

**Ferdinand Bilstein UK Ltd**

**Annual report and financial statements**

**Registered number 02231185**

**31 December 2017**

TUESDAY

COMPANIES HOUSE



\*L7DT4FQH\*

LD3

04/09/2018

#6

COMPANIES HOUSE

## **Contents**

Strategic Report	4
Directors' report	6
Statement of directors' responsibilities in respect of the annual report and the financial statements	8
Independent auditor's report to the members of Ferdinand Bilstein UK Ltd	9
Profit and Loss Account and Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes	15

## **Directors and advisers**

### **Directors**

K S Bilstein	Chairman
M Gorton	Managing Director
M Northeast	Managing Director (resigned 15 June 2017)
J T Siekermann	Director
P P Dodgson	Operations Director

### **Company Secretary**

P P Dodgson (resigned 19<sup>th</sup> April 2018)  
C Dickinson (appointed 19<sup>th</sup> April 2018)

### **Registered Office**

9 Wheelbarrow Park  
Pattenden Lane  
Marden  
Kent  
TN12 9QJ

### **Auditor**

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

### **Principal Bankers**

**The Royal Bank  
of Scotland plc**  
UK  
Corporate Banking Centre  
South East  
Turnpike House  
123 High Street  
Crawley  
West Sussex  
RH10 1DQ

### **Registered Number**

02231185

## Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

The Company's principal activities during the year continued to be the import, marketing and distribution of replacement motor components for Japanese, Korean, American & British cars and light trucks within Europe.

Performance across the year has been decidedly flat, our major success of growing the Blue Print brand globally has been offset by tough external market conditions in the UK.

### Business Review

The key financial performance indicators during the year were as follows:

	2017 £000	2016 £000	Change %
<b>Total Company Turnover</b>	<b><u>66,958</u></b>	<b><u>67,781</u></b>	(1.2)
<b>Company costs</b>	<b>(16,844)</b>	(17,262)	(2.4)
Company costs as % of turnover	<b>25.1%</b>	25.5%	
<b>Operating profit</b>	<b>3,949</b>	3,670	7.6
Operating profit % of turnover	<b>5.9%</b>	5.4%	
<b>Profit after tax</b>	<b>2,471</b>	6,931	(64.3)
Profit after tax % of turnover	<b>3.7%</b>	10.2%	

Company sales for the year ended 31 December 2017, after deduction of rebates and credits have decreased 1.2% compared to the previous year. The decrease in turnover is the result of a change in circumstances for certain customers and overall the UK market maturing thus becoming a more challenging environment.

### Strategic Plans

Strategic plans for 2018 include the go live & ramp up of our state of the art Logistic Centre on a new site in Markham Vale, Chesterfield. From this location both Bilstein UK businesses, Ferdinand Bilstein UK Ltd (Marden, Kent) and Febi UK Ltd (Featherstone, West Yorkshire) intend to supply the Bilstein group brands to the UK market by the fourth quarter of 2018, our Blue Print go live has already been a success and the Febi brand will follow in September 2018. The UK's head office will remain in Marden, Kent.

In light of the above changes in the UK wide operation the decision has been taken to close our site in Featherstone, West Yorkshire during 2018. Furthermore the legal entity Febi UK Ltd will sell the significant assets & trade relating to the distribution of the Febi brand in the UK to Ferdinand Bilstein UK Ltd.

On that basis Febi UK Ltd will cease to trade in 2018 with the going concern transferring to become a division of Ferdinand Bilstein UK Ltd. Our reasoning being is that this is the next step in the overall goal of streamlining our operations & administration.

## Strategic Report (continued)

### Principal Risks and Uncertainties

The principal risks and uncertainties facing the group are broadly grouped as:

#### *Competitive risks*

The company is subject to price competition in very competitive markets which the company mitigates with robust margins.

#### *Financial instrument risks*

As part of the Company's risk management objectives the directors regularly review the financial instrument risks of the business and have identified strategies to effectively mitigate these risks and thus limit undue counterparty exposure, ensure sufficient working capital exists to continue operations and monitor risk management throughout the business.

