

**REGISTERED NUMBER: 03980747 (England and Wales)**

**Krempel (UK) Holdings Limited**  
**Group Strategic Report,**  
**Report of the Directors and**  
**Consolidated Financial Statements**  
**For The Year Ended 31 December 2016**

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For The Year Ended 31 December 2016**

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**Krempel (UK) Holdings Limited**  
**Company Information**  
**For The Year Ended 31 December 2016**

<b>DIRECTORS:</b>	Herr U Assmuth C Wolfgang Reh
<b>SECRETARY:</b>	N R Currie
<b>REGISTERED OFFICE:</b>	Queens Mill Queens Street Longridge Preston PR3 3BS
<b>REGISTERED NUMBER:</b>	03980747 (England and Wales)
<b>AUDITORS:</b>	Lloyd Piggott Limited Chartered Accountants and Statutory Auditor St George's House 56 Peter Street Manchester M2 3NQ
<b>BANKERS:</b>	Landesbank Baden Wurttemberg Friedrichstrasse 24 70174 Stuttgart
<b>SOLICITORS:</b>	Nicholson Graham & Jones 110 Cannon Street London EC4N 6AR

**Group Strategic Report  
For The Year Ended 31 December 2016**

The directors present their strategic report of the company and the group for the year ended 31 December 2016.

**REVIEW OF BUSINESS**

Sales for 2016 were up 8% compared to the same period in 2015. Profit before Tax for the same period increased 32.3%. Main influences for these results were an increase in investment in renewable energy globally, especially in wind power generation. Revenues were increased due to the increased strength of sterling over the euro throughout the year. The success in composite markets in the USA was welcome and will contribute heavily to revenues in 2017. Recent investment in state of the art production equipment in both composite and power generation insulation have increased productivity across sites and improved the quality of our portfolio.

The strong foundations within the Group have ensured that good profits have been achieved in what has been a testing year for our main market sectors.

There were no post balance sheet events affecting the company in 2016.

The group will continue to invest in new technology and skills throughout 2017 in all subsidiary companies.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Increased sales in euros will mean a medium risk in exchange rates against the UK pound. This is partly hedged for the full year at an agreed level, however there is still limited exposure.

Credit risk is minimised by insuring against trade debtors, however there is an excess to be paid and a small number of current customers remain uninsured.

The group's liquidity will continue to be funded by on-going operations and secured bank borrowings.

**FUTURE DEVELOPMENTS**

The group will continue investment through 2017 in both personnel skills and capital projects in all subsidiaries.

A sales focus on increasing market share in both high voltage energy companies and composite aerospace applications will increase revenues in 2017.

**FINANCIAL INSTRUMENTS**

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities, which are conducted mainly in sterling, euros and US dollars. Euro transactions are partly covered by suitable hedging contracts at an exchange rate agreed for the year. US Dollar transactions are sold at spot rates throughout the year.

**KEY PERFORMANCE INDICATORS**

The management continues to monitor group performance via KPI's on a weekly and monthly basis. Monitoring, Sales v Budget, Profit and Cash Flow, Sales & Earnings per employee, Debtor, Creditor and Stock Days and Quality & Delivery Performance.

**Group Strategic Report  
For The Year Ended 31 December 2016**

**EMPLOYEE RELATIONS**

Krempel (UK) Holdings is an equal opportunities employer. Equal opportunities are offered to all regardless of race, colour, nationality, ethnic origin, sex, marital status, disability, religion, age or trade union membership.

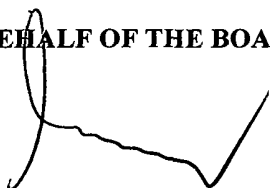
The Group gives full and fair consideration to applications for employment made by people with disabilities. The Group Policy is to offer equal opportunity to all disabled candidates and employees who have a disability or become disabled in any way during the course of their employment. A full assessment of the individuals needs is undertaken and reasonable adjustments are made to the working environment or practices to assist those with disabilities.

