For immediate release **19 April 2021**

CHURCHILL CHINA plc
(“Churchill” or the “Company” or the “Group”)

PRELIMINARY RESULTS
For the year ended 31 December 2020

Resilient performance in 2020, strong platform for recovery established

Churchill China plc (AIM: CHH), the manufacturer of innovative performance ceramic products serving hospitality markets worldwide, is pleased to announce its Preliminary Results for the year ended 31 December 2020.

Key Highlights:

Financial 2020
- Operating profit before exceptional items £0.9m (2019: £11.2m)
- Profit before exceptional items and tax £0.8m (2019: £11.2m)
- Reported profit before tax after exceptional items £0.1m (2019: £11.3m)
- Adjusted basic earnings per share 6.5p(2019: 81.7p)
- Basic earnings per share 1.0p (2019: 82.6p)
- Net cash and deposits of £14.0m (2019: £15.6m)
- Cash generated from operations £1.8m (2019: £11.3m)

Business 2020
- Total revenues £36.4m (2019: £67.5m)
- Strong pre COVID performance
- Response to pandemic demonstrates resilience
- Further investment for the long term
- Strong platform established for recovery
- Progress on implementation of strategic plans
    - Further added value product introductions
    - Development of distribution channels in key export markets
    - Extension of technical differentiation
    - European distribution centre successfully established

Alan McWalter, Chairman of Churchill China, commented:
‘We believe that we are well positioned to respond to the forthcoming re-opening of our markets and have an improved competitive position supported by a sound operational and financial base.’

‘Churchill is a long established, resilient business with strong foundations. We believe that we are well placed to build momentum in our trading performance throughout the rest of the year.’

A conference call for analysts will be held at 10.00am this morning, 19 April 2021. Analysts who require dial-in details please contact Buchanan at ChurchillChina@buchanan.uk.com or telephone 020 7466 5000.

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CHAIRMAN'S STATEMENT

Introduction

2020 was an extraordinary year for Churchill bringing many challenges. The first two and a half months of the year exemplified the success of our forward strategy delivering record Hospitality sales. The remainder of the year demonstrated the characteristics of agility, resilience and long term focus that have always underpinned our approach to business. Despite our core hospitality markets being amongst the most affected by COVID, we remained profitable across the year, maintained a strong financial position and continued to invest in and develop our business for the longer term.

We acted quickly and decisively to address the short term impacts of the pandemic on our trading and operations, reducing output levels to balance the safety of our employees with lower, but efficient, production and the maintenance of the security of our business. We were clear that we wished to continue to invest in our longer term position and as such have continued to prioritise product innovation, distribution development, improvements in our manufacturing capability and in the sustainability of our operations. While our markets have been subdued, we have continued to reinforce our place within them, positioning us well to capitalise on the opportunities ahead.

Short term trading has remained affected by the pandemic and related government restrictions across our main markets. The majority of our markets now have clear plans in place to re-open hospitality outlets as levels of vaccination increase and virus levels fall. Market activity is starting to grow steadily and we believe that our established position will allow us to benefit as markets recover during 2021.

I would again like to thank our employees for their tremendous support and positive attitude to the challenges presented by 2020. We have asked much of them across the year and they have responded, as they always do, with determination and a clarity of purpose. I am hugely appreciative of their contribution.

Financial Review

Total revenues fell by 46% to £36.4m (2019: £67.5m) as sales were affected by COVID-19 and the consequent restrictions on hospitality markets worldwide. Ceramics revenues were £33.1m (2019: £62.7m). External revenue from Materials was £3.3m (2019: £4.8m). UK revenues fell by £14.5m to £13.9m (2019: £28.4m). Export revenues were also lower at £22.5m (2019: £39.1m).

We saw further benefit as sales of added value product increased as a proportion of total revenue, driving higher average price levels. However this was offset by the operational gearing effect of fixed costs as our manufacturing output levels were reduced, leaving overall margins lower.

Operating profit before exceptional items fell to £0.9m (2019: £11.2m), attributable to lower absolute contribution levels from reduced revenues and lower gross margins. Overhead cost levels were carefully managed over the year to balance short term profitability, to continue to make progress against our strategic targets and to maintain our ability to recover quickly once markets re-open. Operating profit margins before exceptional items fell to 2.5% (2019: 16.7%).

Profit before exceptional items and income tax was £0.8m (2019: £11.2m) with the fall as a result of the reduction in operating profit.

Adjusted basic earnings per share before exceptional items was 6.5p (2019: 81.7p).

