

MS INTERNATIONAL plc

Unaudited Interim Condensed

Group Financial Statements

31st October, 2020

EXECUTIVE DIRECTORS

Michael Bell
Michael O'Connell
Nicholas Bell

NON-EXECUTIVE DIRECTORS

Roger Lane-Smith
David Hansell

COMPANY SECRETARY

David Kirkup

REGISTERED OFFICE

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PRINCIPAL OPERATING DIVISIONS

'Defence'
'Forgings'
'Petrol Station Superstructures'
'Corporate Branding'

Chairman's Statement

Results

We entered our 2020/21 financial year confronted by a subdued general economy, growing 'Brexit' uncertainty and a rapidly spreading global pandemic which, collectively, were making for 'a perfect storm' that would inevitably negatively impact all our business activities.

Yet, with a strong balance sheet, a good order book, a growing international market presence across our increasingly diverse range of businesses and recently developed new products and services coming through, we were, at least, in a good starting position to face the rapidly intensifying external pressures.

We tightened our belts and gratefully welcomed the financial assistance generously provided by not only HM Government but also that of other countries where we have business operations.

The unavoidable disruption to our businesses has, nevertheless, been substantial. Of considerable detriment were the restrictions on international travel that prevented both our own staff, and those of our customers, travelling to conduct the many practical elements of our business operations. It certainly proved to be a far more testing and stressful experience for everyone than my earlier prediction, that the Group was approaching 'interesting times'!

Accordingly, Group revenue for the six months to October 2020 amounted to £26.34m (2019 - £33.32m), a reduction which resulted in a loss before tax of £1.08m (2019 - Loss £ 0.49m).

Nevertheless, cash remained very strong at £14.01m, which compares to the £16.12m reported at last year end.

Prospects

The recent announcement that vaccines are becoming available to counter the current global pandemic, will surely assist our businesses to move forward positively once more.

In anticipation of such an outcome, we have already made a number of strategic moves that we believe will assist all our businesses to prosper, in particular at this juncture, our 'Defence' and 'Corporate Branding' operations.

'Defence'

Whilst the domestic market remains disappointingly in the doldrums, our marketing commitment to the global arena is proving to be very rewarding. We are winning defence equipment orders from new customers and overseas sales are now by far the mainstay for this business. Pleasingly, various product trials and demonstrations in the United States have been well received and we are vigorously pursuing these opportunities. Furthermore, the US State Department has officially announced its intention to procure MSI-DS medium calibre gun weapon systems for one of their current Foreign Military Sales Programmes.

'Forgings'

Our forgings businesses, with operations in the UK, USA and Brazil, would undoubtedly benefit from an economic upturn and a more stable global commercial environment. Major international customers are generally operating their manufacturing systems on a 'just-in-time' basis and so the ordering of components from us is naturally finely tuned. Our operations are geared accordingly and will comfortably accommodate the requirements of any economic recovery.

'Petrol Station Superstructures'

This division holds a strong market position in constructing fuelling stations, across many parts of Europe operating from bases in both the UK and Poland. We are noting a recent upturn in the number of new station developments around the market and, significantly, a growing number of complex and sophisticated constructions are becoming the norm. In addition to fuel supply, whether it be petroleum, electricity or hydrogen, these new sites incorporate larger shops, sophisticated car valeting services, undercover electric vehicle charging and restaurant and coffee house/snack facilities. This is all good news for our design and build superstructures business.

‘Corporate Branding’

When we acquired The Netherlands-based business, Petrol Sign, its prime focus was the branding of petrol stations, predominantly in the Benelux countries. Through some small, but strategic acquisitions, the business now also designs, manufactures and services branding for a much broader customer base that includes specialist airport ‘way-finding’ systems, plus the substantial hospitality and automotive markets. The division is successfully expanding these service operations into the UK, Germany, Poland and Italy.

Despite the various factors which have combined to undermine first half performance, I am pleased to report that the value of the Group order book has risen over the period. This highlights the strength of our businesses.

We, therefore, firmly perceive that the Company is in an outstandingly strong position to benefit considerably, not only from the moves that we are making in the business, but also from any economic recovery following global control of the pandemic.

All such matters considered, the Board has declared a maintained interim dividend per share of 1.75p (2019 - 1.75p) payable to shareholders on the 19th January 2021.

