

Registered number: 03604141

## **AUTOFIL HOLDINGS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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# **AUTOFIL HOLDINGS LIMITED**

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## **AUTOFIL HOLDINGS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	M S Llewellyn J J Holder (appointed 18 October 2017)
<b>Company secretary</b>	M S Llewellyn
<b>Registered number</b>	03604141
<b>Registered office</b>	Unit 3 Orchard Court Nunn Brook Road Sutton-In-Ashfield Nottingham NG17 2HU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor 19 Cornwall St Birmingham B3 2DT
<b>Bankers</b>	Lloyds Bank plc Butt Dyke House Park Row Nottingham NG1 6GY

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Introduction**

The directors present the Strategic Report for Autofil Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2017.

**Review and analysis of the business during the current year**

The Group continued its principal activities throughout the current year. The principal activity of the Group continues to be the sale, marketing, preparation/manufacture and dyeing of specialist synthetic yarns for use in the automotive industry.

The production transfer program continued during 2017, with substantial activities and machinery relocated to Bulgaria. The Group gained significant financial benefit from this during the 2017 year, with further benefits to be gained in 2018 following completion of the process. This relocation has led directly to the improvements seen in the financial results for 2017, with an increase in operating profit of £3.6m, and management expect to see further gains in coming years. There were some re-organisation costs in the year of £0.1m (2016: £0.2m).

In anticipation of the end of the lease on its previous factory site, the Group has leased new premises in the UK that are more suited to the Group's new needs. These premises were taken in May 2018, refitted and occupied in August 2018. Further investment in plant and machinery has been made in 2018 to support the manufacturing operations.

**Key performance indicators**

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

Sales in the year increased by 7.3% to £42.9m due to greater volumes and higher value articles being sold. Gross Profit Margin increased from 13.2% to 19.7% , due to the transfer of the operating activities overseas reducing labour costs and other running costs such as energy.

At the year end the Group had £4.5m of cash at bank and in hand, compared to £1.7m last year and a bank overdraft of £Nil compared to £0.9m last year. Overall the group generated a pre-tax profit of £3.3m. The cash position of the group remains strong. Net assets have increased to £7.7m at 31 December 2017 from £4.7m at 31 December 2016.

The management of the Group have established robust management systems involving the close monitoring of key areas such as production efficiency, productivity, safety and quality control.

**Financial performance during the year and financial position at the reporting date**

As reported in the consolidated statement of comprehensive income, Group revenue increased from £40.0m to £42.9m reflecting higher activity levels and some changes in currency. Profit before taxation improved from a loss £0.9m to a profit of £3.3m.

The Balance Sheet shows that the net assets at the year end have increased from £4.7m to £7.7m at 31 December 2017 due to the profits reported.

No dividend was paid this year or last year. A dividend of €1.5m has been proposed and was paid on 11 June 2018.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Principal risks and uncertainties**

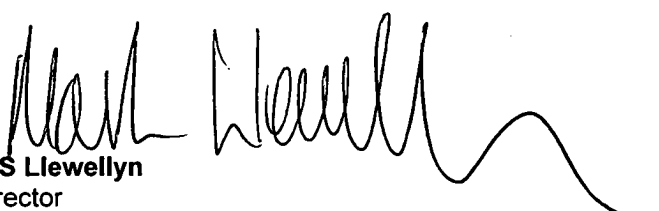
Management continually monitor the key risks facing the Group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually. The principal risks and uncertainties facing the group are as follows:

The Group is aware of the risks to prices and volumes as a result of the current economic environment. Adverse changes in the general economic situation and potential uncertainty created by the vote by the UK to leave the European Union. The Group remains confident that the key partnerships it has forged in the Automotive supply chain together with their positioning within key models will enable them to withstand these economic pressures, and the establishment of a branch in Bulgaria (within the EU) should mitigate many of the issues that might otherwise be created as part of the EU situation.

The Group supplies to major Automotive manufacturers throughout Europe, generally on credit terms. Management controls this risk by maintaining careful control on customer balances and buying Credit Insurance to reduce the financial risk of customer failures to manageable levels.

The Group monitors and reviews its customer relationships, and to provide support and technical advice our customers to ensure opportunities to secure future developments are maximised.

This report was approved by the board and signed on its behalf by:

  
**M S Llewellyn**  
Director

Date: 11 September 2018

## **AUTOFIL HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their annual report and the audited financial statements of Autofil Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2017.

