeasurements recognised in Other Comprehensive income	4	51
Defined Benefit Cost	311	70
Staff Pension Scheme		
Current service cost	-	-
Past service cost	86	-
Service cost	86	-
Net interest on the recognised defined benefit liability / (asset)	26	28
	112	28
Total recognised in Profit or Loss		
Remeasurements recognised in Other Comprehensive Income	9	46
Defined Benefit Cost	121	74

19 Retirement benefit schemes **(Continued)**

Remeasurements recognised in Other Comprehensive Income	2019 £'000s	2018 £'000s
Retirement and Death Benefit Scheme		
Remeasurement of defined benefit obligation	193	(34)
Return on plan assets, exclusing amounts included in net interest on the recognised defined benefit liability/(asset)	(189)	85
Total recognised in Other Comprehensive Income	4	51
Staff Pension Scheme		
Remeasurement of defined benefit obligation	159	(11)
Return on plan assets, exclusing amounts included in net interest on the recognised defined benefit liability/(asset)	(150)	57
Total recognised in Other Comprehensive Income	9	46

Asset class split as 31 March 2019

Retirement and Death Benefit Scheme & Staff Pension Scheme	Proportion
Equities	53%
Property	17%
Corporate Bonds	13%
Gilts	11%
Cash	6%
Total	**100%**

Pension costs - method of measurement for scheme liabilities

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. This amounts is reflected in the deficit in the balance sheet. The projected unit's method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligations is an actuarial measure of the present value of benefits for service already rendered but differs from the projected unit method in that it includes no assumption for future salary increases

Retirement and Death Benefit Scheme

The trustees of Aynsley China Retirement Death Benfit Scheme agreed the following funding plan on 6 April 2016 (This supersedes the previous schedule of contributions dated 23 June 2014):

19 Retirement benefit schemes (Continued)

£150,000 per annum plus the cost of on-going administrative expenses from 6 April 2017 to 5 June 2022.

Staff Pension Scheme

The trustee of Aynsley China Limited Staff Pension Scheme agreed the following funding plan on 25 March 2016) This supersedes the previous schedule of contributions dated 23 June 2014):

£144,000 per annum plus the cost of on-going administrative expenses from 25 March 2017 to 24 September 2024.

In addition, the company operates a very small GPP scheme which is a defined contribution scheme for few employees.

The pension costs for the year represent contributions payable by the company to the schemes amounting to £294,000 (2018: £290,340).

An amount of £2,028,000 (2018: £1,890,000) is included in provisions for liabilities and charges at the year-end representing the deficit of the schemes in line with FRS 102.

In relation to the pension scheme deficit, the following has been provided:
- a sum of £12m pledged by Fossgate Limited by way of security in favour of the Retirement and Death Benefit Scheme and the Staff Scheme.

20 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
2 Ordinary Shares of £1 each	2	2

Subject to any rights or restrictions for the time being attached to any class or shares on a show of hands every member present in person shall have one vote and on a poll every member shall have one vote for each share of which he is a holder. Poll votes may be given either personally or by proxy.

21 Capital Commitments

The group had no capital commitments requiring disclosure in the Financial Statements for the year ended 31 March 2019 (2018: £nil).

22 Contingent Liabilities

There are no contingent liabilities at the balance sheet date.

23 Reserves

Profit and loss reserves

Overall, the group made a total comprehensive loss for the year of £168,446 (2018: £194,621 profit).

In addition to the above, there was a reduction in the revaluation reserve of £nil (2018: £1,674), therefore closing revaluation reserve is £nil (2018: £nil).

There were no changes in share capital, share premium or other reserves of the group. Therefore, closing reserves of the group total £4,942,916 (2018: £5,111,362).

24 Comparatives

Some comparative amounts have been reclassified for representational purposes only. The adjustments have no impact on the profit for the previous year or on the net assets of the group.

25 Events after the reporting date

There are no post balance sheet events which require disclosure in the Financial Statements.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	**2018**
	£	**£**
Aggregate compensation	345,254	374,324

No one outside the Board of Directors is considered key management personnel.

The group has availed of the exemption under FRS 102 in relation to the disclosure of transactions with wholly owned group companies.

27 Controlling party

Fossgate Limited, a company incorporated in the Isle of Man, is the parent company of Sarcon (No.39) Limited. The address of Fossgate Limited is 18 Athol Street, Douglas, Isle of Man.

Fossgate Limited is owned by related parties; The George and Angela Moore Charitable Trust (formerly The Fossdale Trust), Mr John Maguire and Mr Martin Sharkey.

The parent of the largest group in which the results are consolidated is Fossgate Limited.

28 Cash generated from group operations

	2019	2018
	£	£
(Loss)/profit for the year after tax	(30,446)	25,621
Adjustments for:		
Finance costs	-	368
Investment income	-	(1,233)
(Gain)/loss on disposal of tangible fixed assets	-	20,116
Depreciation and impairment of tangible fixed assets	36,935	27,627
(Decrease) in deferred income	(26,483)	(62,592)
Movements in working capital:		
(Increase) in stocks	(66,458)	(252,540)
Decrease/(increase) in debtors	49,982	(737,002)
(Decrease) in creditors	(1,929)	(119,034)
Cash absorbed by operations	(38,399)	(1,098,669)

29 Auditor's liability limitation agreement

The directors, on behalf of the group have entered into a Limited Liability Agreement on 13 June 2019, with their auditors. The auditors liability is limited to an amount which is considered fair and reasonable. This has been disclosed in line with company's legislation.