Michael Bell

15th December 2020

MS INTERNATIONAL plc

Michael Bell

Tel: 01302 322133

Shore Capital (Nominated Adviser and Broker)

Patrick Castle

Daniel Bush

Tel: 020 7408 4090

Independent review report to MS INTERNATIONAL plc

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of MS INTERNATIONAL plc (the 'company') for the six months ended 31 October 2020 which comprises the Interim condensed consolidated income statement, the Interim condensed consolidated statement of comprehensive income, the Interim condensed consolidated statement of financial position, the Interim consolidated statement of changes in equity, the Interim consolidated cash flow statement and the related notes. We have read the other information contained in the half-yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties arising from the UK exiting the European Union and COVID-19 on our review

Our review of the condensed set of financial statements in the half-yearly financial report requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. Such reviews assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no review of interim financial information should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Use of our report

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 as a body, for our review work, for this report, or for the conclusion we have formed.

Interim condensed consolidated income statement

	Notes	Half-year to 31st October, 2020 unaudited £'000	Half-year to 31st October, 2019 unaudited £'000
Products		19,727	26,067
Contracts		6,615	7,250
Revenue	5	26,342	33,317
Cost of sales		(19,831)	(24,910)
Gross profit		6,511	8,407
Distribution costs		(1,297)	(1,821)
Administrative expenses		(6,204)	(6,988)
Operating loss	5	(990)	(402)
Finance costs		(45)	(2)
Other finance costs - pension		(70)	(82)
Share of net profit of joint venture		25	-
Loss before taxation		(1,080)	(486)
Tax (expense)/income	6	(2)	66
Loss for the period attributable to equity holders of the parent		(1,082)	(420)
Loss per share: basic and diluted	7	(6.6p)	(2.5p)

Interim condensed consolidated statement of comprehensive income

	Half-year to 31st October, 2020 unaudited £'000	Half-year to 31st October, 2019 unaudited £'000
Loss for the period attributable to equity holders of the parent	(1,082)	(420)
Exchange differences on retranslation of foreign operations	219	44
Net other comprehensive profit to be reclassified to profit or loss in subsequent periods	219	44
Remeasurement losses on defined benefit pension scheme	(642)	(849)
Deferred taxation on remeasurement of defined benefit pension scheme	122	144
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods	(520)	(705)
Total comprehensive loss for the period attributable to equity holders of the parent	(1,383)	(1,081)

Interim condensed consolidated statement of financial position

	Notes	31st October, 2020 unaudited £'000	31st October, 2019 unaudited £'000	30th April, 2020 audited £'000
ASSETS				
Non-current assets				
Intangible assets		4,070	4,303	4,140
Property, plant and equipment	9	19,484	20,352	20,111
Right-of-use assets	10	682	1,185	1,214
Investment in joint venture		34	-	-
Deferred income tax asset		2,015	1,264	1,875
		26,285	27,104	27,340
Current assets				
Inventories		17,624	14,689	15,857
Trade and other receivables		6,957	9,335	4,589
Income tax receivable		555	3	719
Prepayments		2,397	1,708	1,775
Cash and cash equivalents	11	14,011	19,370	16,125
		41,544	45,105	39,065
TOTAL ASSETS		67,829	72,209	66,405
EQUITY AND LIABILITIES				
Equity				
Share capital		1,840	1,840	1,840
Capital redemption reserve		901	901	901
Other reserve		2,815	2,815	2,815
Revaluation reserve		6,055	6,055	6,055
Special reserve		1,629	1,629	1,629
Currency translation reserve		443	323	224
Treasury shares		(3,059)	(3,059)	(3,059)
Retained earnings		17,832	23,140	19,723
TOTAL EQUITY SHAREHOLDERS' FUNDS		28,456	33,644	30,128
Non-current liabilities				
Defined benefit pension liability	12	9,075	7,434	8,563
Deferred income tax liability		1,600	1,386	1,641
Lease liabilities		465	942	893
		11,140	9,762	11,097
Current liabilities				
Trade and other payables		27,983	27,747	24,679
Income tax payable		18	806	165
Lease liabilities		232	250	336
		28,233	28,803	25,180
TOTAL EQUITY AND LIABILITIES		67,829	72,209	66,405

The interim condensed consolidated financial statements of the Group for the six months ended 31st October, 2020 were authorised for issue in accordance with a resolution of the directors on 15th December, 2020 and signed on their behalf.