All candidates and employees are treated equally in respect of recruitment, promotion, training and remuneration.

The Groups Policy is to inform all employees regularly regarding the progress and performance of each company within the group. This is achieved using management meetings, Union representative meetings and quarterly Board meetings where all information is cascaded down to all employees.

The Group encourage all employees to contribute to the overall performance of the Group by engaging all employees in a profit related bonus scheme.

**ON BEHALF OF THE BOARD:**



.....  
Herr U Assmuth - Director

Date: .....

28/March/2017

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Report of the Directors  
For The Year Ended 31 December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of a holding company which manages and co-ordinates the business activities of its subsidiary companies, Jones Stroud Insulations Limited and Anglo American Vulcanised Fibre Limited. Its wholly owned subsidiaries are involved in the manufacturing of materials for the electrical, consumer product and reinforced plastics industries; along with the plastic moulding and machining and forming of composite materials.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

A dividend was proposed after the year end totalling £1,300,000. Dividends proposed in subsidiary companies amounting to the same value are also expected to be received.

**RESEARCH AND DEVELOPMENT**

During the course of the year the group continued to invest in the research and development of new and existing products for both the UK and export.

**FUTURE DEVELOPMENTS**

Information regarding the future developments of the group can be found in the strategic report.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Herr U Assmuth  
C Wolfgang Reh

**EMPLOYEE RELATIONS**

Information regarding the employee relations of the group can be found in the strategic report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Report of the Directors  
For The Year Ended 31 December 2016**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Lloyd Piggott Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
Herr U Assmuth - Director

Date: .....

28 / March / 2017

## **Report of the Independent Auditors to the Members of Krempel (UK) Holdings Limited**

We have audited the financial statements of Krempel (UK) Holdings Limited for the year ended 31 December 2016 on pages eight to thirty one. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. No material misstatements in the Strategic Report or Report of the Directors' have been identified.




**Report of the Independent Auditors to the Members of  
Krempel (UK) Holdings Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Gary Dodds (Senior Statutory Auditor)  
for and on behalf of Lloyd Piggott Limited  
Chartered Accountants and Statutory Auditor  
St George's House  
56 Peter Street  
Manchester  
M2 3NQ

Date: ..... 10/5/17 .....

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Consolidated Statement of Comprehensive Income  
For The Year Ended 31 December 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	3	31,132,830	28,817,217
Cost of sales		19,784,418	18,623,557
<b>GROSS PROFIT</b>		11,348,412	10,193,660
Distribution costs		752,237	793,382
Administrative expenses		8,626,232	7,922,991
		9,378,469	8,716,373
		1,969,943	1,477,287
Other operating income		-	6,771
<b>OPERATING PROFIT</b>	6	1,969,943	1,484,058
Interest receivable and similar income		250	218
		1,970,193	1,484,276
Interest payable and similar expenses	7	22,793	12,510
<b>PROFIT BEFORE TAXATION</b>		1,947,400	1,471,766
Tax on profit	8	443,072	320,582
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,504,328	1,151,184
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,504,328	1,151,184
Profit attributable to: Owners of the parent		1,504,328	1,151,184
Total comprehensive income attributable to: Owners of the parent		1,504,328	1,151,184

The notes form part of these financial statements

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Consolidated Statement of Financial Position  
31 December 2016**

		2016		2015	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		1,109,053		1,388,014
Tangible assets	12		8,935,485		9,341,425
Investments	13		-		-
			<u>10,044,538</u>		<u>10,729,439</u>
<b>CURRENT ASSETS</b>					
Stocks	14	5,267,530		4,712,129	
Debtors	15	6,495,517		6,489,742	
Cash at bank and in hand		<u>2,554,785</u>		<u>1,085,814</u>	
		14,317,832		12,287,685	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>2,693,922</u>		<u>2,541,620</u>	
<b>NET CURRENT ASSETS</b>			<u>11,623,910</u>		<u>9,746,065</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			21,668,448		20,475,504
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(639,932)		(920,058)
<b>PROVISIONS FOR LIABILITIES</b>	21		<u>(553,277)</u>		<u>(584,535)</u>
<b>NET ASSETS</b>			<u><u>20,475,239</u></u>		<u><u>18,970,911</u></u>

