

Kautex Textron CVS Limited

Report and Financial Statements

31 December 2018



Directors

J Rautenstrauch
J Perez Pascual

Secretary

N Rojas-Mera

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

Bank of America Merrill Lynch
2 King Edward Street
London EC1A 1HQ

Solicitors

Warren Murton
23 Bedford Row
London WC1R 4EB

Registered office

23 Bedford Row
London WC1R 4EB

Registered No. 03402476

Registered No. 03402476

Strategic report

Results and dividends

The profit for the year after taxation amounted to £2,539k (2017 – £3,353k).

The directors do not recommend a final dividend (2017 – £nil).

Dividends paid in the year amounted to £nil (2017 – £nil)

Principal activity and review of the business

The company's principal activity during the year continued to be the manufacture and distribution of washer systems for the automotive industry.

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

	2018 £000	2017 £000
Turnover	33,496	37,537
Operating profit	3,110	4,049
Profit after tax	2,539	3,353
Shareholders' funds	31,025	28,442

Turnover in 2018 has decreased from 2017 by 11% which was mainly due to decreased demand from customers related to the trend in the automotive industry.

Distribution costs and Administration expenses have decreased slightly year on year mainly related to lower premium freight costs.

The Company continue to review market risk and its effects internally.

Continued emphasis is being placed on cost reduction, continuous improvement, and the development of new products. The Company's tax strategy can be found at <https://investor.textron.com/investors/corporate-governance/default.aspx>.

Principal risks and uncertainties

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

Competitive risks

Largely owing to the nature of the market in the UK, the company has faced very strong competition in recent years. The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market.

Legislative risks

Risk within the UK industry is controlled by specific recognised bodies who provide good practice and standards to follow.

Strategic report (continued)

Financial risks

The company has established a risk and financial management framework the primary objectives of which 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.

The directors continually review and evaluate the risks that the company is facing. The company's operations expose it to a variety of financial risks that include the effects of exposure to price, credit liquidity and cash flow risk, along with foreign currency and legislation risk. The full business implications of Brexit remain uncertain, which will be the case for some time, and any risks arising will be a key focus area for management in the next financial year. Currency fluctuations, trading arrangements, employment issues and other risks that become apparent over time will be monitored by management and mitigation put in place where possible.

On behalf of the Board

Director

Date:


Javier Perez
Sep. 23, 2019

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Going concern

In forming its opinion as to going concern, the directors prepare a working capital forecast based upon its assumptions as to operating, investing and financing activities as well as taking into account the expected available borrowing facilities with its parent undertaking or other affiliates of the ultimate parent undertaking. Based upon these, the directors have concluded that the company has adequate resources to maintain working capital and therefore confirm their belief that it is appropriate to use the going concern basis of preparation for the financial statements of the company.

Future developments

Management aim to maintain the company policies to improve sales through innovation and new product development.

Directors

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

J Rautenstrauch
J Perez Pascual

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.

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 employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company newsletter and the Textron 'Our Voice' survey. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Post balance sheet event

On 25th June 2019 Kautex Textron CVS Ltd distributed a total of £19.5M to its sole owner Textron International Holding BV.

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Directors' report (continued)

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 they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 487(2) of the Companies Act 2006, the auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this Report and Financial Statements are sent to members unless a resolution is passed under section 488 of the Companies Act 2006 to the effect that they should not be re-appointed.

On behalf of the Board



Director

Date:

James Perez
Sep. 23, 2019

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 KAUTEX TEXTRON CVS Limited

Opinion

We have audited the financial statements of Kautex Textron CVS Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAUTEX TEXTRON CVS Limited (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAUTEX TEXTRON
CVS Limited (continued)**

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Paul Mapleston

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date

27 / 9 / 19

Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	2	33,496	37,537
Cost of sales		(27,594)	(30,502)
Gross Profit		5,902	7,035
Distribution costs		(320)	(913)
Administrative expenses		(2,472)	(2,073)
Operating Profit	3	3,110	4,049
Interest payable and similar charges	6	97	20
Profit on ordinary activities before taxation		3,207	4,069
Tax	7	(668)	(716)
Profit for the financial year		2,539	3,353