The need to adjust our operations to reflect the impact of COVID has resulted in one-off costs of £0.8m which have been treated as exceptional. These charges largely relate to a reduction in manpower levels consistent with lower levels of production, offset by a benefit in relation to the release of share based payment provisions.

Reported profit before tax was £0.1m (2019: £11.3m).

Basic earnings per share, including the above exceptional items, was 1.0p (2019: 82.6p)

One of our key objectives at the start of the pandemic was to manage the business in a way that preserved our cash position such that we could continue to invest in the forward development of the business. We began the year with £15.6m of cash and deposits and are pleased that we still retained £14.0m at the end of the period.

Operating cash flow remained positive at £1.8m, supported by lower working capital requirements as we managed our inventory position carefully and benefited from reduced accounts receivable. We expect working capital to increase during 2021 as our business begins to recover. Capital expenditure was carefully managed at £2.4m (2019: £5.5m) to ensure that the projects undertaken were of strategic importance. We have invested in additional manufacturing space in our main factory and further projects linked to expansion of added value production capacity, both of which are important components of our forward plan.

We continue to enjoy a strong, ungeared, balance sheet with net assets of £37.1m. Our assets are largely tangible and also give us a high degree of short term liquidity. We retain significant forward capacity to manage our cash flow and to raise additional finance if necessary.

Dividend

The Board recognises the importance of dividend income to shareholders and our approach remains that the owners of our business should receive an appropriate return for their investment. However we do not believe that it is currently appropriate to declare a final dividend for 2020. While our financial position continues to be robust, the level of certainty attributable to the expected recovery in our markets has not yet reached a position which would support the re-commencement of distributions. The Board will review its dividend policy at the earliest opportunity once a clearer pattern of trading has emerged during the first half of 2021.

The support of shareholders, alongside that received from other stakeholders, has been important in allowing the business to negotiate the challenges posed by COVID during 2020 and the Board is grateful for this contribution.

Business

2020 has required Churchill to operate with a high degree of flexibility. To deliver a sound performance when our markets and operating environment were subject to regular and substantial change reflects the inherent strengths and foundations of the business established over many years.

Our initial aim, once the effect of COVID had been assessed and safe working practices established, has been to continue to service our customers, to maintain a base level of activity and employment and to secure our operational and financial position. In addition to this we were determined to continue to make progress against our strategic objectives whilst our markets were less active. We have continued to develop our export distribution and have made further progress in extending our range of added value products and technical differentiation.

The resilience and breadth of the Hospitality market and our position within it has been demonstrated through several periods of restriction. Despite severe limitations the market has continued to provide opportunities either in different sectors or geographies and our market position and operational agility have allowed us to continue to meet this demand. It will remain an attractive market in the longer term

Ceramics

Hospitality sales in January and February 2020 were 33% ahead of the comparable period in 2019 as our market and product development initiatives, coupled with the benefits of the Dudson acquisition, delivered a high level of growth. The remainder of the year has seen a much more mixed picture with a substantial fall and subsequent mid-year recovery finally being followed by extensive restrictions across our markets in the final quarter. Across the year as a whole, Hospitality sales were 51% of 2019's levels with the important Spring and Christmas trading periods particularly affected by restrictions.

In relative terms Hospitality Export revenues performed well, indicating continued progress in the development of our markets and increased market share. Europe has continued to be the focus of our short term plans and we believe we have made further gains in our major markets. We have largely maintained our sales and marketing resource in this area and have also improved and extended our distribution in key markets over the year. We hope to recover strongly once markets begin to return to normal and to leverage our ability to offer a market-leading service level from our European distribution centre. The USA has also performed well despite considerable turmoil from both COVID and political events.

UK sales have performed creditably although as market leader we have inevitably been affected proportionately by lower market activity. The UK is now showing some signs of recovery with higher activity within national accounts and certain sub-sectors of the market. We continue to benefit from wide distribution across a range of sectors and have a long established presence in what is a replacement orientated market.

We have continued to increase the proportion of added value product within our revenue and to introduce new product throughout 2020 and into 2021, reflecting continued market demand for innovation. New launches have extended our Stonecast and Studio Prints ranges and particular focus has been given to increasing the depth of our Dudson product range. The higher degree of entrenchment of added value product within our customer base has helped to protect our repeat sales during an otherwise challenging period. Added value product now represents over 55% of our reduced Hospitality revenue.