#### *Exposure to credit, liquidity and cash flow risk*

The Company's credit risk is managed within its debt management policy which is aimed at minimising losses by offering appropriate payment terms to each individual customer based on their credit worthiness. Details of the Company's debtors are shown in note 12 of the accounts.

The Company limits risk from individual trade debtors by way of transference in the form of debt insurance. At the reporting date the Company's total recoverable debt was £3,627,864. Only non-intercompany debtors are insured as intercompany debtors are not considered to be a credit risk.

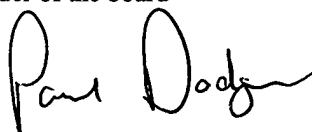
The Company's liquidity risk is managed by ensuring reasonable trade credit payment terms are secured with its suppliers. When required the Company has a credit facility with its parent company Ferdinand Bilstein GmbH +Co.

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.

#### *Exposure to foreign exchange risk*

The Company manages exposure to the variability of foreign exchange rates by collaborating with its parent company Ferdinand Bilstein GmbH +Co on a group wide hedging policy. Foreign exchange exposure is pooled at group level and a strategy is then formed for the parent to secure currency at competitive market rates using a number of derivative instruments.

By order of the board



**Paul Dodgson**  
Director

27<sup>th</sup> August 2018

## **Directors' report**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2017.

### **Directors**

The directors are set out in the table below, all have held office during the whole period from 1<sup>st</sup> January 2017 to the date of this report unless explicitly stated otherwise.

No director shown below held an interest in the Ordinary share capital of the Company at either 1<sup>st</sup> January 2017 or 31<sup>st</sup> December 2017.

K S Bilstein	Chairman
M Gorton	Managing Director
M Northeast	Managing Director (resigned 15 June 2017)
J T Siekermann	Director
P P Dodgson	Operations Director

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 12 and the accompanying notes. No interim dividend for the year has been paid (2016: £nil). The directors recommend that no final dividend is proposed on the ordinary shares out of profits for the year.

### **Research and development**

The Company undertakes research & development throughout the year in order to maintain its catalogue of available products to the automotive aftermarket sector. This is necessary due to the evolving nature of automotive technology over time and is thus required for the business model to continue to remain competitive. Research and development costs are accounted for per FRS 102 section 18 Intangible Assets other than Goodwill.

### **Financial Instruments**

Details of financial instruments are provided in the strategic report on page 4.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 4. The financial position of the Company, its cash flows and liquidity are detailed within these financial statements.

The Company is able to meet its day to day working capital requirements and have access to funding for development via credit facilities with its parent company Ferdinand Bilstein GmbH +Co.

The Company's 3 year plan and forecast are updated on an annual basis and it is noted that the Company can operate within its agreed facilities. The Company has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue all operations. The directors will continue to adopt the going concern basis of accounting for the preparation of these annual financial statements.

## Directors' report *(continued)*

### Political contributions

The Company has not made any political donations or incurred any political expenditure during the year.

### Employees

#### *Disabled employees*

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### *Employee involvement*

The Company operates a framework for the information flow to its employees and subsequent consultation with them about matters which are of most concern. Employees receive regular information through various meetings between the senior and junior management teams. Employees are also encouraged to contribute suggestions and their views to the management team. Employees participate directly in the success of the business through the Company's performance related pay scheme.

### Disclosure of information to auditor

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

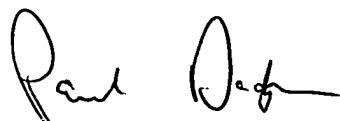
### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 4.