Michael O'Connell
Finance Director

Interim consolidated statement of changes in equity

	Share capital	Capital redemption reserve	Other reserve	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total unaudited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30th April, 2020	1,840	901	2,815	6,055	1,629	224	(3,059)	19,723	30,128
Loss for the period	-	-	-	-	-	-	-	(1,082)	(1,082)
Other comprehensive income/(loss)	-	-	-	-	-	219	-	(520)	(301)
Dividend paid (note 8)	-	-	-	-	-	-	-	(289)	(289)
At 31st October, 2020	1,840	901	2,815	6,055	1,629	443	(3,059)	17,832	28,456

	Share capital	Capital redemption reserve	Other reserve	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total unaudited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 27th April, 2019	1,840	901	2,815	6,055	1,629	279	(3,059)	25,338	35,798
Loss for the period	-	-	-	-	-	-	-	(420)	(420)
Other comprehensive income/(loss)	-	-	-	-	-	44	-	(705)	(661)
Dividend paid	-	-	-	-	-	-	-	(1,073)	(1,073)
At 31st October, 2019	1,840	901	2,815	6,055	1,629	323	(3,059)	23,140	33,644

	Share capital	Capital redemption reserve	Other reserve	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total audited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 27th April, 2019	1,840	901	2,815	6,055	1,629	279	(3,059)	25,338	35,798
Loss for the period	-	-	-	-	-	-	-	(2,491)	(2,491)
Other comprehensive loss	-	-	-	-	-	(55)	-	(1,762)	(1,817)
Dividends paid	-	-	-	-	-	-	-	(1,362)	(1,362)
At 30th April, 2020	1,840	901	2,815	6,055	1,629	224	(3,059)	19,723	30,128

Interim consolidated cash flow statement

	Half-year to 31st October, 2020 unaudited £'000	Half-year to 31st October, 2019 unaudited £'000
Loss before taxation	(1,080)	(486)
<i>Adjustments to reconcile loss before taxation to net cash outflow from operating activities:</i>		
Depreciation charge	866	782
Amortisation charge	125	332
Profit on disposal of fixed assets	(26)	(61)
Share of net profit of joint venture	(25)	-
Net finance costs	115	84
Termination of lease	(7)	-
Foreign exchange gains/(losses)	192	(161)
Increase in inventories	(1,690)	(1,645)
Increase in receivables	(2,315)	(1,849)
(Increase)/decrease in prepayments	(620)	93
Increase/(decrease) in payables	1,306	(334)
Increase in progress payments	1,891	2,105
Pension fund deficit reduction payments	(200)	(300)
Cash invested in operating activities	(1,468)	(1,440)
Net interest (paid)/received	(25)	14
Taxation paid	(39)	(126)
Net cash outflow from operating activities	(1,532)	(1,552)
Investing activities		
Purchase of property, plant and equipment	(152)	(351)
Proceeds on disposal of property, plant and equipment	27	72
Payments for acquisitions, net of cash acquired	-	(748)
Net cash outflow from investing activities	(125)	(1,027)
Financing activities		
Lease payments	(191)	(100)
Dividend paid	(289)	(1,073)
Net cash outflow from financing activities	(480)	(1,173)
Decrease in cash and cash equivalents	(2,137)	(3,752)
Opening cash and cash equivalents	16,125	22,886
Exchange differences on cash and cash equivalents	23	236
Closing cash and cash equivalents	14,011	19,370

Notes to the interim consolidated financial statements

1. Corporate information

MS INTERNATIONAL plc is a public limited company incorporated in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are the design, manufacture, construction, and servicing of a range of engineering products and structures. These activities are grouped into the following divisions:

'Defence' - design, manufacture, and service of defence equipment.

'Forging' - manufacture of fork-arms and open die forgings.

'Petrol Station Superstructures' - design, manufacture, construction, and maintenance of petrol station superstructures.

'Corporate Branding' - design, manufacture, installation, and service of corporate brandings.

2. Basis of preparation and accounting policies

The consolidated condensed interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union. They do not include all the information and disclosures required in annual financial statements in accordance with IFRS, and should therefore be read in conjunction with the Group's Annual Report for the year ended 30th April, 2020 and any public announcements made by MS INTERNATIONAL plc during the interim reporting period.

These interim financial statements do not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. The figures for the year ended 30th April, 2020 do not constitute the Group's statutory accounts for the period but have been extracted from the statutory accounts. The auditor's report on those accounts, which have been filed with the Registrar of Companies, was unqualified and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been reviewed but not audited by the Group's auditor, Grant Thornton UK LLP. Their report is included on page 4.