Our Retail business has performed well during the year and revenues were ahead of our initial expectations. We have largely completed our withdrawal from sourced product but have retained the ability to service customers with UK made product. This has helped to support our manufacturing efficiency during the year.

Churchill's core values continue to be innovation, technical performance and service and we have improved our capability in these areas over the year. We believe that our long established reputation and relationship with end users, distributors and agents worldwide will continue to be of great value to the business.

Materials
Furlong Mills has performed well during the year despite the effects of COVID-19. The majority of Furlong's volume is supplied to customers trading with Hospitality markets where the impact of the pandemic has been highest. Furlong has continued to develop its material science base and has begun to deliver improved solutions both to support Churchill and the UK ceramics industry as a whole.

Operations
The operation of a large manufacturing unit during the uncertainties of COVID has provided many challenges during the year, particularly in relation to changes in output levels. Our performance reflects our long term investment in improving the flexibility of our manufacturing processes and in developing the capability of our staff. We have maintained a reasonable level of efficiency at reduced output levels and this has required significant efforts from our operational team. This has been achieved alongside operating in a safe and secure working environment. We have well established manufacturing operation which provides a sound base to enable us to operate effectively as our business position evolves and grows.

We have continued to invest in the development of our operations, completing projects underway at the end of the first quarter of 2020 and prioritising additional investments that will improve efficiency and flexibility rather than those that add capacity. We have completed two small extensions to our main UK site and have commenced a third. The installation of a more fuel efficient kiln specifically to build capability to make added value product was completed later in the year. These investments will support the achievement of our strategic aims over the longer term.

This energy efficient kiln is one part of our integrated plan to improve the sustainability of our operations. We make a highly durable product which is re-usable many thousands of times, which outperforms alternatives and requires low levels of replacement. However, we recognise that we use significant amounts of energy and that we must address this as a strategic priority. We have developed a number of actions over several years, including the reduction of levels of waste product and capital investment, both to generate green energy and to recover waste heat. We will continue to support initiatives in this area.

We welcome the signature of the Trade and Cooperation Agreement which has clarified the trading relationship between the UK and EU. Our contingency planning for Brexit was successful and we have continued to benefit from the investments made, notably the establishment of our logistics operation in Rotterdam, which will support our ongoing development of European markets.

People
Our employees have continued to provide outstanding service to the business, demonstrating an admirable level of adaptability in addressing the formidable challenges and regular changes that have characterised the business environment across the last year. Their skills, commitment to the business and their colleagues has proven to be invaluable. We believe that it is this culture that continues to allow us to perform creditably in the face of adversity.

We have prioritised the importance of safety over the last year and will continue to take appropriate steps to maintain a safe working environment. Our Continuous Improvement programme has also proved important in allowing our staff to address the challenges raised by the pandemic effectively.

Outlook

Our response to COVID-19 during 2020 was characterised by three main themes; to secure our operations; to protect our strong financial position and to ensure our actions were not inconsistent with our long term plans. As such we re-started operations as early as possible and continued to offer our customers a high level of service throughout the year. We have refined our strategic plans and continued to invest in the development of our business. We believe that we are well positioned to respond to the forthcoming re-opening of our markets and have an improved competitive position supported by a sound operational and financial base.

Despite the level of government restrictions on worldwide hospitality markets in the fourth quarter of 2020 and the first quarter of 2021, there is now growing evidence from enquiries, order levels and sales that activity levels are recovering across our markets.

Churchill is a long established resilient business with strong foundations. Whilst we recognise that there may be further volatility and effects from COVID-19 we believe that we are well placed to build momentum in our trading performance throughout the rest of the year. The progress demonstrated in the first weeks of 2020, where our Hospitality revenues were significantly ahead of the same period in 2019, sets the performance benchmark that our strategy can deliver. Our task now is to return the business to those levels.

Alan McWalter
Chairman
19 April 2021

Churchill China plc
Consolidated Income Statement
for the year ended 31 December 2020

	Note	**Audited Year to 31 December 2020 £000**	Audited Year to 31 December 2019 £000
Revenue	1	36,362	67,502
Operating profit before exceptional items		922	11,242
Exceptional items	2	(757)	117
Operating profit		165	11,359
Share of results of associate company		-	(22)
Finance income	3	60	124
Finance costs	3	(134)	(168)
Profit before exceptional item and income tax		848	11,176
Exceptional item	2	(757)	117
Profit before income tax		91	11,293
Income tax credit / (expense)	4	22	(2,136)
Profit for the year		113	9,157
Profit for the year is attributable to:			
Owners of the Company		113	9,063
Non-controlling interests		-	94
		113	9,157

		Pence per Share	**Pence per share**
Basic earnings per ordinary share	5	**1.0**	**82.6**
Adjusted basic earnings per ordinary share	5	**6.5**	**81.7**
Diluted earnings per ordinary shares	5	**1.0**	**81.8**
Adjusted diluted earnings per ordinary share	5	**6.5**	**80.9**

Churchill China plc
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Other comprehensive (expense) / income		
Items that will not be reclassified to profit or loss:		
Actuarial loss on retirement benefit obligations	(4,571)	(996)
Items that may be reclassified subsequently to profit or loss:		
Impact of change in rate on UK deferred tax	84	-
Currency translation differences	(13)	(16)
Other comprehensive expense for the year	(4,500)	(1,012)
Profit for the year	113	9,157
Total comprehensive (expense) / income for the year	(4,387)	8,145
Attributable to:		
Owners of the Company	(4,387)	8,051
Non controlling interests	-	94
	(4,387)	8,145

All the above figures relate to continuing operations

Churchill China plc
Consolidated Balance Sheet
as at 31 December 2020

	Audited 31 December 2020 £000	Audited 31 December 2019 £000
Assets		
Non Current assets		
Property, plant and equipment	20,058	19,769
Intangible assets	1,306	1,571
Deferred income tax assets	2,082	1,103
	23,446	22,443
Current assets		
Inventories	12,823	11,647
Trade and other receivables	4,309	10,951
Other financial assets	3,258	3,007
Cash and cash equivalents	10,738	12,572
	31,128	38,177
Total assets	54,574	60,620
Liabilities		
Current liabilities		
Trade and other payables	(5,663)	(11,105)
Current income tax liabilities	(24)	(1,022)
Total current liabilities	(5,687)	(12,127)
Non-current liabilities		
Lease liabilities	(215)	(269)
Deferred income tax liabilities	(1,149)	(1,040)
Retirement benefit obligations	(10,382)	(5,343)
Total non-current liabilities	(11,746)	(6,652)
Total liabilities	(17,433)	(18,779)
Net assets	37,141	41,841
Equity attributable to owners of the Company		
Issued share capital	1,103	1,103
Share premium account	2,348	2,348
Treasury shares	(80)	(446)
Other reserves	1,215	1,802
Retained earnings	32,555	37,034
	37,141	41,841

Churchill China plc

Consolidated Statement of Changes in Equity

as at 31 December 2020	**Retained earnings £000**	**Issued share capital £000**	**Share premium £000**	**Treasury shares £000**	**Other Reserves £000**	**Total £000**	**Non-controlling Interest £000**	**Total equity £000**
Balance at 1 January 2019	33,542	1,103	2,348	(729)	1,703	37,967	-	37,967
Comprehensive income								
Profit for the period	9,063	-	-	-	-	9,063	94	9,157
Other comprehensive income								
Depreciation transfer – gross	12	-	-	-	(12)	-	-	-
Depreciation transfer – tax	(2)	-	-	-	2	-	-	-
Remeasurement of post employment benefit obligations – net of tax	(996)	-	-	-	-	(996)	-	(996)
Currency translation	-	-	-	-	(16)	(16)	-	(16)
Total comprehensive income	8,077	-	-	-	(26)	8,051	94	8,145
Transactions with owners								
Dividends	(3,356)	-	-	-	-	(3,356)	-	(3,356)
Proceeds of share issue	-	-	-	3	-	3	-	3
Share based payment	199	-	-	-	125	324	-	324
Deferred tax - share based payment	118	-	-	-	-	118	-	118
Treasury shares	(280)	-	-	280	-	-	-	-
Non-controlling interest on acquisition	-	-	-	-	-	-	1,902	1,902
Purchase of non-controlling interest	-	-	-	-	-	-	(1,996)	(1,996)
Write off of premium on purchase of non- controlling interest	(1,266)	-	-	-	-	(1,266)	-	(1,266)
Total transactions with owners	(4,585)	-	-	283	125	(4,177)	(94)	(4,271)
Balance at 31 December 2019	37,034	1,103	2,348	(446)	1,802	41,841	-	41,841