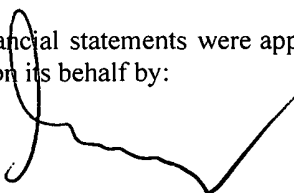
The notes form part of these financial statements

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Consolidated Statement of Financial Position - continued**  
**31 December 2016**

		2016	2015
	Notes	£	£
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	6,500,000	6,500,000
Capital redemption reserve	23	490,000	490,000
Retained earnings	23	13,485,239	11,980,911
<b>SHAREHOLDERS' FUNDS</b>		<u>20,475,239</u>	<u>18,970,911</u>

The financial statements were approved by the Board of Directors on 28. March 2017 and were signed on its behalf by:

  
.....  
Herr U Assmuth - Director

  
.....  
C Wolfgang Reh - Director

The notes form part of these financial statements

Krempel (UK) Holdings Limited (Registered number: 03980747)

Company Statement of Financial Position  
31 December 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	11	-	-
Tangible assets	12	-	-
Investments	13	6,500,002	6,500,002
		<u>6,500,002</u>	<u>6,500,002</u>
<b>CURRENT ASSETS</b>			
Debtors	15	500,000	500,000
<b>CREDITORS</b>			
Amounts falling due within one year	16	19,669	19,669
<b>NET CURRENT ASSETS</b>		<u>480,331</u>	<u>480,331</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,980,333</u>	<u>6,980,333</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	6,500,000	6,500,000
Retained earnings	23	480,333	480,333
<b>SHAREHOLDERS' FUNDS</b>		<u>6,980,333</u>	<u>6,980,333</u>
Company's profit for the financial year		-	-

The financial statements were approved by the Board of Directors on 28. Dec 2017 and were signed on its behalf by:

.....  
Herr U Assmuth - Director

.....  
C Wolfgang Reh - Director

The notes form part of these financial statements

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Consolidated Statement of Changes in Equity  
For The Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 January 2015</b>	6,500,000	10,829,727	490,000	17,819,727
<b>Changes in equity</b>				
Total comprehensive income	-	1,151,184	-	1,151,184
<b>Balance at 31 December 2015</b>	<u>6,500,000</u>	<u>11,980,911</u>	<u>490,000</u>	<u>18,970,911</u>
<b>Changes in equity</b>				
Total comprehensive income	-	1,504,328	-	1,504,328
<b>Balance at 31 December 2016</b>	<u><u>6,500,000</u></u>	<u><u>13,485,239</u></u>	<u><u>490,000</u></u>	<u><u>20,475,239</u></u>

The notes form part of these financial statements

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Company Statement of Changes in Equity  
For The Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2015</b>	6,500,000	480,333	6,980,333
<b>Changes in equity</b>			
<b>Balance at 31 December 2015</b>	<u>6,500,000</u>	<u>480,333</u>	<u>6,980,333</u>
<b>Changes in equity</b>			
<b>Balance at 31 December 2016</b>	<u><u>6,500,000</u></u>	<u><u>480,333</u></u>	<u><u>6,980,333</u></u>

The notes form part of these financial statements

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Consolidated Statement of Cash Flows  
For The Year Ended 31 December 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,942,709	2,161,371
Interest paid		(22,793)	(12,510)
Tax paid		(297,642)	(461,710)
Net cash from operating activities		<u>2,622,274</u>	<u>1,687,151</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(894,892)	(2,800,756)
Sale of tangible fixed assets		-	334
Interest received		250	218
Net cash from investing activities		<u>(894,642)</u>	<u>(2,800,204)</u>
<b>Cash flows from financing activities</b>			
New loan in year		-	1,472,093
Loan repayments in year		(221,528)	(184,012)
Net cash from financing activities		<u>(221,528)</u>	<u>1,288,081</u>
<b>Increase in cash and cash equivalents</b>		<u>1,506,104</u>	<u>175,028</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,048,681</u>	<u>873,653</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,554,785</u></u>	<u><u>1,048,681</u></u>

The notes form part of these financial statements



**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Statement of Cash Flows  
For The Year Ended 31 December 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	£	£
Profit before taxation	1,947,400	1,471,766
Depreciation charges	1,579,793	1,301,105
Profit on disposal of fixed assets	-	(84)
Finance costs	22,793	12,510
Finance income	(250)	(218)
	<hr/>	<hr/>
	3,549,736	2,785,079
Increase in stocks	(555,401)	(356,423)
(Increase)/decrease in trade and other debtors	(11,535)	186,927
Decrease in trade and other creditors	(40,091)	(454,212)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<u><u>2,942,709</u></u>	<u><u>2,161,371</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2016**

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	2,554,785	1,085,814
Bank overdrafts	-	(37,133)
	<hr/>	<hr/>
	<u><u>2,554,785</u></u>	<u><u>1,048,681</u></u>

**Year ended 31 December 2015**

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	1,085,814	873,653
Bank overdrafts	(37,133)	-
	<hr/>	<hr/>
	<u><u>1,048,681</u></u>	<u><u>873,653</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
For The Year Ended 31 December 2016**

**1. STATUTORY INFORMATION**

Krempel (UK) Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Significant judgements and estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the director to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the director believes that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Goodwill and residual values**

The Director has reviewed the asset lives and associated residual values of goodwill, and in particular, the useful economic life and residual value and has concluded that asset lives and residual values are appropriate.

**Depreciation and residual values**

The Director has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values and has concluded that asset lives and residual values are appropriate.

**Work in Progress**

The key judgements and estimates in determining the value of work in progress are labour rates and machine utilisation rates.

These assessments include a degree of uncertainty and therefore if these judgements change, amendments to work in progress may be necessary.

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover, which is stated net of VAT, is recognised when the risks and rewards of ownership are transferred by way of delivery.

**Goodwill**

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on reducing balance and 2% on cost
Plant and machinery	- 33% on reducing balance, 20% on reducing balance and 15% on reducing balance
Fixtures and fittings	- 25% on reducing balance, 20% on reducing balance, 15% on reducing balance and straight line over 5 years
Motor vehicles	- 30% on reducing balance

Once net book value reaches less than £500 the asset will be written down to nil.

The carrying values of tangible assets are reviewed for impairments in periods if events or changes in circumstances indicate the carrying value may not be recovered.

Tangible assets are stated at cost less depreciation.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Costs include all cost incurred in bringing each product to its present location and condition 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.

The company policy for obsolete stock is to review and provide where necessary for any finished goods stock where the product line has not moved within the last twelve months.

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the previous month end.

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.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Debtors**

A subsidiary currently uses a Confidential Invoice Discounting service provided by Royal Bank Of Scotland plc. This allows funds to be immediately available against current invoicing.

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

**(a) Trade receivables and trade payables**

Trade receivables do not carry interest and are stated at their initial fair value reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

**(b) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, net of bank overdrafts. Bank overdrafts are included within financial liabilities in current liabilities in the balance sheet.

**(c) Bank and other borrowings**

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

**Investments**

Investments are recorded at cost and reviewed for impairment on an annual basis.

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**3. TURNOVER**

The turnover and profit before taxation are attributable to the principle activities of the business.

The company operates in three principle areas of activity, that of (1) manufacturers of materials for the electrical, consumer product and reinforced plastics and (2) manufacturers of electrical insulation/engineering materials, precision moulding and machined parts industries, (3) manufacturers of electrical and thermal insulants.

An analysis of turnover by geographical market is given below:

	2016 Turnover £	2015 Turnover £
Countries		
United Kingdom	9,817,193	11,341,239
Europe (excluding UK)	15,824,750	12,857,592
Rest of the world	5,490,887	4,618,386
	<u>31,132,830</u>	<u>28,817,217</u>

**4. EMPLOYEES AND DIRECTORS**

	2016 £	2015 £
Wages and salaries	8,636,223	8,161,864
Social security costs	709,017	648,067
Other pension costs	222,931	214,702
	<u>9,568,171</u>	<u>9,024,633</u>

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

	2016	2015
Production	271	266
Administration	30	32
Sales and marketing	9	9
	<u>310</u>	<u>307</u>

The average number of employees by undertakings that are proportionately consolidated during the year was 310.

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**4. EMPLOYEES AND DIRECTORS - continued**

Key Personnel:

	2016	2015
	£	£
Key personnel's remuneration	670,940	636,082
Key personnel's pension contributions	<u>55,175</u>	<u>55,569</u>

**5. DIRECTORS' EMOLUMENTS**

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments	239,154	217,823
Pension contributions	<u>20,775</u>	<u>20,775</u>
	<u>259,929</u>	<u>238,598</u>

Number of directors to whom retirement benefits are accruing under money purchase schemes

2016	2015
1	1
<u>1</u>	<u>1</u>

No share options have been exercised in the period nor has the director received or become entitled to receive shares under a long-term incentive scheme.

**6. OPERATING PROFIT**

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

	2016	2015
	£	£
Hire of plant and machinery	110,830	113,731
Depreciation - owned assets	1,300,832	1,022,143
Profit on disposal of fixed assets	-	(84)
Goodwill amortisation	278,961	278,961
Auditors' remuneration	25,128	22,836
Auditors' remuneration for non audit work	24,700	20,033
Foreign exchange differences	<u>(175,757)</u>	<u>(216,080)</u>

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2016	2015
	£	£
Bank interest	-	1,243
Bank loan interest	22,793	11,267
	<u>22,793</u>	<u>12,510</u>

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	474,330	238,490
Deferred tax	(31,258)	82,092
Tax on profit	<u>443,072</u>	<u>320,582</u>

UK corporation tax has been charged at 20%.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before tax	<u>1,947,400</u>	<u>1,471,766</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	389,480	294,353
Effects of:		
Disallowed expenses	5,144	2,177
Goodwill amortisation	55,792	55,792
Depreciation on ineligible assets	3,494	3,309
Research and development	(2,161)	(3,672)
Change in rate of tax	-	2,977
Deferred tax adjustment for change in rate	-	(28,380)
Over provision of tax	(8,677)	(5,974)
Total tax charge	<u>443,072</u>	<u>320,582</u>



Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016

9. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. **DIVIDENDS**

A dividend was proposed after the year end totalling £1,300,000. Dividends proposed in subsidiary companies amounting to the same value are also expected to be received.

11. **INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £
<b>COST</b>	
At 1 January 2016	
and 31 December 2016	5,579,214
<b>AMORTISATION</b>	
At 1 January 2016	4,191,200
Amortisation for year	278,961
At 31 December 2016	4,470,161
<b>NET BOOK VALUE</b>	
At 31 December 2016	1,109,053
At 31 December 2015	1,388,014

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**12. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2016	2,732,537	16,332,499	1,474,579	19,130	20,558,745
Additions	80,555	404,748	27,696	381,893	894,892
Reclassification/transfer	34,597	85,758	5,060	(125,415)	-
At 31 December 2016	2,847,689	16,823,005	1,507,335	275,608	21,453,637
<b>DEPRECIATION</b>					
At 1 January 2016	653,081	9,342,587	1,206,384	15,268	11,217,320
Charge for year	46,872	1,171,682	81,119	1,159	1,300,832
At 31 December 2016	699,953	10,514,269	1,287,503	16,427	12,518,152
<b>NET BOOK VALUE</b>					
At 31 December 2016	2,147,736	6,308,736	219,832	259,181	8,935,485
At 31 December 2015	2,079,456	6,989,912	268,195	3,862	9,341,425

**13. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2016 and 31 December 2016	6,500,002
<b>NET BOOK VALUE</b>	
At 31 December 2016	6,500,002
At 31 December 2015	6,500,002

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2016**

**13. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**Jones Stroud Insulations Limited**

Registered office:

Nature of business: Manufacturers of electrical insulations

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		14,285,676	13,115,198
Profit for the year		1,170,478	794,897

**Anglo American Vulcanised Fibre Limited**

Registered office:

Nature of business: Manufacturers of composite materials.

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		5,200,629	4,866,782
Profit for the year		333,847	356,287

**Krempel Limited**

Registered office:

Nature of business: converting electrical insulation materials.

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		528,602	528,602

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2016**

**14. STOCKS**

	2016	2015
	£	£
Raw materials	2,495,222	2,115,724
Work in progress	1,760,217	1,550,488
Consignment stock	964,686	998,545
Packaging	47,405	47,372
	<u>5,267,530</u>	<u>4,712,129</u>

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	3,682,125	3,350,917	-	-
Amounts owed by group undertakings	2,560,452	2,784,273	500,000	500,000
Tax	-	5,760	-	-
VAT	80,234	102,165	-	-
Prepayments	172,706	246,627	-	-
	<u>6,495,517</u>	<u>6,489,742</u>	<u>500,000</u>	<u>500,000</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 18)	426,621	405,156	-	-
Trade creditors	1,185,517	1,452,483	-	-
Amounts owed to group undertakings	61	1,038	19,669	19,669
Tax	211,373	40,445	-	-
Social security and other taxes	224,287	232,377	-	-
Accruals and deferred income	646,063	410,121	-	-
	<u>2,693,922</u>	<u>2,541,620</u>	<u>19,669</u>	<u>19,669</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2016	2015
	£	£
Bank loans (see note 18)	<u>639,932</u>	<u>920,058</u>

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**18. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	2016 £	2015 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	37,133
Bank loans	426,621	368,023
	<u>426,621</u>	<u>405,156</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	426,621	368,023
	<u>426,621</u>	<u>368,023</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	213,311	552,035
	<u>213,311</u>	<u>552,035</u>

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group:

	<b>Non-cancellable operating leases</b>	
	2016 £	2015 £
Within one year	105,429	142,078
Between one and five years	87,537	133,550
	<u>192,966</u>	<u>275,628</u>

Company:

	2016 £	2015 £
Within one year	-	-
Between one and five years	-	-
	<u>-</u>	<u>-</u>

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2016**

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	2016	2015
	£	£
Bank overdraft	-	37,133
Bank loans	1,066,553	1,288,081
	<u>1,066,553</u>	<u>1,325,214</u>

The above loans are secured against the following:

Guarantees from Krempel GmbH.

Unlimited inter-company guarantee dated 23 March 2007 between the reporting entity Jones Stroud Insulations Ltd, Krempel Ltd and Anglo American Vulcanized Fibre Ltd.

A legal charge over land and buildings at Standard Works, Queen Street, Longridge, Preston, PR3 3BS, dated 5 July 2004, is held by The Royal Bank Of Scotland plc.

A legal charge over the land and buildings at Clovelly Road, Bideford, Devon, EX39 3EX, dated 22 June 2004, is held by The Royal Bank Of Scotland.

There is a fixed charge over a bank account to the value of £50,000 included in cash at bank and in hand.

**21. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	2016	2015
	£	£
Deferred tax	<u>553,277</u>	<u>584,535</u>
<b>Group</b>		
		Deferred tax
		£
Balance at 1 January 2016		584,535
Accelerated capital allowances		(31,258)
Balance at 31 December 2016		<u>553,277</u>

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2016**

**21. PROVISIONS FOR LIABILITIES - continued**

As at 31 December 2016 a deferred tax liability of £553,277 (2015: £584,535) has been recognised due to the reasonable expectation of tax payable in future periods in respect of taxable temporary differences.

There is no unrecognised deferred tax.

The main rate of corporation tax is 20% from 1 April 2015.

Deferred tax balances at the balance sheet date have been calculated using a rate of 20%, on the basis that this rate had been substantively enacted at the balance sheet date.

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
		£1	£	£
6,000,000	Ordinary		<u>6,000,000</u>	<u>6,000,000</u>

Allotted and issued:

Number:	Class:	Nominal value:	2016	2015
		1	£	£
500,000	Ordinary		<u>500,000</u>	<u>500,000</u>

**23. RESERVES**

**Group**

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1 January 2016	11,980,911	490,000	12,470,911
Profit for the year	<u>1,504,328</u>		<u>1,504,328</u>
At 31 December 2016	<u>13,485,239</u>	<u>490,000</u>	<u>13,975,239</u>

**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**23. RESERVES - continued**

**Company**

	Retained earnings £
At 1 January 2016	480,333
Profit for the year	-
	<hr/>
At 31 December 2016	<u>480,333</u>

**24. PENSION COMMITMENTS**

Two subsidiaries operate one pension scheme as follows:

The company operates a group personal pension plan which is available to all members of staff who have three months service. The individual contributes a minimum of 3% into the fund. The employer makes a set contribution of between 3% and 10% of salary. This scheme commenced on the 1st December 2000.

The pension costs charged represent contributions payable by the company to the fund and amounted to £222,931 (2015 - £214,702).

Unpaid contributions outstanding at the year end are included in creditors.

**25. ULTIMATE PARENT COMPANY**

The ultimate parent company during the year under review was August Krempel Soehne GmbH (Papierfabrikstrasse 4, 71665, Vaihingen, Enz, Germany), a company registered in Germany.

**26. CAPITAL COMMITMENTS**

	2016 £	2015 £
Contracted but not provided for in the financial statements	<u>264,734</u>	<u>-</u>



**Krempel (UK) Holdings Limited (Registered number: 03980747)**

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2016**

**27. RELATED PARTY DISCLOSURES**

**AAVF LTD**

Krempel GmbH  
Ultimate parent company

Sales of £42,797 (2015: £874) were made to Krempel GmbH during the year.

Purchases of £9,992 (2015: £4,619) were made from Krempel GmbH during the year.

Trade debtor balances of £42,351 (2015: £nil) were owing by Krempel GmbH at the year end.

Trade creditor balances of £1,047 (2015: £830) were owing to Krempel GmbH at the year end.

**JSI LIMITED**

Krempel GmbH  
Ultimate parent company

Sales of £13,198,592 (2015: £10,516,305) were made to AKS during the year.

Purchases of £472,497 (2015: £544,110) were made from AKS during the year.

Trade creditor balances of £16,542 (2015: £10,442) were owing to AKS at the year end.

Trade debtor balances of £2,076,993 (2015: £2,291,032) were receivable from AKS at the year end.

DMI Isolantes Eletricos Ltda  
Subsidiary of ultimate parent company

Sales of £8,541 (2015: £6,298) were made to DMI during the year.

Purchases of £105 (2015: £Nil) were made from DMI during the year.

Trade creditor balance of £61 (2015: £Nil) were owing to DMI at the year end.

Trade debtor balance of £Nil (2015: £3,683) were receivable from DMI at the year end.

**KREMPEL (UK) HOLDINGS**

Included in debtors is a balance of £500,000 (2015: £500,000) owed to Krempel (UK) Holdings Ltd from August Krempel Soehne GmbH, which is the ultimate parent company. This loan is interest free and repayable upon demand.

**28. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.