#### **Principal activity**

The principal activity of the Group continues to be the sale, marketing, preparation/manufacture and dyeing of specialist synthetic yarns for use in the automotive industry.

#### **Future developments**

The industry sector achieved low car registrations in many European territories during 2012 and 2013 but strong recovery was seen in key markets during 2014, 2015, 2016 and 2017. The directors believe that the strong partnerships forged with key customers over the last few years leaves the Group well placed to participate in any growth.

In anticipation of the end of the lease on its previous factory site, the Group has leased new premises in the UK that are more suited to the Group's new needs. These premises were taken in May 2018, refitted and occupied in August 2018. Further investment in plant and machinery has been made in 2018 to support the manufacturing operations.

Further discussion on future developments is contained in the Business Review section of the Strategic Report.

The Group has an overseas branch in Bulgaria.

#### **Results and dividends**

The profit for the financial year amounted to £2,596,739 (2016: loss £749,432).

No dividends were paid in the year (2016: £Nil). A dividend of €1.5m has been proposed and was paid on 11 June 2018 (2016: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A J Ullmann (resigned 18 October 2017)  
M S Llewellyn  
D B Canonico (resigned 8 December 2017)  
J J Holder (appointed 18 October 2017)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Financial risk management and financial instruments**

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to finance the group's operations.

The Group enters into derivative transactions via forward foreign currency contracts. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The Group buys and sells goods and services denominated in currencies other than sterling. As a result the value of the Group's non sterling revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and Euro rates in particular. The Group seeks to mitigate the effects of its structural currency exposure by entering into forward rate agreements. The majority of the Group's foreign exchange risk is hedged in this way.

The Group generally supplies to large automotive groups on credit terms. In addition to the regular review of balances owed by customers, and a policy of setting appropriate credit limits, the group also maintains credit insurance. The directors believe that any residual risk is not material in the context of the group's financial position.

During the year, the Group had various financing facilities with Lloyds Bank Plc to ensure sufficient liquidity over and above the positive cash balances held. Since the reporting period, very similar facilities have been opened with HSBC Bank Plc, in order service the increasingly international focus of the Group. The directors believe that these facilities provides ample liquidity for the Group.

**Qualifying third party indemnity provisions**

At the time this report is approved, and during the financial year, a qualifying third-party indemnity provision was in place for the benefit of one or more of the directors.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

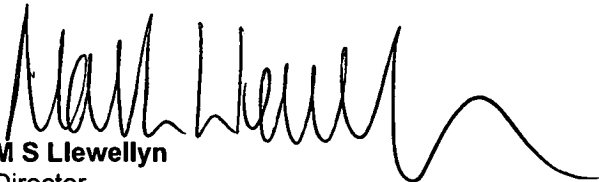
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed.

This report was approved by the board and signed on its behalf by:



**M S Llewellyn**  
Director

Date: 11 September 2018



## Report on the audit of the financial statements

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### Opinion

In our opinion, Autofil Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2017 the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

- 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 group and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOFIL HOLDINGS LIMITED  
(CONTINUED)**

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jas Khela (Senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditor  
Birmingham  
11 September 2018

**AUTOFIL HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	As restated 2016 £
Turnover	4	42,939,313	40,005,362
Cost of sales		(34,494,050)	(34,741,299)
<b>Gross profit</b>		<b>8,445,263</b>	<b>5,264,063</b>
Distribution costs		(2,044,781)	(2,250,017)
Administrative expenses		(2,915,367)	(3,096,531)
Exceptional administrative expenses	5	(145,000)	(217,000)
Total administrative expenses		(3,060,367)	(3,313,531)
<b>Operating profit/(loss)</b>	6	<b>3,340,115</b>	<b>(299,485)</b>
Interest receivable and similar income		357	24,538
Interest payable and similar expenses	10	(66,415)	(587,485)
<b>Profit/(loss) before taxation</b>		<b>3,274,057</b>	<b>(862,432)</b>
Tax on profit/(loss)	11	(677,318)	113,000
<b>Profit/(loss) for the financial year</b>		<b>2,596,739</b>	<b>(749,432)</b>
Currency translation differences/other comprehensive income for the year		358,903	-
<b>Total comprehensive income/(expense) for the financial year</b>		<b>2,955,642</b>	<b>-</b>

All results derive from continuing operations.