The accounting policies are consistent with those applied in the financial statements of the Annual Report for year ended 30th April, 2020. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

As at the reporting date, the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

3. Principal risks and uncertainties

The principal risks and uncertainties facing the Group for the remaining six months of the financial year are discussed below. Further details of the Group's risks and uncertainties can be found on page 7 of the Annual Report for the year ended 30th April, 2020 available from MS INTERNATIONAL plc's website: www.msiplc.com.

One of the Group's principal risk and uncertainties continues to be the level of customer demand for the Group's products and services. Customer demand is driven mainly by general economic conditions in addition to pricing, product quality, and delivery performance of the Group in comparison to our competitors.

There continues to be considerable uncertainty in relation to the UK's future trading relationship with the EU. At the time of preparing these interim financial statements, the disclosure given in the Annual Report is still applicable and reflects the best understanding of how the withdrawal from the EU will impact the Group. The Board are monitoring the impact of how changes in the UK's trading relationship with the EU will affect the different parts of the Group and preparations have been made to take appropriate action if, and when, required.

The current environment brought about by Covid-19 creates uncertainty over the phasing of demand from customers, the financial impact of any future lockdowns in the geographical areas in which the Group operates, and other possible difficulties in the general economic environment. Given that the Group has plans in place to manage foreseeable challenges of the Covid crisis, healthy financial resources, and a number of long-term contracts with certain customers, the directors believe the Group is well placed to manage its business risk successfully despite the current economic outlook. Accordingly, the directors continue to conclude that the adoption of the going concern basis of accounting remains appropriate when preparing these interim financial statements.

4. Going concern

In making the going concern assessment, as well as considering general risks and specifically the risks presented by Covid-19, the directors have considered the period to 12 months from the approval of the financial statements.

5. Segment information

(a) Primary reporting format - divisional segments

The following table presents revenue and profit information about the Group's divisions for the half-year periods ended 31st October, 2020 and 31st October, 2019.

	'Defence'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	unaudited £'000	unaudited £'000
Revenue										
From external customers	8,641	12,054	4,577	7,263	6,640	7,277	6,484	6,723	26,342	33,317
From other segments	-	-	-	-	51	145	66	95	117	240
Segment revenue	8,641	12,054	4,577	7,263	6,691	7,422	6,550	6,818	26,459	33,557
Segment result	(1,267)	42	(279)	54	835	291	(279)	(789)	(990)	(402)
Net finance expense									(115)	(84)
Share of net profit of joint venture									25	-
Loss before taxation									(1,080)	(486)
Tax (expense)/income									(2)	66
Loss for the period									(1,082)	(420)
Capital expenditure	81	12	-	-	59	171	12	168	152	351
Depreciation	133	112	278	327	178	171	277	172	866	782

The following table presents segment assets and liabilities of the Group's divisions for the half-year periods ended 31st October, 2020 and 31st October, 2019.

Segmental assets	27,984	29,444	3,497	8,627	10,154	10,552	9,919	10,018	51,554	58,641
Unallocated assets									16,275	13,568
Total assets									67,829	72,209
Segmental liabilities	18,747	19,402	1,774	2,014	3,349	3,531	4,062	4,024	27,932	28,971
Unallocated liabilities									11,441	9,594
Total liabilities									39,373	38,565

Unallocated assets include certain fixed assets (including all UK properties), intangible assets, current assets, and deferred income tax assets. Unallocated liabilities include the defined benefit pension scheme liability, the deferred income tax liability, and certain current liabilities.

6. Tax expense

The major components of the tax expense/(income) in the consolidated income statement are:

	Half-year to 31st October, 2020 unaudited £'000	Half-year to 31st October, 2019 unaudited £'000
Current tax expense	67	79
Deferred tax income	(65)	(145)
Total tax expense/(income) reported in the consolidated income statement	2	(66)

A change to the main UK corporation tax rate was enacted in a budget resolution on 17th March, 2020. From 1 April, 2020 the rate remains at 19%, cancelling the previously enacted rate reduction to 17%. Deferred income tax at 30th April, 2020 has therefore been provided at 19%. Deferred income tax in relation to intangibles recognised on the acquisition of 'MSI-Sign Group B.V.' has been provided at 25%, being the main corporation tax rate in The Netherlands.

7. Earnings per share

The calculation of basic earnings per share is based on:

- (a) Loss for the period attributable to equity holders of the parent of £1,082,000 (2019 - £420,000 loss);
- (b) 16,504,691 (2019 - 16,504,691) ordinary shares, being the weighted average number of ordinary shares in issue.