### Auditor

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

By order of the board



**Paul Dodgson**  
*Director*

29<sup>th</sup> August 2018

Ferdinand Bilstein UK Ltd  
9 Wheelbarrow Park  
Pattenden Lane  
Marden  
TN12 9QJ

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF [THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS]**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have 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 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERDINAND BILSTEIN UK LTD**

### **Opinion**

We have audited the financial statements of Ferdinand Bilstein UK Ltd ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



29 Aug 2018

**Mark Sheppard (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

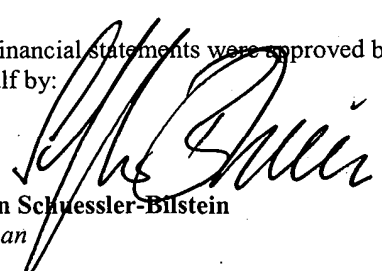
## Profit and Loss Account and Other Comprehensive Income for the year ended December 2017

	Note	2017	2016
		£000	£000
Turnover	2	66,958	67,781
Cost of sales		(46,165)	(46,849)
<b>Gross profit</b>		<b>20,793</b>	<b>20,932</b>
Distribution costs		(6,642)	(7,101)
Administrative expenses		(13,687)	(12,837)
Other operating income	3	<u>3,485</u>	<u>2,676</u>
		<b>(16,844)</b>	<b>(17,262)</b>
<b>Operating profit</b>		<b>3,949</b>	<b>3,670</b>
Profit on disposal of subsidiary		-	2,711
Other interest receivable and similar income	7	45	1,941
Interest payable and similar charges	8	(884)	(147)
<b>Profit before taxation</b>		<b>3,110</b>	<b>8,175</b>
Current tax on profit	9	(639)	(1,244)
<b>Profit for the financial year</b>		<b>2,471</b>	<b>6,931</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of income tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>2,471</b>	<b>6,931</b>

**Balance Sheet**  
at 31<sup>st</sup> December 2017

	Note	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>				
Tangible assets	10	36,122		8,220
		<u>36,122</u>		<u>8,220</u>
<b>Current assets</b>				
Stocks	11	20,677	22,135	
Debtors	12	13,798	32,455	
Cash at bank and in hand	13	<u>13,429</u>	<u>11,732</u>	
		47,904	66,322	
<b>Creditors: amounts falling due within one year</b>	14	<u>(17,953)</u>	<u>(20,808)</u>	
<b>Net current assets</b>		29,951		45,514
<b>Total assets less current liabilities</b>		66,073		53,734
<b>Creditors: amounts falling due after more than one year</b>	15	(26,219)		(16,691)
<b>Provisions for liabilities</b>				
Deferred tax liability	16	<u>(340)</u>	-	
		(340)		-
<b>Net assets</b>		39,514		37,043
<b>Capital and reserves</b>				
Called up share capital	18	65		65
Share premium account		260		260
Capital redemption reserve		1,288		1,288
Profit and loss account		37,901		35,430
<b>Shareholders' funds</b>		<u>39,514</u>		<u>37,043</u>

These financial statements were approved by the board of directors on 29<sup>th</sup> August 2018 and were signed on its behalf by:

  
**Karsten Schuessler-Bilstein**  
Chairman

  
**Martin Gorton**  
Managing Director

Company registered number: 2231185

## Statement of Changes in Equity

at 31<sup>st</sup> December 2017

	Called up Share capital £000	Share Premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	65	260	1,288	28,499	30,112
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	6,931	6,931
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	6,931	6,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>65</b>	<b>260</b>	<b>1,288</b>	<b>35,430</b>	<b>37,043</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Called up Share capital £000	Share Premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	65	260	1,288	35,430	37,043
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	2,471	2,471
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>65</b>	<b>260</b>	<b>1,288</b>	<b>37,901</b>	<b>39,514</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Company Cash Flow Statement for year ended 31<sup>st</sup> December 2017

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Profit for the year		2,471	6,931
Adjustments for:			
Depreciation, amortisation and impairment	10	412	403
Movements in fair value of derivatives		-	107
Interest receivable and similar income	7	(45)	(171)
Interest payable and similar charges	8	789	148
(Profit)/Loss on sale of tangible fixed assets		1	(9)
Gain on sale of subsidiaries		-	(2,711)
Taxation	9	639	1,244
		<hr/>	<hr/>
		4,267	5,942
(Increase)/decrease in trade and other debtors		3,709	(2,533)
(Increase)/decrease in stocks		1,506	(6,258)
		<hr/>	<hr/>
		179	6,109
		<hr/>	<hr/>
Interest paid		9,661	3,260
Tax paid		(789)	(81)
		<hr/>	<hr/>
		(311)	(1,098)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>8,561</b>	<b>2,081</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		48	13
Interest received		45	3
Proceeds from disposal of a subsidiary			2,748
Acquisition of tangible fixed assets	10	(13,464)	(7,567)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(13,371)</b>	<b>(4,803)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Loans to group undertakings		-	(14,900)
Loans from group undertakings		6,507	19,713
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>6,507</b>	<b>4,813</b>
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,697	2,091
Cash and cash equivalents at 1 January 2016		11,732	9,641
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December 2016</b>	13	<b>13,429</b>	<b>11,732</b>
		<hr/>	<hr/>

## **Notes**

*(forming part of the Financial Statements)*

### **1 Accounting policies**

Ferdinand Bilstein UK Ltd (the “Company”) is a private 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.

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- The requirement of Section 33 Related Party Disclosures paragraph 33.1A.

The Company’s parent undertaking, Ferdinand Bilstein GmbH +Co. KG (D), includes the Company in its consolidated financial statements. The consolidated financial statements of Ferdinand Bilstein GmbH +Co. KG (D) are prepared in accordance with German GAAP and are not available to the public.

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 25.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.2 Going concern**

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 4. The financial position of the Company, its cash flows and liquidity are detailed within these financial statements. The Company is able to meet its day to day working capital requirements and have access to funding for development via credit facilities with its parent company Ferdinand Bilstein GmbH +Co.

The directors have a reasonable expectation that the Company will have adequate resources to continue all operations. The directors will continue to adopt the going concern basis of accounting for the preparation of these annual financial statements.

#### **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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5 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.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.6 Other financial instruments

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.



## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.7 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. Lease payments are accounted for as described at 1.14 below.

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 by equal instalments over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements - over the lease term
- Plant and machinery - 25% reducing balance
- Motor vehicles - 33% reducing balance
- Office equipment - 12.5% - 25% per annum straight line
- Fixtures and fittings - 10% per annum straight line
- Computer equipment - 20% - 33% straight line

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.

#### **1.8 Intangible assets**

##### **Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the standard costing principle and takes into account the normal cost of purchase and other costs in bringing the stock to their existing location. The costs are regularly reviewed and adjusted in line with current conditions.

#### **1.10 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.

#### **1.11 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.

#### **1.12 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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.13 Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Turnover from the sale of goods is recognised in the profit and loss net of discounts and rebates payable. In general this occurs when the parts have been supplied to the customer.

#### **1.14 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.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **1.15 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. 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. Deferred tax balances are not discounted.

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

	2017	2016
	£000	£000
<b>By Geographical Market</b>		
UK	25,313	28,294
Europe	41,511	39,323
Rest of World	134	164
	<u>66,958</u>	<u>67,781</u>

### 3 Other operating income

	2017	2016
	£000	£000
Group Commission Receivable	1,882	1,361
Other Income	497	34
Group Management Charge Receivable	1,106	1,281
	<u>3,485</u>	<u>2,676</u>

### 4 Expenses and auditors' remuneration

#### Auditor's remuneration:

	2017	2016
	£000	£000
Audit of these financial statements	75	60
Taxation	69	15
	<u>144</u>	<u>75</u>

## Notes (continued)

### 5 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	
	2017	2016
Sales, Marketing and Administration	129	120
Distribution	118	113
	<u>247</u>	<u>233</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	6,987	6,435
Social security costs	645	587
Contributions to defined contribution plans	484	486
	<u>8,116</u>	<u>7,508</u>

### 6 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	309	301
Amounts paid to third parties in respect of pension contributions	40	39
	<u>349</u>	<u>340</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £120,000 (2016:£125,260), and company pension contributions of £20,644 (2016:£6,231) were made to a money purchase scheme on his behalf.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

