

**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 2017**

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For The Year Ended 31 December 2017**

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**Krempel (UK) Holdings Limited**  
**Company Information**  
**For The Year Ended 31 December 2017**

<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 Stuggart
<b>SOLICITORS:</b>	Nicholson Graham & Jones 110 Cannon Street London EC4N 6AR

**Group Strategic Report  
For The Year Ended 31 December 2017**

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

**REVIEW OF BUSINESS**

Sales for 2017 were up 13% compared to the same period in 2016. Profit before Tax for the same period increased 50.5%. Main influences for these results were a continued 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 will continue and will contribute heavily to revenues in 2018. 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. 2018 promises to be equally demanding with increased raw material costs and overcapacity in our core markets having a detrimental effect on historical margins. Focus in 2018 will be on increasing productivity in all sites to mitigate the erosion of margins.

There were no post balance sheet events affecting the company in 2017.

The group will continue to invest in new technology and skills throughout 2018 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 2018 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 2018.

**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 2017**

**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

11 April 2018

**Report of the Directors  
For The Year Ended 31 December 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

**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 interim dividends were paid during the year ended 31 December 2017.

The directors recommend final dividends per share as follows:

Ordinary £1 shares	0.2
Ordinary 1 shares	0.2

The total distribution of dividends for the year ended 31 December 2017 will be £ 1,300,000 .

**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 2017 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.

**Report of the Directors  
For The Year Ended 31 December 2017**

**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.

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

11 April 2018

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

### **Opinion**

We have audited the financial statements of Krempel (UK) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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.



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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

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

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

- the information given in the 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
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

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

**Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

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

11 April 2018

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

**Consolidated Statement of Comprehensive Income  
For The Year Ended 31 December 2017**

	Notes	2017 £	£	2016 £	£
<b>TURNOVER</b>	3		35,271,957		31,132,830
Cost of sales			<u>21,961,514</u>		<u>19,803,167</u>
<b>GROSS PROFIT</b>			13,310,443		11,329,663
Distribution costs		909,379		752,237	
Administrative expenses		<u>9,453,811</u>		<u>8,607,483</u>	
			10,363,190		9,359,720
<b>OPERATING PROFIT</b>	6		2,947,253		1,969,943
Interest receivable and similar income			-		250
			<u>2,947,253</u>		<u>1,970,193</u>
Interest payable and similar expenses	7		<u>16,955</u>		<u>22,793</u>
<b>PROFIT BEFORE TAXATION</b>			2,930,298		1,947,400
Tax on profit	8		<u>591,641</u>		<u>443,072</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			2,338,657		1,504,328
<b>OTHER COMPREHENSIVE INCOME</b>			-		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>2,338,657</u>		<u>1,504,328</u>
Profit attributable to:					
Owners of the parent			<u>2,338,657</u>		<u>1,504,328</u>
Total comprehensive income attributable to:					
Owners of the parent			<u>2,338,657</u>		<u>1,504,328</u>

The notes form part of these financial statements

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

**Consolidated Statement of Financial Position  
31 December 2017**

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Intangible assets	11		830,091		1,109,053
Tangible assets	12		10,034,740		8,935,485
Investments	13		-		-
			<u>10,864,831</u>		<u>10,044,538</u>
<b>CURRENT ASSETS</b>					
Stocks	14	5,444,708		5,267,530	
Debtors	15	7,505,077		6,495,517	
Cash at bank and in hand		<u>1,925,745</u>		<u>2,554,785</u>	
		14,875,530		14,317,832	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>3,467,351</u>		<u>2,693,922</u>	
<b>NET CURRENT ASSETS</b>			<u>11,408,179</u>		<u>11,623,910</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			22,273,010		21,668,448
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(222,143)		(639,932)
<b>PROVISIONS FOR LIABILITIES</b>	22		<u>(536,971)</u>		<u>(553,277)</u>
<b>NET ASSETS</b>			<u><u>21,513,896</u></u>		<u><u>20,475,239</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 2017**

	Notes	2017 £	£	2016 £	£
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23	6,500,000		6,500,000	
Capital redemption reserve	24	490,000		490,000	
Retained earnings	24	<u>14,523,896</u>		<u>13,485,239</u>	
<b>SHAREHOLDERS' FUNDS</b>		<u>21,513,896</u>		<u>20,475,239</u>	

The financial statements were approved by the Board of Directors on 11 April 2018 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 2017**

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		<u>6,500,002</u>		<u>6,500,002</u>
			6,500,002		6,500,002
<b>CURRENT ASSETS</b>					
Debtors	15	500,000		500,000	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>19,669</u>		<u>19,669</u>	
<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	23		6,500,000		6,500,000
Retained earnings	24		<u>480,333</u>		<u>480,333</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,980,333</u>		<u>6,980,333</u>
Company's profit for the financial year			<u>1,300,000</u>		<u>-</u>

The financial statements were approved by the Board of Directors on 11 April 2018 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 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 January 2016</b>	6,500,000	11,980,911	490,000	18,970,911
<b>Changes in equity</b>				
Total comprehensive income	-	1,504,328	-	1,504,328
<b>Balance at 31 December 2016</b>	6,500,000	13,485,239	490,000	20,475,239
<b>Changes in equity</b>				
Dividends	-	(1,300,000)	-	(1,300,000)
Total comprehensive income	-	2,338,657	-	2,338,657
<b>Balance at 31 December 2017</b>	6,500,000	14,523,896	490,000	21,513,896

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 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2016</b>	6,500,000	480,333	6,980,333
<b>Changes in equity</b>			
<b>Balance at 31 December 2016</b>	<u>6,500,000</u>	<u>480,333</u>	<u>6,980,333</u>
<b>Changes in equity</b>			
Dividends	-	(1,300,000)	(1,300,000)
Total comprehensive income	-	1,300,000	1,300,000
<b>Balance at 31 December 2017</b>	<u>6,500,000</u>	<u>480,333</u>	<u>6,980,333</u>

The notes form part of these financial statements



**Consolidated Statement of Cash Flows**  
**For The Year Ended 31 December 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,848,894	2,942,709
Interest paid		(16,955)	(22,793)
Tax paid		(517,477)	(297,642)
Net cash from operating activities		<u>3,314,462</u>	<u>2,622,274</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(2,321,729)	(894,892)
Sale of tangible fixed assets		3,200	-
Interest received		-	250
Net cash from investing activities		<u>(2,318,529)</u>	<u>(894,642)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(400,125)	(221,528)
Equity dividends paid		(1,300,000)	-
Net cash from financing activities		<u>(1,700,125)</u>	<u>(221,528)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(704,192)</u>	<u>1,506,104</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,554,785	1,048,681
<b>Cash and cash equivalents at end of year</b>	2	<u>1,850,593</u>	<u>2,554,785</u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows  
For The Year Ended 31 December 2017

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

	2017	2016
	£	£
Profit before taxation	2,930,298	1,947,400
Depreciation charges	1,499,704	1,579,793
Profit on disposal of fixed assets	(1,467)	-
Finance costs	16,955	22,793
Finance income	-	(250)
	<u>4,445,490</u>	<u>3,549,736</u>
Increase in stocks	(177,178)	(555,401)
Increase in trade and other debtors	(1,009,560)	(11,535)
Increase/(decrease) in trade and other creditors	<u>590,142</u>	<u>(40,091)</u>
<b>Cash generated from operations</b>	<u><b>3,848,894</b></u>	<u><b>2,942,709</b></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the 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 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	1,925,745	2,554,785
Bank overdrafts	<u>(75,152)</u>	<u>-</u>
	<u><b>1,850,593</b></u>	<u><b>2,554,785</b></u>

**Year ended 31 December 2016**

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

**Notes to the Consolidated Financial Statements  
For The Year Ended 31 December 2017**

**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 2017**

**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	- 10% on cost, 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
Capital work in progress	- straight line over 5 years

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
	cost of direct materials and labour plus
Work in progress and finished goods	- 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 2017**

**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 2017**

**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.

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017****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:

	2017 Turnover £	2016 Turnover £
Countries		
United Kingdom	11,788,854	9,817,193
Europe (excluding UK)	16,841,936	15,824,750
Rest of the world	6,641,167	5,490,887
	<u>35,271,957</u>	<u>31,132,830</u>

**4. EMPLOYEES AND DIRECTORS**

	2017 £	2016 £
Wages and salaries	9,386,454	8,534,517
Social security costs	868,616	810,723
Other pension costs	229,627	222,931
	<u>10,484,697</u>	<u>9,568,171</u>

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

	2017	2016
Production	290	271
Administration	30	30
Sales and marketing	9	9
	<u>329</u>	<u>310</u>

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2016 - NIL).

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**4. EMPLOYEES AND DIRECTORS - continued**

Key Personnel:

	2017	2016
	£	£
Key personnel's remuneration	870,077	670,940
Key personnel's pension contributions	<u>52,300</u>	<u>55,175</u>

**5. DIRECTORS' EMOLUMENTS**

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments	301,974	239,154
Pension contributions	<u>20,400</u>	<u>20,775</u>
	<u>322,374</u>	<u>259,929</u>

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

2017	2016
<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):

	2017	2016
	£	£
Other operating leases	128,962	110,830
Depreciation - owned assets	1,220,742	1,300,832
Profit on disposal of fixed assets	(1,467)	-
Goodwill amortisation	278,962	278,961
Auditors' remuneration	28,932	25,128
Auditors' remuneration for non audit work	18,955	24,700
Foreign exchange differences	<u>133,390</u>	<u>(175,757)</u>



**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	£	£
Bank interest	76	-
Bank loan interest	16,879	22,793
	<u>16,955</u>	<u>22,793</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	609,512	474,330
Under provision prior year	(1,566)	-
Total current tax	<u>607,946</u>	<u>474,330</u>
Deferred tax	(16,305)	(31,258)
Tax on profit	<u>591,641</u>	<u>443,072</u>

UK corporation tax has been charged at 19% (2016 - 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:

	2017	2016
	£	£
Profit before tax	<u>2,930,298</u>	<u>1,947,400</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	556,757	389,480
Effects of:		
Disallowed expenses	2,972	5,144
Goodwill amortisation	53,003	55,792
Depreciation on ineligible assets	7,438	3,494
Research and development	(4,790)	(2,161)
Change in rate of tax	7,870	-
Deferred tax adjustment for change in rate	(30,286)	-
Over provision of tax	(1,566)	(8,677)
Leased cars	243	-
Total tax charge	<u>591,641</u>	<u>443,072</u>

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**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**

	2017 £	2016 £
Ordinary shares of £1 each		
Final	1,200,000	-
Ordinary shares of 1 each		
Final	<u>100,000</u>	<u>-</u>
	<u>1,300,000</u>	<u>-</u>

**11. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £
<b>COST</b>	
At 1 January 2017	
and 31 December 2017	<u>5,579,214</u>
<b>AMORTISATION</b>	
At 1 January 2017	4,470,161
Amortisation for year	<u>278,962</u>
At 31 December 2017	<u>4,749,123</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>830,091</u>
At 31 December 2016	<u>1,109,053</u>

Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 January 2017	2,847,689	16,823,006	1,507,335
Additions	483,364	982,683	32,117
Reclassification/transfer	31,127	333,943	51,210
At 31 December 2017	3,362,180	18,139,632	1,590,662
<b>DEPRECIATION</b>			
At 1 January 2017	699,953	10,514,269	1,287,503
Charge for year	56,976	1,072,702	87,560
Eliminated on disposal	-	-	-
At 31 December 2017	756,929	11,586,971	1,375,063
<b>NET BOOK VALUE</b>			
At 31 December 2017	2,605,251	6,552,661	215,599
At 31 December 2016	2,147,736	6,308,737	219,832

  

	Motor vehicles £	Capital work in progress £	Totals £
<b>COST</b>			
At 1 January 2017	19,130	256,478	21,453,638
Additions	11,686	811,879	2,321,729
Disposals	(12,130)	-	(12,130)
Reclassification/transfer	-	(416,280)	-
At 31 December 2017	18,686	652,077	23,763,237
<b>DEPRECIATION</b>			
At 1 January 2017	16,427	-	12,518,152
Charge for year	3,504	-	1,220,742
Eliminated on disposal	(10,397)	-	(10,397)
At 31 December 2017	9,534	-	13,728,497
<b>NET BOOK VALUE</b>			
At 31 December 2017	9,152	652,077	10,034,740
At 31 December 2016	2,703	256,478	8,935,486

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**13. FIXED ASSET INVESTMENTS**

**Company**

Shares in  
group  
undertakings  
£

**COST**

At 1 January 2017  
and 31 December 2017

6,500,002

**NET BOOK VALUE**

At 31 December 2017

6,500,002

At 31 December 2016

6,500,002

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: Queens Mill, Queen Street, Longridge, Preston. PR3 3BS

Nature of business: Manufacturers of electrical insulations

Class of shares:	%
Ordinary	holding 100.00

**Anglo American Vulcanised Fibre Limited**

Registered office: Clovelly Road, Bideford, