

Central Services (U.K.) Limited

**Director's report and financial
statements**

Registered number: 01879678

31 December 2015



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Company information

Director: Mr D Orwin

Secretary and registered office: Mr D Orwin
MIOC (CO: Franke UK Ltd)
Styal Road
Manchester
M22 5WB

Auditor: KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers: TSB
41 Market Street
Longton
Stoke-on-Trent
Staffordshire
ST3 1BN

Director's report

The director has the pleasure in submitting their report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the company are the marketing and distribution of spare parts and accessories for the domestic kitchen market. On 1st June 2015 100% of the share capital in the Company was acquired by Franke U.K. Limited.

Dividends

An interim dividend of £3,520 per share amounting to £352,000 (2014: £195.63 per share totalling £19,563) was paid and the director does not recommend the payment of a final dividend (2014: nil).

Directors

The directors who held office during the period were as follows:

T Westerby (resigned 01.06.2015)
S Westerby (resigned 01.06.2015)
D Orwin (appointed 01.06.2015)
T Bamber (appointed 01.06.2015 and resigned 31.08.2015)

Company Secretary

D Orwin

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



D Orwin
Director

06 May 2016

Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Central Services (U.K.) Limited

We have audited the financial statements of Central Services (U.K.) Limited for the year ended 31 December 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable in law and to UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Director's Responsibilities Statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that he gives 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the director was not entitled to take advantage of the small companies exemption in not preparing a strategic report.

Independent auditor's report to the members of Central Services (U.K.) Limited
(continued)

Other Matter- Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

10 May 2016

Profit and loss account
for year ended 31 December 2015

	<i>Note</i>	2015 £000	Unaudited 2014 £000
Turnover	2	579	479
Cost of sales		(90)	(168)
		<hr/>	<hr/>
Gross profit		489	311
Administrative expenses		(463)	(256)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	26	55
Tax on profit on ordinary activities	6	(5)	(11)
		<hr/>	<hr/>
Profit for the financial year		21	44
		<hr/> <hr/>	<hr/> <hr/>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Notes on pages 8 to 18 form part of the financial statements.

Balance sheet
at 31 December 2015

	Note	2015 £000	Unaudited 2014 £000	£000
Fixed assets				
Tangible assets	7		7	8
Current assets				
Stocks	8	-	77	
Debtors	9	4	28	
Cash at bank and in hand		38	278	
		<u>42</u>	<u>383</u>	
Creditors: amounts falling due within one year	10	<u>(41)</u>	<u>(52)</u>	
Net current assets			1	331
Total assets less current liabilities			<u>8</u>	<u>339</u>
Net assets			<u>8</u>	<u>339</u>
Capital and reserves				
Called up share capital	12			-
Profit and loss account			8	339
Shareholders' funds			<u>8</u>	<u>339</u>

Notes on pages 8 to 18 form part of the financial statements.

These financial statements were approved by the board of directors on 06.05.2016 and were signed on its behalf by:

D Orwin
Director

Company registered number: 1879678

Statement of changes in equity

	Unaudited Called up share capital £000	Unaudited Profit and loss account £000	Unaudited Total equity £000
Balance at 1 January 2014	-	314	314
Total comprehensive income for the period			
Profit or loss	-	44	44
Transactions with owners, recorded directly in equity			
Dividends	-	(19)	(19)
Balance at 31 December 2014	-	339	339

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	-	339	339
Total comprehensive income for the period			
Profit or loss	-	21	21
Transactions with owners, recorded directly in equity			
Dividends	-	(352)	(352)
Balance at 31 December 2015	-	8	8

Notes

(forming part of the financial statements)

1 Accounting policies

Central Service (U.K.) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 17.

The Company's ultimate UK parent undertaking, Franke UK Holding Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Franke UK Holding Limited are available to the public and may be obtained from The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Franke UK Holding Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets:

- plant and equipment 3 to 5 years
- fixtures and fittings 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.7 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.10 Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

1.12 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

	2015 £000	Unaudited 2014 £000
Sale of goods	579	479

	2015 £000	Unaudited 2014 £000
By Activity:		
Sale of spare parts and accessories	579	479

By geographical market:		
United Kingdom and Ireland	579	479

Notes (continued)

3 Expenses and auditor's remuneration

	2015 £000	Unaudited 2014 £000
<i>Included in profit/loss are the following:</i>		
Depreciation	1	1
<i>Auditor's remuneration:</i>		
	2015 £000	Unaudited 2014 £000
Audit of these financial statements	3	-
Amounts receivable by the Company's auditor and its associates in respect of: Audit - related assurance services	2	-

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2015	Unaudited 2014
Administration	3	7
	3	7

The aggregate payroll costs of these persons were as follows:

	2015 £000	Unaudited 2014 £000
Wages and salaries	60	117
Social security costs	3	7
Contributions to defined contribution plans	70	70
	133	194

Notes (continued)

5 Directors' remuneration

	2015 £000	Unaudited 2014 £000
Directors' remuneration	7	40
Company contributions to money purchase pension schemes	70	70

The aggregate of remuneration of the highest paid director was £3,528 (2014: £20,000) and Company pension contributions of £35,000 (2014: £35,000) were made to a money purchase scheme on her behalf.

Retirement benefits are accruing to no directors (2014: two directors) under money purchase schemes.

6 Taxation

Total tax expense recognised in the profit and loss account

	2015 £000	Unaudited 2014 £000
<i>Current tax:</i>		
Current tax on income for the period	5	11

Reconciliation of effective tax rate

	2015 £000	Unaudited 2014 £000
Profit for the year	21	44
Total tax expense	5	11
Profit excluding taxation	26	55
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	6	12
Depreciation in excess of capital allowances	(1)	(1)
Total tax expense included in profit or loss	5	11

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Tangible fixed assets

	Plant & machinery £000	Office equipment £000	Total £000
Cost			
Balance at 1 January 2015 (unaudited)	40	4	44
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	40	4	44
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation and impairment			
Balance at 1 January 2015 (unaudited)	33	3	36
Depreciation charge for the year	1	-	1
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	34	3	37
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 1 January 2015	7	1	8
	<hr/>	<hr/>	<hr/>
At 31 December 2015	6	1	7
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Stocks

	2015 £000	Unaudited 2014 £000
Finished goods	-	77
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Debtors

	2015 £000	Unaudited 2014 £000
Trade debtors	4	28
	<hr/>	<hr/>
Due within one year	4	28
Due after more than one year	-	-
	<hr/>	<hr/>
	4	28
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2015 £000	Unaudited 2014 £000
Trade creditors	5	14
Amounts owed to group undertakings	14	-
Taxation and social security	15	35
Accruals and deferred income	7	3
	<hr/>	<hr/>
	41	52
	<hr/>	<hr/>

11 Employee benefits

Defined contribution plans:

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £70,000 (2014: £70,000).

Notes (continued)

12 Capital and reserves

Share capital

	2015 £000	Unaudited 2014 £000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Related parties

Identity of related parties with which the Company has transacted

As a wholly owned subsidiary of Franke UK Holding Limited the Company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the group headed by Franke UK Holding Limited. Transactions with other related parties, being fellow subsidiaries of the Franke Artemis Holding AG group not included in the UK statutory consolidated accounts of Franke UK Holding are summarised below:

	Sales		Administrative expenses	
	2015 £000	Unaudited 2014 £000	2015 £000	Unaudited 2014 £000
Sales to / purchases from fellow subsidiaries on normal trading terms	35	-	(13)	-
Other expenses charged by group companies	-	-	(16)	-
	<u>35</u>	<u>-</u>	<u>(29)</u>	<u>-</u>

	Receivables outstanding		Creditors outstanding	
	2015 £000	Unaudited 2014 £000	2015 £000	Unaudited 2014 £000
Amounts due to / from fellow subsidiaries	42	-	42	-
	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>

Notes (continued)

14 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Franke UK Holding Limited. The ultimate controlling party is Franke Artemis Holding AG.

The largest group in which the results of the Company are consolidated is that headed by Franke Artemis Holding AG, incorporated in Switzerland. The consolidated financial statements of this group are not available to the public.

15 Subsequent events

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on the results reported or the financial position of the Company.

16 Accounting estimates and judgements

Key sources of estimation uncertainty

The Company believes that there are no areas of material uncertainty which affect the financial statements.

Critical accounting judgements in applying the Company's accounting policies

The Company believes that the major judgement applied is the use of the going concern principle which supports the valuation of assets included in the balance sheet.

17 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has not adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. Therefore, no reconciliation from UK GAAP to FRS 102 is required, given there have been no adjustments to the figures reported in 2014.