

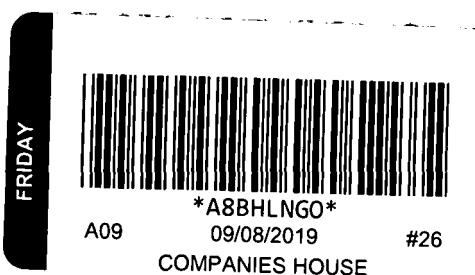
Registered number: 03467939

CONTINENTAL ENGINEERING SERVICES LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CONTINENTAL ENGINEERING SERVICES LIMITED

COMPANY INFORMATION

Directors	W Lissy M Kieper B Neitzel
Company secretary	M Kieper
Registered number	03467939
Registered office	Zytek House Lancaster Road Fradley Business Park Lichfield Staffordshire WS13 8RY
Accountants	BDO LLP Chartered Accountant Two Snowhill Birmingham B4 6GA

CONTINENTAL ENGINEERING SERVICES LIMITED

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CONTINENTAL ENGINEERING SERVICES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Business review

The company does not trade, it acts as an intermediate holding company for its subsidiaries.

Principal risks and uncertainties

The company does not trade, so it has minimal risks and uncertainties. The carrying value of the investment is considered to constitute an uncertainty. The ability of the company to meet its liabilities when they fall due is the company's primary risk.

This report was approved by the board on 30 July 2019 and signed on its behalf.



M Kieper
Director

CONTINENTAL ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Directors

The Directors who served during the year were:

W Lissy
M Kieper
B Neitzel

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to 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.

Future developments

It is expected that the company will remain dormant for the foreseeable future.

Post balance sheet events

There have been no significant events affecting the company since the year end.

This report was approved by the board on 30 July 2019 and signed on its behalf.



M Kieper
Director

CONTINENTAL ENGINEERING SERVICES LIMITED

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF CONTINENTAL ENGINEERING SERVICES
LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2018**

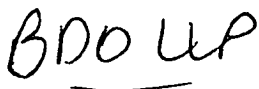
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Continental Engineering Services Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of Directors of Continental Engineering Services Limited, as a body, in accordance with the terms of our engagement letter dated 17 April 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Continental Engineering Services Limited and state those matters that we have agreed to state to the Board of Directors of Continental Engineering Services Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Continental Engineering Services Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Continental Engineering Services Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and result of Continental Engineering Services Limited. You consider that Continental Engineering Services Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Continental Engineering Services Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



BDO LLP

Chartered Accountant

Two Snowhill

Birmingham

B4 6GA

Date: 31 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONTINENTAL ENGINEERING SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The company has not traded during the year or the preceding financial year. During these periods, the company received no income and incurred no expenditure and therefore made neither profit or loss.

CONTINENTAL ENGINEERING SERVICES LIMITED
REGISTERED NUMBER: 03467939

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	5	4,036,040	4,036,040
Current liabilities			
Creditors: amounts falling due within one year	6	(1,561,322)	(1,561,322)
Total assets less current liabilities		<u>2,474,718</u>	<u>2,474,718</u>
Net assets		<u>2,474,718</u>	<u>2,474,718</u>
Capital and reserves			
Called up share capital	7	5,262	5,262
Share premium account	8	1,994,732	1,994,732
Profit and loss account	8	474,724	474,724
		<u>2,474,718</u>	<u>2,474,718</u>

For the year ended 31 December 2018 the company was entitled to exemption from audit under section 480 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 July 2019.



M Kieper
Director

The notes on pages 7 to 11 form part of these financial statements.

CONTINENTAL ENGINEERING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	5,262	1,994,732	474,724	2,474,718
Total comprehensive income for the year	-	-	-	-
At 1 January 2018	5,262	1,994,732	474,724	2,474,718
Total comprehensive income for the year	-	-	-	-
At 31 December 2018	5,262	1,994,732	474,724	2,474,718

The notes on pages 7 to 11 form part of these financial statements.

CONTINENTAL ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. COMPANY INFORMATION

Continental Engineering Services Limited is a private company limited by shares, registered in England and Wales, and incorporated in England. The registered office address is Zyte House, Lancaster Road, Fradley Park, Lichfield, Staffordshire, WS13 8RY. The company's registration number is 03467939.

The company has not traded during the year or during the preceding financial year.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared for the company as a single entity.

The financial statements are denominated in sterling, which is the company's functional currency, and are rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Continental AG as at 31 December 2018 and these financial statements may be obtained from Zyte House, Lancaster Road, Fradley Park, Lichfield, Staffordshire, WS13 8RY.

2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

CONTINENTAL ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.5 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company is a dormant intermediate holding company. No critical accounting estimates or judgements are required in the preparation of the financial statements.

CONTINENTAL ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Employees

Staff costs were as follows:

The company has no employees other than the Directors, who did not receive any remuneration (2017 - £Nil).

The Directors' remuneration was paid by Zytek Automotive Limited, a subsidiary of Continental Engineering Services Limited.

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	4,036,040
At 31 December 2018	<u>4,036,040</u>

The company owns 100% of the issued share capital of Zytek Group Limited, The registered address of Zytek Group Limited is Zytek House, Lancaster Road, Fradley Park, Lichfield, Staffordshire, WS13 8RY. Zytek Group Limited owns 100% of the issued share capital of Zytek Automotive Limited, which is also incorporated in the UK.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Zytek Group Limited	Ordinary shares of £1 each	100%
	Ordinary A shares of £0.10 each	100%
	Ordinary B shares of £1 each	100%
	Ordinary C shares of £0.10 each	100%

CONTINENTAL ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	1,555,669	1,555,669
Other creditors	5,653	5,653
	<u>1,561,322</u>	<u>1,561,322</u>

7. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,137 (2017 - 1,137) Voting A Ordinary shares shares of £1.00 each	1,137	1,137
1,494 (2017 - 1,494) Non-Voting A Ordinary shares shares of £1.00 each	1,494	1,494
2,631 (2017 - 2,631) Voting B Ordinary Shares shares of £1.00 each	2,631	2,631
	<u>5,262</u>	<u>5,262</u>

All shares of the same class have the same right to receive a dividend. Further detail of the rights attaching to each class of share can be found in the company's articles of association.

8. Reserves

Share premium account

There was no movement on the share premium account in the year. The share premium account represents the premium paid on shares in previous years.

Profit and loss account

There was no movement on the profit and loss account in the year. The profit and loss account relates to the accumulated profits less distributions to the parent undertaking, arising historically when the company traded.

9. Related party transactions

During the year there were no transactions with Zytek Group Limited (2017 - £Nil) the company's only immediate subsidiary. At the year end £1,555,669 (2017 - £1,555,669) was owed to Zytek Group Limited.

CONTINENTAL ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Controlling party

The company's immediate parent undertaking is CAS UK Holding Limited, which owns all of the A ordinary shares and 1,631 of the B ordinary shares. The remaining 1,000 B ordinary shares are held by Continental AG. The ultimate controlling party is Continental AG a company incorporated in Germany, which produces consolidated financial statements.

Continental Engineering Services Limited is exempt from the obligation to prepare and deliver group accounts on the basis that it is included in the consolidated financial statements of Continental AG a company incorporated in Germany.