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 December 2018

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2017	541	24,145	24,686
Share-based payment	-	(87)	(87)
Prior year adjustment of customer tooling projects (note 1)	-	490	490
Profit for the year	-	3,353	3,353
At 31 December 2017 (Restated)	541	27,901	28,442
Share-based payment	-	44	44
Profit for the year	-	2,539	2,539
At 31 December 2018	541	30,484	31,025

Balance sheet

at 31 December 2018

		2018	2017
		£000	£000
	Notes		(Restated)
Fixed assets			
Tangible assets	8	2,590	2,178
Current assets			
Stocks	9	1,839	1,651
Debtors	10	32,268	30,964
Cash at bank and in hand		1	4
		34,108	32,619
Creditors: amounts falling due within one year	11	(5,673)	(6,355)
Net current assets		28,435	26,264
Total assets less current liabilities		31,025	28,442
Capital and reserves			
Called up share capital	12	541	541
Profit and loss account		30,484	27,901
Shareholders' funds		31,025	28,442

The financial statements were approved by the Board and authorised for issue and were signed on its behalf by



Director

Javier Perez

Date:

Sp. 23, 2019

Notes to the financial statements

at 31 December 2018

1. Accounting policies

Basis of preparation and statement of compliance with FRS102

Kautex Textron CVS Limited is a limited liability company incorporated in England and Wales, with its registered office at Warren Murton, 23 Bedford Row, London WC1R 4EB. These financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the historical cost convention. The principal accounting policies adopted by the Company are set out below and have been consistently applied throughout the year.

The financial statements are presented in the company's functional currency of GB Pounds (Sterling), rounded to the nearest thousand Pounds (£000).

The company is a qualifying entity (note 19) and has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 7 – Statement of Cash Flows and Section 3 – Financial Statement Presentation paragraph 3.17(d); and
- (b) The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 29A relating to financial instruments;
- (c) The requirements of Section 26 – Share Based Payment – paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (d) The requirement of Section 33 – Related Party Disclosures paragraph 33.7

Prior year adjustment

The company updated its accounting with respect to the customer tooling projects to align with the accounting policy applied by the group. Prior to 2018, labour costs associated to a project were charged directly to the income statement. Under the new treatment, these are now incorporated in the capitalised costs of the project. Management have identified that this accounting has resulted in a prior year adjustment in respect of labour costs previously expensed.

The prior year adjustment has been made at the beginning of the earliest period presented in the financial statements. The effect of the restatement is to reduce the amount charged to cost of sales related to labour costs and increase customer tooling balance included in other debtors by £0.5m as at 31 December 2017.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on the prices prevailing at the date of acquisition of each asset, evenly over its expected useful life as follows:

Short leasehold	–	over 25 years
Plant, machinery and tooling	–	over 1-15 years
Fixtures and fittings	–	over 3 years

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

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost includes all costs incurred in bringing each product to its present location and condition and is based on purchase cost as follows:

Raw materials, consumables

and goods for resale

– purchase cost on a first-in, first-out basis.

Work in progress and finished goods

– cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Revenue recognition

Turnover is recognised in line with the contract terms and conditions of its customers which recognises revenue when risk changes from seller to buyer, this is at the point of despatch.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. This is done each year, usually at the same currency rate as next year's annual budget rate.

Purchases and sales in foreign currencies are recorded at the actual rate of exchange ruling at the date of the transaction. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The company does not undertake any hedge accounting transactions.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share-based payment

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares (equity-settled transactions). The shares issued are those of the Company's ultimate parent undertaking and controlling party, Textron Inc.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is based on the market value of the shares at the date of grant less required adjustments to reflect the fair value of the award as dividends are not paid or accrued until the shares vest.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the periods in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest. No expense is recorded for awards that do not ultimately vest.

The terms of the equity-settled award do not allow modifications.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual tooling project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Warranties

Warranty costs are charged to the profit and loss account when incurred.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for future expected costs of maintenance under warranties are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Judgements & Key Source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock (estimates have been made for net realised value, after considering current market conditions and product availability), warranties (estimates of expected warranty claims for products sold are made based on historical data and current trends), bad debts (estimates of provisions required have been made after considering of likely recoverable amounts and industry experience).

