Stedall (Vehicle Fittings) Limited

Report and Financial Statements

31 December 2014

Directors
A E Leahy
D M Pearce
B R Horth

Secretary
D M Pearce

Auditors
Ernst & Young LLP
The Paragon, Counterslip
Bristol BS1 6BX

Bankers
The Royal Bank of Scotland plc
Abbey Gardens
4 Abbey Street
Reading
Berkshire RG1 3BA

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Unit 1A
Badminton Road Trading Estate
Yate
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Registered No. 202224

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £901,000 (2013 – profit of £794,000). The directors do not recommend a final dividend (2013 – £nil).

Going concern

In assessing the appropriateness of the application of the going concern basis, the directors have considered the trading performance of the company, the available cash and the support of the parent undertaking. The directors are of the view that it is appropriate to apply the going concern basis.

Directors

The directors who served the company during the year were as follows:

A E Leahy
D M Pearce
B R Horth

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

D M Pearce
Secretary
8th April 2015

Strategic Report

Principal activity and review of the business

The company's principal activity is the sale of commercial vehicle body fittings and associated products in the United Kingdom, Europe and other overseas markets.

The company's key performance indicators during the year were as follows:

	2014	*2013*	*Change*
	£000	*£000*	*%*
Turnover	7,289	6,813	+7.0%
Operating profit	1,082	972	+11.3%
Profit after tax	901	794	+13.5%
Shareholders' funds	5,864	4,963	+18%
Current ratio	577%	495%	+82%

Turnover increased against 2013 due to the successful introduction of new product lines.

Liquidity ratios have increased by 82% due to an increase in cash.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Principal risks and uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal risks and uncertainties facing the company are broadly grouped as competitive risks and financial instrument risks.

Competitive risks

Due to the nature of the market in Europe and the rest of the world, the company has faced competition throughout the years. The company puts strong emphasis on its excellent service levels, quality of its products and competitive pricing to its customer base to maintain its position within the market.

Financial instruments risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on inventory purchases, but the company aims to minimise risk through effective management of inventory levels, monitoring stock turn and reviewing prices regularly.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 10 to the financial statements. The company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operation and applying cash collection targets. The company is focussed on reducing debtor and inventory days.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability.

D M Pearce
Secretary
8th April 2015

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report

to the members of Stedall (Vehicle Fittings) Limited

We have audited the financial statements of Stedall (Vehicle Fittings) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report (continued)

to the members of Stedall (Vehicle Fittings) Limited

Matters on which we are required to report by exception

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

Ernst & Young LLP

Ken Griffin
(Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Bristol
10th April 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	7,289	6,813
Cost of sales		(3,781)	(3,642)
Gross profit		3,508	3,171
Distribution costs		(676)	(610)
Administrative expenses		(1,750)	(1,589)
Operating profit	3	1,082	972
Interest receivable and similar income	6	65	65
Profit on ordinary activities before taxation		1,147	1,037
Tax	7	(246)	(243)
Profit for the financial year	13	901	794

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £901,000 in the year ended 31 December 2014 (2013 – profit of £794,000).

Balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	100	89
		100	89
Current assets			
Stocks	9	1,058	806
Debtors	10	3,215	1,033
Cash at bank and in hand		2,700	4,268
		6,973	6,107
Creditors: amounts falling due within one year	11	1,209	1,233
Net current assets		5,764	4,874
Total assets less current liabilities		5,864	4,963
Capital and reserves			
Called up share capital	12	78	78
Share premium account	13	5	5
Profit and loss account	13	5,781	4,880
Shareholders' funds	13	5,864	4,963

A. Leahy

A E Leahy
Director
8th April 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

In assessing the appropriateness of the application of the going concern basis, the directors have considered the trading performance of the company, the available cash and the support of the parent undertaking. The directors are of the view that it is appropriate to apply the going concern basis.

Statement of cash flows

The company is exempt from the requirement to prepare a statement of cash flows.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of assets evenly over their expected useful lives, as follows:

Plant, machinery and equipment	–	10%-33% per annum
Fixtures and fittings	–	10% per annum

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Stock is valued on a first-in first-out basis. When necessary, provision is made for damaged, slow-moving or obsolete stocks.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Foreign currencies

Amounts denominated in foreign currency are included in the financial statements at rates ruling at the date of the transactions. At the balance sheet date assets and liabilities are stated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company is unable to identify its share of its underlying assets and liabilities in the group defined benefit pension scheme. For the purposes of FRS 17, the scheme is therefore treated as a defined contribution scheme.

The cost of providing retirement pensions and related benefits is charged to the profit and loss account in the period in which contributions become payable.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2014	*2013*
	£000	*£000*
United Kingdom	6,378	6,009
Europe	831	750
Rest of the world	80	54
	7,289	6,813

3. Operating profit

This is stated after charging

		2014	*2013*
		£000	*£000*
Auditors' remuneration	– audit services	16	16
	– non audit services	14	14
Depreciation	– owned assets	40	34
Amortisation of purchased goodwill			
Operating lease payments	– land and buildings	95	95
	– plant and machinery	42	40

Notes to the financial statements

at 31 December 2014

4. Directors' remuneration

	2014	*2013*
	£000	*£000*
Aggregate remuneration in respect of qualifying services	312	253

Retirement benefits are accruing to 2 directors under a defined benefit scheme (2013 – 2).

Remuneration of the highest paid director is as follows:

	2014	2013
	£000	*£000*
Aggregate remuneration excluding pension contributions	142	169

	2014	*2013*
	£000	*£000*
Pension contributions to defined benefit scheme	47	9

5. Staff costs

	2014	*2013*
	£000	*£000*
Wages and salaries	868	818
Social security costs	96	91
Pension costs	671	503
	1,635	1,412

The monthly average number of employees during the year was 25 (2013 – 25).

6. Interest receivable and similar income

	2014	*2013*
	£000	*£000*
Bank interest received	41	65
Interest from group undertakings	24	-
	65	65

Notes to the financial statements

at 31 December 2014

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	*2013*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	235	248
Adjustments in respect of prior years	-	-
Total current tax (note 7(b))	235	248
Deferred tax:		
Deferred tax (note 7(c))	11	(5)
Tax on profit on ordinary activities	246	243

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.5%). The differences are explained below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	1,147	1,037
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.5%)	247	241
Effects of:		
Disallowed expenses	-	2
Depreciation in excess of capital allowances	(1)	4
Other timing differences	(11)	1
Total current tax (note 7(a))	235	248

(c) Deferred tax

Movements in the year	*£000*
At 1 January 2014 (note 10)	7
Debited to profit and loss account	(11)
At 31 December 2014	(4)

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(c) Deferred tax (continued)

The deferred tax liability included in the balance sheet is as follows:

	2014	*2013*
	£000	*£000*
Decelerated capital allowances	(4)	7

(d) Factors that may affect future tax charges

Announcements were made during the prior year by the Chancellor of the Exchequer for changes to corporation tax rates. This included a reduction in the corporation tax rate from 23% to 21% from 1 April 2014 and, from 21% to 20% effective from 1 April 2015. Consequently the deferred tax liability has been calculated at the year-end using a tax rate of 20%.

Notes to the financial statements

at 31 December 2014

8. Tangible fixed assets

	Plant, machinery and equipment	*Fixtures and fittings*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2014	436	68	504
Additions	60	1	61
Disposal	(97)	-	(97)
At 31 December 2014	399	69	468
Depreciation:			
At 1 January 2014	392	23	415
Charge for year	28	12	40
Disposal	(87)	-	(87)
At 31 December 2014	333	35	368
Net book value:			
At 31 December 2014	66	34	100
At 1 January 2014	44	45	89

9. Stocks

	2014	*2013*
	£000	*£000*
Finished goods and goods for resale	1058	806

10. Debtors

	2014	*2013*
	£000	*£000*
Trade debtors	1,134	971
Amounts owed by group undertakings	1,982	–
Prepayments	99	55
Deferred tax asset (note 7)	–	7
	3,215	1,033

Notes to the financial statements

at 31 December 2014

11. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	492	542
Corporation tax	132	149
Other taxes and social security costs	186	183
Accruals	395	359
Deferred tax liability (note 7)	4	–
	1,209	1,233

12. Issued share capital

	2014		2013	
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	78,150	78,150	78,150	78,150

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Share premium account* £000	*Profit and loss account* £000	*Total share-holders' funds* £000
At 1 January 2013	78	5	4,086	4,169
Profit for the year	–	–	794	794
At 1 January 2014	78	5	4,880	4,963
Profit for the year	–	–	901	901
At 31 December 2014	78	5	5,781	5,864

14. Pensions

Throughout the year the employees of the company were members of the Stokvis Pension and Life Assurance Scheme, a contracted-out defined benefit scheme.

Contributions to the scheme were determined using the actuarial valuation of the Scheme as at 1 January 2012 by independent actuaries using the attained age method. The principal actuarial assumptions adopted were a rate of return on investments of 3.6% per annum, salary increases of 3.8% pa, and retail price index to increase at the rate of 3.3% per annum. At the valuation date the actuarial value of the assets on this basis was sufficient to cover 76% of the benefits that had accrued to members in the Scheme.

The market value of the Scheme's assets at 31 December 2014 was £18,778,000 (2013 – £17,255,000) and the most recent interim valuation of the scheme revealed a deficit of £5.881,000 The company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and for the purposes of FRS 17 the scheme is therefore treated as a defined contribution scheme.

Notes to the financial statements

at 31 December 2014

14. Pensions (continued)

Contributions are based on pension costs across the group of companies participating in the scheme. The company's contributions in the year were £462,146 (2013 – £361,597). Under the scheme financial recovery plan, the employer's contributions are currently set at whichever is the greater of £330,000 or 33.6% of the combined profit before tax of the company and Stertil UK Ltd.

Contributions for the next accounting period are estimated to be £432,000.

15. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

		2014		*2013*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	-	9	–	2
In two to five years	-	31	–	37
Over five years	95		95	–
	95	40	95	39

16. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with related parties as it was a wholly owned subsidiary undertaking throughout the year.

17. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Defiance Tools Limited.

The company's ultimate parent undertaking is Stichting Administratiekantoor Citadel Enterprises, a company incorporated in The Netherlands. A copy of the group financial statements, which include the company, are available from Soestdijkerstraatweg 66a, 1213 XE Hilversum, The Netherlands, and represent both the largest and smallest group of undertakings in which the results of the company are group.