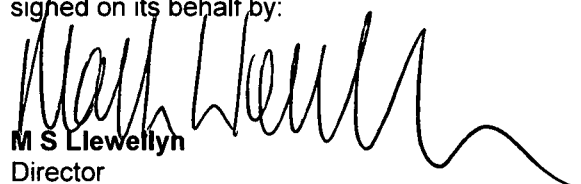
The notes on pages 14 to 34 form an integral part of these financial statements.

**AUTOFIL HOLDINGS LIMITED**  
**REGISTERED NUMBER: 03604141**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Tangible assets	13	3,020,096	2,743,443
<b>Current assets</b>			
Stocks	15	6,601,682	5,352,357
Debtors: amounts falling due after more than one year	16	348,092	921,885
Debtors: amounts falling due within one year	16	5,726,033	4,800,953
Cash at bank and in hand	17	4,496,157	1,662,387
		<u>17,171,964</u>	<u>12,737,582</u>
Creditors: amounts falling due within one year	18	(11,533,051)	(9,716,977)
<b>Net current assets</b>		<u>5,638,913</u>	<u>3,020,605</u>
<b>Total assets less current liabilities</b>		<u>8,659,009</u>	<u>5,764,048</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(79,159)	-
Other provisions	21	(900,758)	(1,040,598)
<b>Net assets</b>		<u>7,679,092</u>	<u>4,723,450</u>
<b>Capital and reserves</b>			
Share capital	22	247,936	247,936
Share premium account		1,192,538	1,192,538
Profit and loss account		6,238,618	3,282,976
<b>Total shareholders' funds</b>		<u>7,679,092</u>	<u>4,723,450</u>

The financial statements on pages 9 to 34 were approved and authorised for issue by the board and were signed on its behalf by:

  
**M S Llewellyn**  
 Director

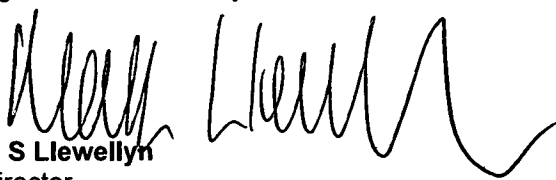
Date: 11 September 2018

The notes on pages 14 to 34 form an integral part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Investments	14	1	1
<b>Current assets</b>			
Debtors	16	7,538,038	1,460,599
Cash at bank and in hand	17	130,000	-
		<u>7,668,038</u>	<u>1,460,599</u>
Creditors: amounts falling due within one year	18	(6,207,439)	-
<b>Net current assets</b>		<u>1,460,599</u>	<u>1,460,599</u>
<b>Total assets less current liabilities</b>		<u>1,460,600</u>	<u>1,460,600</u>
<b>Net assets</b>		<u><u>1,460,600</u></u>	<u><u>1,460,600</u></u>
<b>Capital and reserves</b>			
Share capital	22	247,936	247,936
Share premium account		1,192,538	1,192,538
Profit and loss account brought forward		20,126	20,126
Result for the financial year		-	-
		<u>20,126</u>	<u>20,126</u>
<b>Total shareholders' funds</b>		<u><u>1,460,600</u></u>	<u><u>1,460,600</u></u>

The financial statements on pages 9 to 34 were approved and authorised for issue by the board and were signed on its behalf by:

  
**M S Llewellyn**  
Director

Date: 11 September 2018

The notes on pages 14 to 34 form an integral part of these financial statements.

**AUTOFIL HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
<b>At 1 January 2016</b>	<b>247,936</b>	<b>1,192,538</b>	<b>4,032,408</b>	<b>5,472,882</b>
<b>Comprehensive expense for the financial year</b>				
Loss for the financial year	-	-	(749,432)	(749,432)
<b>Total comprehensive expense for the financial year</b>	<b>-</b>	<b>-</b>	<b>(749,432)</b>	<b>(749,432)</b>
<b>At 31 December 2016 / 1 January 2017</b>	<b>247,936</b>	<b>1,192,538</b>	<b>3,282,976</b>	<b>4,723,450</b>
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	2,596,739	2,596,739
Currency translation differences	-	-	358,903	358,903
<b>Other comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>358,903</b>	<b>358,903</b>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>2,955,642</b>	<b>2,955,642</b>
<b>At 31 December 2017</b>	<b>247,936</b>	<b>1,192,538</b>	<b>6,238,618</b>	<b>7,679,092</b>

The notes on pages 14 to 34 form an integral part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
<b>At 1 January 2016</b>	<b>247,936</b>	<b>1,192,538</b>	<b>20,126</b>	<b>1,460,600</b>
Result for the financial year	-	-	-	-
<b>At 31 December 2016 / 1 January 2017</b>	<b>247,936</b>	<b>1,192,538</b>	<b>20,126</b>	<b>1,460,600</b>
Result for the financial year	-	-	-	-
<b>At 31 December 2017</b>	<b>247,936</b>	<b>1,192,538</b>	<b>20,126</b>	<b>1,460,600</b>

The notes on pages 14 to 34 form an integral part of these financial statements.

**AUTOFIL HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	As restated 2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	2,596,739	(749,432)
<b>Adjustments for:</b>		
Depreciation of tangible assets	516,621	460,839
Profit on disposal of tangible assets	(4,259)	-
Interest payable and similar expenses	66,415	68,340
Interest receivable and similar income	(357)	(24,538)
Taxation charge	677,318	(113,000)
Increase in stocks	(1,249,325)	(1,118,399)
(Increase)/decrease in debtors	(611,225)	2,753,745
(Increase)/decrease in amounts owed by groups	(32,070)	-
Increase in creditors	1,042,866	2,915,348
Increase in amounts owed to groups	1,655,004	-
Decrease in provisions	(139,840)	(793,829)
Corporation tax paid	(306,150)	-
Currency translation difference	(183,112)	-
<b>Net cash generated from operating activities</b>	<b>4,028,625</b>	<b>3,399,074</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(262,951)	(1,897,767)
Sale of tangible fixed assets	15,950	-
Interest received	357	24,538
<b>Net cash from investing activities</b>	<b>(246,644)</b>	<b>(1,873,229)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(66,415)	(68,340)
<b>Net cash used in financing activities</b>	<b>(66,415)</b>	<b>(68,340)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,715,566</b>	<b>1,457,505</b>
Cash and cash equivalents at beginning of year	780,591	(676,914)
<b>Cash and cash equivalents at the end of year</b>	<b>4,496,157</b>	<b>780,591</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,496,157	1,662,387
Bank overdrafts	-	(881,796)
	<b>4,496,157</b>	<b>780,591</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. General information**

Autofil Holdings Limited (the "Company") presents its consolidated financial statements for the year ended 31 December 2017. The presentation currency is pounds sterling (£). The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office Unit 3 Orchard Court, Nunn Brook Road, Sutton-In-Ashfield, Nottinghamshire, United Kingdom, NG17 2HU.

The principal activity of the Group continues to be the sale, marketing, preparation and dyeing of specialist synthetic yarns for use in the automotive industry.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

**Prior period adjustments**

In preparing the financial statements for the year ended 31 December 2017, the following prior period adjustments have been recorded:

*i) Forward contract balance reclassification*

The loss on the fair value of the forward contracts in 2016 of £519,145 has been reclassified from exceptional administrative expenses to interest payable and similar expenses to reflect a more appropriate classification of the nature of the balance.

*ii) Goods in transit*

A review of the INCO terms for a key supplier found that the risks and rewards had passed to the Group earlier than previously recognised. This resulted in an adjustment to increase stock and trade creditors by £204,000 in order to reflect this goods in transit balance. The amount the stock and trade creditors balance would have increased by in the opening balance sheet at 1 January 2016 would have been £314,000.

*iii) Distribution costs*

Packing and freight costs amounting to £963,000 were found to be incorrectly classified as cost of sales. An adjustment to increase distribution costs and reduce cost of sales of £963,000 has been reflected as these costs are deemed to be distribution costs in nature.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and all of its own subsidiaries (the "Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The accounting policies outlined below have been uniformly adopted across the Group. Under section 408(4) of the Companies Act 2006, the company is exempt from the requirement to present its own income statement. The result for the financial year ended 31 December 2017 in respect of the company is £Nil (2016: £Nil)

**2.3 Disclosure exemption**

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 as they are included within the consolidated financial statements:

- the requirements of Section 7 statement of cash flows
- the requirements of Section 33 related party disclosures paragraph 33.7.

**2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.5 Tangible assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- over 3 - 16.5 years
Motor vehicles	- over 4 years
Fixtures and fittings	- over 7 - 15 years

No depreciation is charged on assets which have yet to be commissioned, 'Capital work in progress'. Depreciation is charged from the month the asset is brought into use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.6 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.