Notes to the financial statements

at 31 December 2018

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:

	2018 £000	2017 £000
United States	435	124
Canada	20	29
Western Europe	30,138	34,826
Eastern Europe	1,500	1,067
Northern Africa	1,275	1,362
Asia	128	129
	<u>33,496</u>	<u>37,537</u>

3. Operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Auditors' remuneration	28	28
Depreciation	241	252
Operating lease rentals – leasehold property	341	334
Operating lease rentals – vehicles & equipment	74	82
Foreign exchange loss/(gain)	<u>28</u>	<u>(123)</u>

4. Directors' remuneration

The Directors received no remuneration for their services in respect of the company in the current year. Directors' remuneration is borne by another company within the group. Their time spent on the activities of the company is negligible.

None of the directors were members of a defined benefit pension scheme. Consequently, no company contributions have been made to such a scheme.

Notes to the financial statements

at 31 December 2018

5. Staff costs

	2018 £000	2017 £000
Wages and salaries	9,164	9,546
Social security costs	784	800
Pension costs	469	386
Expense of share-based payment (note 15)	44	(87)
	<u>10,461</u>	<u>10,645</u>

The average monthly number of employees during the year was made up as follows:

	2018 No.	2017 No.
Management and administration	122	114
Production	195	186
Sales and marketing	3	5
	<u>320</u>	<u>305</u>

6. Interest payable and similar charges

	2018 £000	2017 £000
Group interest payable	<u>97</u>	<u>20</u>

Notes to the financial statements

at 31 December 2018

7. Tax

(a) Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	2018 £000	2017 £000
UK Corporation tax expense	475	616
RDEC Claim	(28)	(28)
Current tax expense	447	588
Origination and reversal of timing differences	129	134
Effects of changes in tax rates	-	-
Deferred tax now recognised	-	-
Adjustments in respect of prior periods	(1)	(6)
Deferred Tax (credit)/expense	128	128
Tax expense included in profit or loss	575	716
Total current and deferred tax relating to items of other comprehensive income	93	-
	668	716

All losses surrendered/received are paid for and so group relief has not been recognised in the accounts.

Notes to the financial statements

at 31 December 2018

Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2017:19.25%). The differences are reconciled below:

	2018 £000	2017 £000
Profit on ordinary activities before taxation	3,207	4,069
Profit on ordinary activities multiplied by standard rate of tax in UK of 19% (2017:19.25%)	609	783
Expenses not deductible for tax purposes	1	-
Employee share acquisition	8	(16)
Group relief received for nil consideration	-	-
Effect of change in tax rate	(14)	(17)
RDEC claim	(28)	(28)
Deferred tax now recognised	-	-
Adjustment in respect of prior periods	(1)	(6)
Corporation tax charge for the year	575	716
Effective Tax Rate	17.92 %	17.59%

(c) Factors that may affect future charges

The Finance Act 2016 enacted on 15 September 2016 further reduces the main rate of corporation tax to 17% from 1 April 2020.

Deferred tax assets and liabilities at 31 December 2018 have been calculated at 17%.

The rate change will impact any future cash tax payment to be made by the company.

(d) Deferred tax asset

	£'000
At 1 January 2018	541
Charged to profit and loss account	(129)
Adjustment in respect of prior periods	1
At 31 December 2018	413

Notes to the financial statements

at 31 December 2018

Tax (continued)

(d) Deferred tax asset (continued)

	2018 £000	2017 £000
Recognised		
Accelerated capital allowances	310	433
Other timing differences	103	107
	<u>413</u>	<u>541</u>

The deferred tax asset is expected to reduce by £100k in 2018

There are no expiry dates associated with the capital allowances or other timing differences.