	Retained earnings £000	Issued share capital £000	Share premium £000	Treasury shares £000	Other Reserves £000	Total £000	Non-controlling Interest £000	Total equity £000
Balance at 1 January 2020	37,034	1,103	2,348	(446)	1,802	41,841	-	41,841
Comprehensive income								
Profit for the period	113	-	-	-	-	113	-	113
Other comprehensive income								
Depreciation transfer – gross	12	-	-	-	(12)	-	-	-
Depreciation transfer – tax	(2)	-	-	-	2	-	-	-
Deferred tax – change in rate	107	-	-	-	(23)	84	-	84
Remeasurement of post employment benefit obligations – net of tax	(4,571)	-	-	-	-	(4,571)	-	(4,571)
Currency translation	-	-	-	-	(13)	(13)	-	(13)
Total comprehensive income	(4,341)	-	-	-	(46)	(4,387)	-	(4,387)
Transactions with owners								
Proceeds of share issue	-	-	-	4	-	4	-	4
Share based payment	310	-	-	-	(541)	(231)	-	(231)
Deferred tax - share based payment	(86)	-	-	-	-	(86)	-	(86)
Treasury shares	(362)	-	-	362	-	-	-	-
Total transactions with owners	(138)	-	-	362	(541)	(313)	-	(313)
Balance at 31 December 2020	**32,555**	**1,103**	**2,348**	**(80)**	**1,215**	**37,141**	**-**	**37,141**

Churchill China plc
Consolidated Cash Flow Statement
for the year ended 31 December 2020

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Cash flows from operating activities		
Cash generated from operations (note 6)	1,803	11,327
Interest received	60	124
Interest paid	(29)	(38)
Income tax paid	(847)	(1,845)
Net cash generated from operating activities	987	9,568
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,403)	(3,914)
Proceeds on disposal of property, plant and equipment	44	96
Purchases of intangible assets	(50)	(1,721)
Purchase of subsidiary, net of cash acquired	-	370
Net cash used in investing activities	(2,409)	(5,169)
Cash flows from financing activities		
Issue of ordinary shares	4	3
Dividends paid	-	(3,356)
Purchase of non-controlling interest	-	(3,263)
New leases acquired	-	576
Payment of principal under finance leases	(163)	(161)
Net purchase of other financial assets	(252)	(5)
Net cash used in financing activities	(411)	(6,206)
Net (decrease) in cash and cash equivalents	(1,833)	(1,807)
Cash and cash equivalents at the beginning of the year	12,572	14,380
Exchange loss on cash and cash equivalents	(1)	(1)
Cash and cash equivalents at the end of the year	10,738	12,572

1. Segmental analysis
for the year ended 31 December 2020

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Revenue - segment		
Ceramics	33,092	62,681
Materials	5,453	7,787
	38,545	70,468
Less: Inter segment revenue	(2,183)	(2,966)
	36,362	67,502
Revenue - geographic		
United Kingdom	13,869	28,460
Rest of Europe	14,681	24,477
USA	4,145	7,232
Rest of the World	3,667	7,333
	36,362	67,502
Operating profit (loss) before exceptional items		
Ceramics	1,104	10,840
Materials	(182)	402
	922	11,242
Exceptional items		
Ceramics	(666)	-
Materials	(91)	117
	(757)	117
Operating profit after exceptional items		
Ceramics	438	10,840
Materials	(273)	519
	165	11,359
Unallocated items		
Share of results of associate	-	(22)
Finance income	60	124
Finance costs	(134)	(168)
Profit before income tax	91	11,293

2. Exceptional items

Exceptional costs totalling £757,000 have been recognised relating to expenses incurred directly in relation to the effect of COVID-19 and the restructuring of the business to reflect lower demand and output levels. This is largely composed of severance costs of £863,000, offset by the release of share based payment and related provisions of £333,000 and further costs of £227,000.

In 2019 the Group acquired control of Furlong Mills Ltd which had previously been accounted for as an associate company. The fair value of assets acquired was in excess of the consideration and so in accordance with IFRS3, the negative goodwill of £117,000 was credited to the Income Statement as an exceptional credit.

3. Finance income and costs

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Finance income		
Interest income on cash and cash equivalents	**60**	124
Finance income	**60**	124
Finance cost		
Interest on pension scheme	**(105)**	(130)
Other interest	**(29)**	(38)
Finance costs	**(134)**	(168)

The interest cost arising from pension schemes is a non cash item

4. Income tax (credit) / expense

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Current taxation	**(15)**	1,729
Current taxation – exceptional	**(207)**	-
Deferred taxation	**143**	387
Deferred taxation - exceptional	**57**	20
Income tax (credit) / expense	**(22)**	2,136

5. Earnings per ordinary share

Basic earnings per ordinary share is based on the profit on ordinary activities after income tax attributable to shareholders of £113,000 (2019: £9,063,000) and on 10,996,835 (2019: 10,974,010) ordinary shares, being the weighted average number of ordinary shares in issue during the year. Adjusted basic earnings per share is calculated after adjusting for the post tax effect of the exceptional items detailed (Note 2).

	Audited Year to 31 December 2020	Audited Year to 31 December 2019
Pence per share		
Basic earnings per share	1.0	82.6
Add / (less) Exceptional items	5.5	(0.9)
Adjusted basic earnings per share	6.5	81.7

Diluted earnings per ordinary share is based on the profit on ordinary activities after income tax attributable to shareholders of £113,000 (2019: £9,063,000) and on 11,028,486 (2019: 11,076,990) ordinary shares, being the weighted average number of ordinary shares in issue during the year of 10,996,835 (2019: 10,974,010) increased by 31,651 (2019: 102,980) shares, being the weighted average number of ordinary shares which would have been issued if the outstanding options to acquire shares in the Group had been exercised at the average price during the period. Adjusted diluted earnings per share is calculated after adjusting for the post tax effect of the exceptional items detailed (Note 2).

	Audited Year to 31 December 2020	Audited Year to 31 December 2019
Pence per share		
Diluted earnings per share	1.0	81.8
Add / (less) Exceptional items	5.5	(0.9)
Adjusted diluted adjusted earnings per share	6.5	80.9

6. Reconciliation of operating profit to net cash inflow from continuing activities

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Cash flows from operating activities		
Operating profit	**165**	11,359
Adjustments for:		
Depreciation and amortisation	**2,586**	2,375
Negative goodwill - exceptional	**-**	(117)
Loss / (gain) on disposal of property, plant and equipment	**3**	(22)
(Credit) / charge for share based payment	**(231)**	324
Defined benefit pension cash contribution	**(749)**	(1,430)
Pension current service charge – non cash	**40**	-
Changes in working capital		
Inventory	**(1,176)**	(906)
Trade and other receivables	**6,696**	304
Trade and other payables	**(5,531)**	(560)
Net cash inflow from operations	**1,803**	11,327

7. Dividend

The Directors do not currently propose a final dividend for 2020. The Company's dividend policy will be reviewed at the earliest opportunity once the overall impact of COVID-19 is more certain.

The total dividend paid and proposed in respect of the year is nil (2019: 10.3p).

8. Retirement benefit obligations

The liability recognised by the Company in relation to its Defined Benefit Pension Scheme under IAS 19 has increased by £5,039,000 to £10,382,000 (2019: £5,343,000). This increase is as a result of changes in market derived assumptions in relation to the discount rate used to assess the present value of Scheme liabilities of 1.4% (2019: 2.1%) and an increase in forecast future CPI inflation to 2.3% (2019: 2.0%). Together with other more minor variations in assumptions these changes have increased liabilities by £8,381,000, which has been partially offset by higher than anticipated investment returns. The Scheme was closed to new entrants in 1999 and to future accrual in 2006.

	Audited Year to 31 December 2020 £000	Audited Year to 31 December 2019 £000
Liability at 1 January	(5,343)	(5,443)
Past service cost	(40)	-
Interest cost	(105)	(130)
Experience gains / (losses)	121	(66)
Re-measurement from change in assumptions	(8,381)	(5,193)
Re-measurement of return on plan assets	2,617	4,059
Employer contributions	749	1,430
Liability at 31 December	(10,382)	(5,343)

9. Share buybacks

The Company did not buy back any shares during the year, but may consider making ad hoc share buybacks going forward at the discretion of the Board and subject to shareholder authorities being renewed at the forthcoming Annual General Meeting.

10. Basis of preparation and accounting policies

The financial information included in the preliminary announcement for year to 31 December 2020 has been approved by the Board on 19 April 2021.

The preliminary financial statements do not constitute the statutory accounts of the Company within the meaning of section 434 of the Companies Act 2006, but are derived from those accounts, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

This information has been prepared under the historical cost convention as modified by the revaluation of land and buildings and financial assets and liabilities (including derivative instruments) at fair value through the profit and loss account. The same accounting policies, presentation and methods of computation are followed in the preliminary financial statements as were applied in the Group's financial statements for the year ended 31 December 2019.

Statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2020 will be delivered to the Registrar of Companies after the Company's Annual General Meeting and will also be available on the Company's website (www.churchill1795.com) in May 2021. The auditors have reported on those accounts. Their report was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.