Investments in unlisted Group shares, whose market value can be reliably determined, are admeasured to market value at each Balance Sheet date. Gains and losses on embrasure are recognised in the Consolidated Statement of Comprehensive Income for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads based on a normal levels of activity.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

There is a right of off-set between the entities in the Group. Gross amounts are shown in the financial statements and summarised in note 17.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.10 Financial instruments**

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 undercounted 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.

Investments in non-convertible preference shares and in non-potable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Consolidated Statement of Comprehensive Income.

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 Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.10 Financial instruments (continued)**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.11 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.

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.13 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.14 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.15 Finance Lease agreements**

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under leases and hire purchase contracts, net of finance charges, are included with creditors. Rental payable are apportioned between the finance element, which is charged to the consolidated statement of comprehensive income on a straight line basis, and the capital element which reduces the outstanding obligation for future installments.

**2.16 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.17 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.18 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.20 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance Sheet date.

**2.21 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**2.22 Research and development**

Research and developments costs are written off as incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**a. Critical judgements in applying the Group's accounting policies:**

*i. Functional currency*

The Group has operations in both the UK and Bulgaria. During the course of the the last two years the Group has been transferring its manufacturing operations from the UK to Bulgaria and, by 31 December 2017, that process had been largely completed although the administrative and operational centre has remained in the UK.

The Group transacts with customers and suppliers in a number of currencies, the main ones being Pounds Sterling (GBP), Euro's (€), and US Dollars (USD). Customers are based throughout the world however sale transactions are mostly invoiced and settled in Euros. The decision to move the manufacturing facility took place in 2016 and, by the end of 2017, most of the manufacturing had been moved to Bulgaria. All costs relating to the manufacturing facility in Bulgaria, such as labour and facility costs, are settled in Euros. The key management personnel of the business are all based, and are expected to remain based, in the UK and remuneration costs incurred for these individuals are settled in GBP.

Because of the transfer of business operations, there has been a gradual change in the relative importance of each currency. Prior to the transfer of business operations from the UK to Bulgaria, GBP was the predominant currency, and was the one that the production operations were driven by. At the end of the business relocation, Euro has a greater dominance.

The Directors determine the functional currency at the start of each financial year, and apply it consistently for that financial year unless there is clear evidence that their initial assessment is incorrect. Based on the piecemeal transfer of manufacturing operations to Bulgaria in 2016/17, the Directors' judgement was that GBP has remained the functional currency until 31 December 2017. Given that this process had largely been completed by 31 December 2017, the Directors are expecting that there will most likely be a change in functional currency for the year ending 31 December 2018.

*ii. Reorganisation costs*

Included within reorganisation costs is an estimate of costs to settle remaining liabilities. The Directors have taken professional advice and applied their judgements in both the recognition of the liability, based on the Group's obligations, and the estimation of any amounts that may be payable, after having taken professional advice. In the opinion of the directors, it would be seriously prejudicial to the interests of the Group to give additional disclosures regarding these provisions in excess of those already given in note 21.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**

**b. Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*i. Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets (see note 13).

*ii. Stock provisioning*

The Group considers it necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated net realisable value (see note 15).

**4. Turnover**

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	1,447,753	1,538,363
Rest of Europe	40,915,771	37,231,915
Rest of the world	575,789	1,235,084
	<u>42,939,313</u>	<u>40,005,362</u>

All turnover relates to the sale of products.

**5. Exceptional administrative expenses**

	2017 £	As restated 2016 £
Exceptional administrative expenses	145,000	217,000

The above represents the movement in the reorganisation provision amounting to £145,000 (2016: £217,000). These costs relates to the re-organisation of the operating activities.

The loss on the fair value of the forward contracts in 2016 of £519,145 has been reclassified from exceptional administrative expenses to interest payable and similar expenses to reflect a more appropriate classification of the nature of the balance.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2017</b>	As restated
	£	2016
		£
Depreciation of tangible fixed assets	<b>516,621</b>	460,839
Inventory recognised as an expense	<b>29,774,190</b>	27,701,242
Operating lease rentals	<b>676,170</b>	737,773
	<u><u>          </u></u>	<u><u>          </u></u>

**7. Auditors' remuneration**

	<b>2017</b>	2016
	£	£
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	<b>31,778</b>	19,990
	<u><u>          </u></u>	<u><u>          </u></u>

All audit fees are borne by Autofil Yarns Limited, with no recharge to Autofil Holdings Limited Company

**Fees payable to the Group's auditors in respect of:**

Audit-related assurance services	<b>3,300</b>	3,750
Taxation compliance services	<b>10,000</b>	-
	<u><u>          </u></u>	<u><u>          </u></u>
	<b>13,300</b>	3,750
	<u><u>          </u></u>	<u><u>          </u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Wages and salaries	<b>2,650,036</b>	3,324,658	-	-
Social security costs	<b>333,139</b>	353,727	-	-
Other pension costs	<b>46,691</b>	61,299	-	-
	<b><u>3,029,866</u></b>	<u>3,739,684</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Production	<b>202</b>	193
Distribution	<b>5</b>	10
Sales and administration	<b>18</b>	40
	<b><u>225</u></b>	<u>243</u>

The Company has no employees in 2017 nor 2016.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. Directors' remuneration**

	2017 £	2016 £
Directors' remuneration	370,800	563,002
Company contributions to defined contribution pension schemes	7,217	7,500
Compensation for loss of office	147,000	-
	<u>525,017</u>	<u>570,502</u>

During the year retirement benefits were accruing to 2 directors (2016: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £398,320 (2016: £244,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £419 (2016 - £Nil).

Included in the Consolidated Statement of Comprehensive income for the year is £49,852 (2016: £203,002) relating to management service costs charged from Volfortis Consulting Ltd, a company in which A J Ullmann is a director.

Also included in the Consolidated Statement of Comprehensive Income for the year is £55,834 (2016: £Nil) relating to management service costs charged from Taiga Associates Limited, a company in which J J Holder a director.

The key management personnel of the Group are considered to be the same as the directors.

**10. Interest payable and similar expenses**

	2017 £	As restated 2016 £
Bank interest payable	66,415	64,021
Other loan interest payable	-	4,319
Loss on derivative financial instruments	-	519,145
	<u>66,415</u>	<u>587,485</u>

The loss on the fair value of the forward contracts in 2016 of £519,145 has been reclassified from exceptional administrative expenses to interest payable and similar expenses to reflect a more appropriate classification of the nature of the balance.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**11. Tax on profit**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profit/(loss) for the financial year	20,639	-
Double taxation relief	(93,539)	(100,170)
<b>Foreign tax</b>		
Foreign tax on income for the financial year	166,432	100,170
<b>Total current tax</b>	<u>93,532</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	652,374	(101,897)
Changes to tax rates	(8,358)	5,093
Adjustment in respect of prior years	(60,230)	(16,196)
<b>Total deferred tax</b>	<u>583,786</u>	<u>(113,000)</u>
<b>Tax on profit/(loss)</b>	<u><u>677,318</u></u>	<u><u>(113,000)</u></u>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) before taxation	<u><u>3,274,057</u></u>	<u><u>(862,432)</u></u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	630,256	(172,486)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,371	7,442
Adjustments to tax charge in respect of prior periods	(60,230)	(16,196)
Tax rate changes	(8,358)	-
Amounts charged other than to P&L	104,279	-
Other differences leading to an increase (decrease) in the tax charge	-	68,240
<b>Total tax charge/(credit) for the year</b>	<u><u>677,318</u></u>	<u><u>(113,000)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**11. Tax on profit (continued)****Factors that may affect future tax charges**

The Finance Act 2015 and 2016 included legislation to reduce the standard rate of Corporation Tax in the UK to 19% from 1 April 2017 and to 17% from 1 April 2020. The reduction has been enacted at the year end date and therefore, reflected in these financial statements. Deferred tax balances at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**12. Dividends**

No dividends were paid in 2017 (2016: £Nil). The directors proposed a dividend of €1,500,000 and was paid on 11 June 2018 (2016: £Nil).