## Notes (continued)

### 7 Other interest receivable and similar income

	2017 £000	2016 £000
Interest receivable	45	171
Foreign exchange gains	-	1,770
	<hr/>	<hr/>
Total interest receivable and similar income	45	1,941
	<hr/> <hr/>	<hr/> <hr/>

### 8 Interest payable and similar charges

	2017 £000	2016 £000
Interest payable to group undertaking	(789)	(147)
Foreign exchange (loss)	(95)	-
	<hr/>	<hr/>
Total other interest payable and similar charges	(884)	(147)
	<hr/> <hr/>	<hr/> <hr/>

### 9 Taxation

	2017 £000	£000	2016 £000	£000
<i>Current tax</i>				
Current tax on income for the period		259		1,169
Adjustments in respect of prior periods		40		96
		<hr/>		<hr/>
		299		1,265
<i>Deferred tax (see note 16)</i>				
Origination and reversal of timing differences	340		(21)	
	<hr/>		<hr/>	
Total Deferred tax		340		(21)
		<hr/>		<hr/>
Total tax		639		1,244
		<hr/> <hr/>		<hr/> <hr/>

## Notes (continued)

### 9 Taxation (continued)

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	2,471	6,931
Total tax expense	639	1,244
	<hr/>	<hr/>
Profit excluding taxation	3,110	8,175
Tax using the UK corporation tax rate of 19.25% (2015:20%)	599	1,635
Profit on sale of subsidiary	-	(542)
Disallowed expenses	-	55
Under / (over) provided in prior years	40	96
	<hr/>	<hr/>
Total tax expense included in profit or loss	639	1,244
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. 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. Deferred tax balances have been calculated using a rate of 17%.

## Notes (continued)

### 10 Tangible fixed assets

	Assets in Construction £000	Leasehold Improvements £000	Plant and Machinery £000	Motor Vehicles £000	Office Equipment £000	Total £000
<b>Cost</b>						
Balance at 1 January 2017	7,265	179	2,281	267	2,569	12,561
Acquisitions	28,080	-	36	156	88	28,360
Disposals	-	-	-	(90)	-	(90)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	35,345	179	2,317	333	2,657	40,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>						
Balance at 1 January 2017	-	155	1,888	91	2,207	4,341
Depreciation charge for the year	-	7	120	78	206	412
Disposals	-	-	-	(44)	-	(44)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	-	162	2,008	125	2,413	4,709
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
At 1 January 2017	7,265	24	393	176	362	8,220
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	35,345	17	309	207	244	36,122
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Stocks

	2017 £000	2016 £000
Goods held for resale	20,677	22,135
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £45,965,444 (2016: £46,677,503). The write-down of stocks to net realisable value amounted to £587,300 (2016: £910,761).

### 12 Debtors

	2017 £000	2016 £000
Trade debtors	4,031	14,339
Inter Company Trade Debtors	5,993	872
Amounts owed from group undertakings	-	14,900
Other Debtors	344	48
Prepayments and accrued income	1,495	1,021
VAT recoverable	1,935	1,275
	<hr/>	<hr/>
	13,798	32,455
	<hr/>	<hr/>
Due within one year	13,798	32,455
Due after more than one year	-	-
	<hr/>	<hr/>



## **Notes** *(continued)*

### **13 Cash and cash equivalents/ bank overdrafts**

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Cash at bank and in hand	<b>13,429</b>	<b>11,732</b>
Cash and cash equivalents per cash flow statements	<b>13,429</b>	<b>11,732</b>

### **14 Creditors: amounts falling due within one year**

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Trade Creditors	<b>9,217</b>	<b>7,061</b>
Corporation Tax	<b>582</b>	<b>594</b>
VAT, Taxation and social security	<b>171</b>	<b>762</b>
Accruals and deferred income	<b>5,533</b>	<b>9,370</b>
Amounts owed to group undertakings	<b>2,450</b>	<b>3,021</b>
	<b>17,953</b>	<b>20,808</b>

### **15 Creditors: amounts falling due after one year**

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Amounts owed to group undertakings	<b>26,219</b>	<b>16,691</b>

The amounts owed to group undertakings relates to an unsecured loan from Bilstein Trading UK Ltd. It is repayable by 14 November 2021 and attracts interest at 3.5% per annum.