8. Tangible fixed assets

	<i>Plant and machinery</i> £000	<i>Fixtures and fittings</i> £000	<i>Assets under construction</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2018	7,162	247	992	8,401
Additions	-	-	653	653
Transfers	1,102	-	(1,102)	-
At 31 December 2018	<u>8,264</u>	<u>247</u>	<u>543</u>	<u>9,054</u>
Depreciation:				
At 1 January 2018	5,976	247	-	6,223
Provided during the year	241	-	-	241
At 31 December 2018	<u>6,217</u>	<u>247</u>	<u>-</u>	<u>6,464</u>
Net book value:				
At 31 December 2018	<u>2,047</u>	<u>-</u>	<u>543</u>	<u>2,590</u>
At 31 December 2017	<u>1,186</u>	<u>-</u>	<u>992</u>	<u>2,178</u>

9. Stocks

	2018 £000	2017 £000
Raw materials and consumables	1,597	1,584
Finished goods and goods for resale	<u>242</u>	<u>67</u>
	<u>1,839</u>	<u>1,651</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Notes to the financial statements

at 31 December 2018

10. Debtors

	2018	2017
	£000	£000
		(Restated)
Trade debtors	4,855	6,307
Amounts owed by group undertakings	24,510	22,485
Other debtors (restated)	2,827	1,995
Prepayments and accrued income	76	177
	<u>32,268</u>	<u>30,964</u>

Amounts falling after more than one year included above are:

	2018	2017
	£000	£000
		(Restated)
Included in Other debtors:		
Deferred tax asset	541	541
Customer tooling	2,286	1,454
	<u>2,827</u>	<u>1,995</u>

11. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	2,386	2,574
Amounts owed to group undertakings	1,640	1,978
Other taxes and social security costs	308	346
Accruals and deferred income	1,339	1,458
	<u>5,673</u>	<u>6,355</u>

12. Issued share capital

	2018		2017
	No.	£000	No.
			£000
Allotted, called up and fully paid			
Ordinary shares of £0.01 each	54,087,201	<u>541</u>	54,087,201 <u>541</u>

13. Capital commitments

The capital commitments at 31 December 2018 were £nil (2017 - £nil).

Notes to the financial statements

at 31 December 2018

14. Pensions

The company participates in a defined contribution pension scheme, the Textron Limited Pension Scheme, for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end (2017 – £nil).

15. Share-based payments

1999 Long-term incentive plan

Eligible employees of the Company receive awards under the Restricted Stock section of the 1999 long-term incentive plan (the Plan). The Plan is operated by the Company's ultimate parent undertaking and controlling party, Textron Inc. An award of Restricted Stock vests one-third in each of the third, fourth and fifth years following the date of grant. The employee must still be employed by the Company at the date of vest for the shares to become vested. There are no performance conditions attached to the award. Restricted stock is transferred to the employee's ownership, at the date of vest, at no cost to the employee.

16. Other financial commitments

At 31 December 2018 the company had total commitments under non-cancellable operating leases as set out below:

	2018 £000	2017 £000
Land & buildings operating leases which expire:		
Within one year	308	84
In two to five years	1,234	-
Equipment operating leases which expire:		
Within one year	62	54
In two to five years	70	25
	<u>1,674</u>	<u>163</u>

17. Contingent liabilities

	2018 £000	2017 £000
HM Revenue and Customs import duty guarantee	<u>100</u>	<u>100</u>

Notes to the financial statements

at 31 December 2018

18. Provisions for liabilities

	<i>Maintenance Dilapidations</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>
At 1 January 2018	230	230
Additions during the year	-	-
At 31 December 2018	<u>230</u>	<u>230</u>

A provision has been made for dilapidations of the leased building. It is expected that these costs will be incurred on the vacation of the property at the end of the agreed lease term.

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Textron International Holding BV. The ultimate parent undertaking and controlling party is Textron Inc, a company incorporated in the United States of America. This is the largest group of which the company is a member and for which group financial statements are prepared. Their financial statements are available from the registered office at 40 Westminster Street, Providence, RI 02903, USA.

The smallest group of which the company is a member and for which group financial statements are prepared is Textron International Holdings SL based in Spain. These financial statements are available from the company's registered office.

20. Post balance sheet events

On 25th June 2019 Kautex Textron CVS Ltd distributed a total of £19.5M to its sole owner Textron International Holding BV.