**13. Tangible assets****Group**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost</b>					
At 1 January 2017	18,006,902	129,506	3,107,756	68,689	21,312,853
Additions	16,983	36,076	153,935	55,957	262,951
Disposals	-	(11,692)	-	-	(11,692)
Transfers between classes	47,868	-	-	(47,868)	-
Exchange adjustments	541,666	3,468	3,997	14,992	564,123
At 31 December 2017	18,613,419	157,358	3,265,688	91,770	22,128,235
<b>Accumulated depreciation</b>					
At 1 January 2017	15,402,140	87,983	3,079,287	-	18,569,410
Charge for the year	458,039	31,681	26,901	-	516,621
Exchange adjustments	21,184	482	442	-	22,108
At 31 December 2017	15,881,363	120,146	3,106,630	-	19,108,139
<b>Net book value</b>					
At 31 December 2017	2,732,056	37,212	159,058	91,770	3,020,096
At 31 December 2016	2,604,761	41,523	28,470	68,689	2,743,443

## AUTOFIL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 14. Investments

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Autofil Worldwide Limited	Ordinary	100 %	Dormant
Autofil Yarns Limited	Ordinary	100 %	Production, marketing and sale of specialised synthetic yarns
Autofil Properties Limited	Ordinary	100 %	Dormant

<b>Name</b>	<b>Registered office</b>
Autofil Worldwide Limited	Unit 3 Orchard Court, Nunn Brook Road, Sutton-In-Ashfiled, Nottinghamshire, United Kingdom, NG17 2HU
Autofil Yarns Limited	Unit 3 Orchard Court, Nunn Brook Road, Sutton-In-Ashfiled, Nottinghamshire, United Kingdom, NG17 2HU
Autofil Properties Limited	Unit 3 Orchard Court, Nunn Brook Road, Sutton-In-Ashfiled, Nottinghamshire, United Kingdom, NG17 2HU

##### Company

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2017	<b>1</b>
At 31 December 2017	<b>1</b>
<b>Net book value</b>	
At 31 December 2017	<b>1</b>
At 31 December 2016	<b>1</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. Stocks**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2017</b>	<b>As restated</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>2016</b>	<b>£</b>	<b>£</b>
		<b>£</b>		
Raw materials and consumables	<b>3,105,325</b>	2,391,926	-	-
Work in progress	<b>676,723</b>	776,217	-	-
Finished goods and goods for resale	<b>2,819,634</b>	2,184,214	-	-
	<b>6,601,682</b>	5,352,357	-	-

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

Stock recognised in cost of sales during the year as an expense was £29,774,190 (2016: £27,701,242).

An impairment loss of £Nil (2016: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stocks are stated after provision for impairment of £128,384 (2016:£91,742)

A review of the INCO terms for a key supplier found that the risks and rewards had passed to the Group earlier than previously recognised. This resulted in an adjustment to increase stock and trade creditors by £204,000 in order to reflect this goods in transit balance. The amount the stock and trade creditors balance would have increased by in the opening balance sheet at 1 January 2016 would have been £314,000.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Due after more than one year</b>				
Other debtors	348,092	417,258	-	-
Deferred tax asset	-	504,627	-	-
	<u>348,092</u>	<u>921,885</u>	<u>-</u>	<u>-</u>
	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Due within one year</b>				
Trade debtors	4,460,879	4,019,044	-	-
Amounts owed by group undertakings	32,070	-	7,538,038	1,460,599
Other debtors	805,217	554,402	-	-
Prepayments and accrued income	215,249	227,507	-	-
Tax recoverable	212,618	-	-	-
	<u>5,726,033</u>	<u>4,800,953</u>	<u>7,538,038</u>	<u>1,460,599</u>

Amount owed by group undertakings are unsecured, interest free and are repayable on demand.

17. Cash at hand and in hand

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	4,496,157	1,662,387	130,000	-
Less: bank overdrafts	-	(881,796)	-	-
	<u>4,496,157</u>	<u>780,591</u>	<u>130,000</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**
**18. Creditors: amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2017</b>	<b>As restated</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>2016</b>	<b>£</b>	<b>£</b>
		<b>£</b>		
Bank overdrafts	-	881,796	-	-
Trade creditors	<b>2,261,240</b>	1,569,957	-	-
Amounts owed to group undertakings	<b>6,903,354</b>	5,248,350	<b>6,207,439</b>	-
Other taxation and social security	<b>59,692</b>	80,791	-	-
Other creditors	<b>2,276,300</b>	1,381,402	-	-
Accruals and deferred income	<b>32,465</b>	35,536	-	-
Derivative financial instruments	-	519,145	-	-
	<b>11,533,051</b>	<b>9,716,977</b>	<b>6,207,439</b>	<b>-</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The bank overdraft is secured by a fixed and floating charge over the assets of the group.

A review of the INCO terms for a key supplier found that the risks and rewards had passed to the Group earlier than previously recognised. This resulted in an adjustment to increase stock and trade creditors by £204,000 in order to reflect this goods in transit balance. The amount the stock and trade creditors balance would have increased by in the opening balance sheet at 1 January 2016 would have been £314,000.

**19. Financial instruments**

	<b>Group</b>	<b>Group</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>5,298,166</b>	4,990,704
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(519,145)
Financial liabilities measured at amortised cost	<b>(11,473,359)</b>	(9,117,041)

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Derivative financial liabilities measured at fair value through profit or loss comprise forward foreign currency contracts to hedge currency exposure on firm future commitments.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

# AUTOFIL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 20. Deferred taxation

#### Group

	2017 £
At beginning of year	504,627
Charged to profit or loss	(644,016)
Adjustment in respect of prior years	60,230
<b>At end of year</b>	<b>(79,159)</b>

The deferred taxation balance is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(78,175)	10,945
Tax losses carried forward	(984)	483,437
Other provisions	-	10,245
	<b>(79,159)</b>	<b>504,627</b>

### 21. Provisions

#### Group

	Reorganisation provision £
At 1 January 2017	1,040,598
Charged to profit or loss	146,639
Utilised in year	(286,479)
<b>At 31 December 2017</b>	<b>900,758</b>

The reorganisation provision is in respect of estimated costs to be incurred resulting from the relocation of production facilities to Bulgaria. There is some uncertainty as to timing and amounts, however the company has engaged professional advice in this regard and the directors believe that the provisions could be settled at a difference of up to 0.6m and will be substantially utilised within the next two years.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**22. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
594,090 (2016: 594,090) Ordinary shares shares of £0.01 each	5,941	5,941
241,995 (2016: 241,995) Deferred shares shares of £1 each	241,995	241,995
	<u>247,936</u>	<u>247,936</u>

The ordinary shares are entitled to a dividend and entitle the holder to one vote per share. Ordinary shares are not redeemable.

The deferred shares do not entitle the holder to any voting rights. The deferred shares do not entitle the holders to participate in any dividend. deferred shares are not redeemable.

**23. Contingent liabilities**

The Group has given a guarantee to HM Revenue and Customs in respect of the deferred payment of customs duty and valued added tax. In the opinion of the directors, no amount is expected to materialise.

**24. Capital commitments**

At 31 December 2017 the Group had capital commitments as follows:

	Group 2017 £	Group 2016 £
Contracted for but not provided in these financial statements	<u>1</u>	<u>73,852</u>

The Company had no such commitments as at 31 December 2017 (2016:£Nil).

**25. Pension commitments**

The Group operates a defined contribution pension scheme for employees within the Group. Contributions made into this scheme are paid by the Group at rates specified in the rules of the scheme. The assets of the scheme are held separately from those of the Group in independently administered funds.

Contributions payable by the Group during the year amounted to £46,691 (2016: £61,299) and have been recognised in the consolidated statement of comprehensive income.

## AUTOFIL HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 26. Commitments under operating leases

At 31 December 2017 the Group had future minimum lease payments under non-cancelable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Not later than 1 year	<b>428,037</b>	696,783
Later than 1 year and not later than 5 years	-	443,053
<b>Total</b>	<b>428,037</b>	<b>1,139,836</b>

The Company had no such commitments as at 31 December 2017 (2016: £Nil).

#### 27. Related party transactions

Included in the consolidated statement of comprehensive income for the year is £49,852 (2016: £203,002) relating to management service costs charged from Volfortis Consulting Ltd, a company in which A J Ullmann is a director. At 31 December 2017, £3,600 was owed by the Group to Volfortis Consulting Ltd (2016: £1,736).

Also included in the statement of comprehensive income for the year is £55,834 (2016: £Nil) relating to management service costs charged from Taiga Associates Limited, a company in which J J Holder is a director. At 31 December 2017, £28,091 (2016: £43) was owed by the Group to Taiga Associates Limited.

#### 28. Controlling party

At 31 December 2017 Sinterama Spa, a company registered in Italy, owned 100% of the ordinary share capital of the Company. This is the ultimate parent undertaking and controlling entity.

The smallest and largest group for which the results of the Group are consolidated is Sinterama Spa, a company registered in Italy. Copies of the consolidated financial statements of Sinterama Spa are available from 13876 Sandigliano, Via Gramsci 5, Biella, Italy.