This represents 18,396,073 (2019 - 18,396,073), being the weighted average number of ordinary shares in issue less 245,048 (2019 - 245,048), being the number of shares held within the ESOT and less 1,646,334 (2019 - 1,646,334), being the number of shares purchased by the Company.

There are no dilutive instruments in place.

8. Dividends paid and proposed

	Half-year to 31st October, 2020 unaudited £'000	Half-year to 31st October, 2019 unaudited £'000
<i>Declared and paid during the six month period</i>		
Final dividend on ordinary shares for 2020 - 1.75p (2019 - 6.50p)	289	1,073
<i>Proposed for approval</i>		
Interim dividend on ordinary shares for 2021 - 1.75p (2020 - 1.75p)	289	289

Dividend warrants will be posted on 18th January, 2021 to those members registered on the books of the Company on 29th December, 2020.

9. Property, plant and equipment

At 31st October, 2020

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April, 2020	17,746	15,858	33,604
Additions	-	152	152
Disposals	-	(364)	(364)
Exchange differences	(98)	1	(97)
At 31st October, 2020	17,648	15,647	33,295

Accumulated depreciation			
At 30th April, 2020	970	12,523	13,493
Depreciation charge for the period	158	530	688
Disposals	-	(363)	(363)
Exchange differences	(6)	(1)	(7)
At 31st October, 2020	1,122	12,689	13,811
Net book value at 31st October, 2020	16,526	2,958	19,484

Analysis of cost or valuation			
At professional valuation 2018	12,300	-	12,300
At cost	5,348	15,647	20,995
At 31st October, 2020	17,648	15,647	33,295

At 31st October, 2019			
	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 27th April, 2019	17,706	15,585	33,291
Additions	-	351	351
Disposals	-	(437)	(437)
Acquisition	-	274	274
Exchange differences	3	(10)	(7)
At 31st October, 2019	17,709	15,763	33,472

Accumulated depreciation			
At 27th April, 2019	662	12,203	12,865
Depreciation charge for the period	160	531	691
Disposals	-	(426)	(426)
Exchange differences	(1)	(9)	(10)
At 31st October, 2019	821	12,299	13,120
Net book value at 31st October, 2019	16,888	3,464	20,352

Analysis of cost or valuation			
At professional valuation 2018	12,300	-	12,300
At cost	5,409	15,763	21,172
At 31st October, 2019	17,709	15,763	33,472

At 30th April, 2020

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 27th April, 2019	17,706	15,585	33,291
Additions	-	721	721
Disposals	-	(736)	(736)
Acquisition	-	351	351
Exchange differences	40	(63)	(23)
At 30th April, 2020	17,746	15,858	33,604
Accumulated depreciation			
At 27th April, 2019	662	12,203	12,865
Depreciation charge for the period	316	1,107	1,423
Disposals	-	(712)	(712)
Exchange differences	(8)	(75)	(83)
At 30th April, 2020	970	12,523	13,493
Net book value at 30th April, 2020	16,776	3,335	20,111
Analysis of cost or valuation			
At professional valuation 2018	12,300	-	12,300
At cost	5,446	15,858	21,304
At 30th April, 2020	17,746	15,858	33,604

On 11th November, 2017, 26th July, 2017 and 28th March, 2018 the Group's land and buildings, which consist of manufacturing and office facilities in the UK, Poland and USA were valued by Dove Haigh Phillips (UK), KonSolid-Nieruchomosci (Poland) and Real Estate & Appraisal Services Inc (USA). Management determined that these constitute one class of asset under IFRS 13 (designated as level 3 fair value assets), based on the nature, characteristics and risks of the properties.

The properties in the UK were valued on the basis of an existing use value in accordance with the Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors. The Polish property was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. Finally, the US property was valued on an income and market value basis. For all properties, there is no difference between current use and highest and best use.

The valuation of the properties in the UK has been processed in the financial statements. Both the Polish and the US property valuations were sufficiently close to their carrying value such that the valuations were not processed.

10. Right-of-use assets

At 31st October, 2020	Property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April, 2020	1,403	50	1,453
Additions	-	-	-
Lease amendment	(390)	-	(390)
Exchange differences	38	-	38
At 31st October, 2020	1,051	50	1,101
Accumulated depreciation			
At 30th April, 2020	219	20	239
Depreciation charge for the period	168	10	178
Exchange differences	2	-	2
At 31st October, 2020	389	30	419
Net book value at 31st October, 2020	662	20	682
At 31st October, 2019			
	Property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 27th April, 2019	-	-	-
IFRS 16 adjustment	755	26	781
Acquisition of subsidiary	501	-	501
Exchange differences	(8)	-	(8)
At 31st October, 2019	1,248	26	1,274
Accumulated depreciation			
At 27th April, 2019	-	-	-
Depreciation charge for the period	84	7	91
Exchange differences	(2)	-	(2)
At 31st October, 2019	82	7	89
Net book value at 31st October, 2019	1,166	19	1,185
At 30th April, 2020			
	Property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 27th April, 2019	-	-	-
IFRS 16 adjustment	755	26	781
Additions	162	24	186
Acquisition of subsidiary	501	-	501
Exchange differences	(15)	-	(15)
At 30th April, 2020	1,403	50	1,453

Accumulated depreciation

At 27th April, 2019	-	-	-
Depreciation charge for the period	228	20	248
Exchange differences	(9)	-	(9)
At 30th April, 2020	219	20	239
Net book value at 30th April, 2020	1,184	30	1,214

11. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	31st October, 2020 unaudited £'000	31st October, 2019 unaudited £'000	20th April, 2020 audited £'000
Cash at bank and in hand	7,457	13,955	16,125
Escrow account	6,554	-	-
Short term deposits	-	5,415	-
	14,011	19,370	16,125

The balance held in Escrow provides security to Lloyds Bank plc in respect of any guarantees, indemnities, and bond guarantees given by the group in the ordinary course of business.

12. Pension liability

The Company operates an employee pension scheme called the MS INTERNATIONAL plc Retirement and Death Benefits Scheme ("the Scheme"). IAS 19 requires disclosure of certain information about the Scheme as follows:

- Until 5th April, 1997, the Scheme provided defined benefits and these liabilities remain in respect of service prior to 6th April, 1997. From 6th April, 1997 until 31st May, 2007 the Scheme provided future service benefits on a defined contribution basis.
- The last formal valuation of the Scheme was performed at 5th April, 2017 by a professionally qualified actuary.
- From 6th April, 2016 the Company directly pays the expenses of the Scheme. With effect from April, 2018 the deficit reduction payments paid into the Scheme by the Company increased to £600,000 per annum. The deficit reduction contributions are paid on a quarterly basis with the first paid on 3rd April, 2018 and the last due for payment on or before 5th January, 2027. On 23rd April, 2020 it was agreed that contributions be made on a monthly basis from July 2020 to December 2020, after which contributions will revert to a quarterly basis.
- From 1st June, 2007 the Company has operated a defined contribution scheme for its UK employees which is administered by a UK pension provider. Member contributions are paid in line with this Scheme's documentation over the accounting period and the Company has no further obligations once the contributions have been made.
- During the period, the Scheme liability has increased by £512,000. A re-measurement loss of £642,000 (2019 - £849,000 loss) has been recognised through other comprehensive income. It comprises of a £484,000 re-measurement gain compared to the interest income on the plan assets and a £1,126,000 actuarial loss due to changes in financial assumptions. The actuarial loss of £1,126,000 is primarily a result of an increase in CPI/RPI inflation as well as a lower discount rate at the period end, both of which increased the Scheme's liabilities at 31st October, 2020. The interest cost on the net defined benefit liability of £70,000 has been recognised through the income statement. The Scheme's liabilities have been reduced by pension fund deficit payments in the period of £200,000 (2019 - £300,000).
- A £1,198,000 liability for unrecognised past service cost relating to GMP equalisation cost was recognised in the Consolidated income statement for the 52 weeks ended 27th April, 2019. This liability has been re-measured and is included in the Scheme's liabilities at 31st October, 2020.

- It may be some time before an agreed method for GMP calculations is approved. However, now that the estimated past service cost has been recognised in the Consolidated income statement for the year ended 27th April, 2019, further future changes to the estimate will be recognised in the Consolidated statement of comprehensive income.

13. Commitments and contingencies

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £6,976,530 at 31st October, 2020 (2019 - £4,637,538).

In the opinion of the Directors, no material loss will arise in connection with the above matters.

The Group and certain of its subsidiary undertakings are parties to legal actions and claims which have arisen in the normal course of business. The results of actions and claims cannot be forecast with certainty, but the directors believe that they will be concluded without any material effect on the net assets of the Group.