## Notes (continued)

### 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	2016 £000	Liabilities 2017 £000	2016 £000	Net 2017 £000	2016 £000
Capital allowances	-	-	595	-	595	-
Provisions	(255)		-	-	(255)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Tax (assets) / liabilities	(255)	-	595	-	340	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax (assets) / liabilities	(255)	-	595	-	340	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 17 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 £ 484,886 (2016 : £486,427).

### 18 Capital and reserves

#### Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
64,781 ordinary shares of £1 each	65	65
	<hr/>	<hr/>
	65	65
	<hr/> <hr/>	<hr/> <hr/>

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.

## Notes (continued)

### 19 Financial instruments

#### Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £000	2016 £000
Assets measured at fair value through profit or loss	-	-
Assets measured at cost less impairment	10,024	31,181
Liabilities measured at cost less impairment	(37,885)	(26,773)
	<u>(27,861)</u>	<u>4,408</u>

### 20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	858	1,140
Between one and five years	917	2,332
More than five years	-	-
	<u>1,775</u>	<u>3,472</u>

During the year £1,209,823 was recognised as an expense in the profit and loss account in respect of operating leases (2016 : £1,206,072).

### 21 Contingencies

The company has issued various bonds and guarantees in favour of HM Revenue and Customs and other service providers to the Company totalling £595,928 (2016:£657,210).

### 22 Related parties

#### Transactions with key management personnel

The key management personnel are defined as the board directors and their remuneration is disclosed in note 6.

	Receivable from 2017 £000	2016 £000	Payable to 2017 £000	2016 £000
Entities with control over the company	3,383	-	5,600	19,712
Other entities under common control	2,610	15,772	23,069	-
	<u>5,993</u>	<u>15,772</u>	<u>28,669</u>	<u>19,712</u>

## **Notes (continued)**

### **23 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Bilstein Beteiligungs GmbH. The ultimate controlling party is Bilstein Handels GmbH + Co.KG (D).

The largest and smallest group in which the results of the Company are consolidated is that headed by Ferdinand Bilstein GmbH +Co. KG (D), incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are not available to the public.

### **24 Accounting estimates and judgements**

#### *Key sources of estimation uncertainty*

#### *Accruals & Deferred Income*

The Company applies consistently the accruals concept in accounting for expenses and income as they are incurred. At the reporting date management make a judgement on the value of invoices not yet received where the significant risks and rewards of ownership have passed to the Company or a service has been carried out and is considered to be complete.

Income is recognised when the significant risks and rewards of ownership have passed to the customer, when it is more likely than not that consideration will be received and when it is more likely than not that a return will not occur.

The total carrying value of accruals and deferred income of the Company as per note 14 is £5,533,317 (2016: £9,369,840).

#### *Stock*

An estimate is made at the reporting date on stock received into the warehouse that has not yet been invoiced, the estimate is based on the fair value of the goods received. The total value of stock received not invoiced at the reporting date is £612,713 (2016: £175,312).

As estimate is made at the reporting date on stock shipped from the supplier not yet received into the warehouse, the estimate is based on the fair value of the goods shipped prior to the reporting date. The total value of stock in transit at the reporting date is £1,424,771 (2016: £3,956,944)

#### *Critical accounting judgements in applying the Company's accounting policies*

Certain critical accounting judgements (apart from those involving estimations included above) in applying the Company's accounting policies are described below:

#### *Finance and operating leases*

The Company is subject to a number of lease obligations. On commencement of the lease management makes a judgement on whether the lease conditions constitute a finance lease or an operating lease as per FRS 102.20. The current outstanding operating lease obligations at the reporting date are detailed in note 20.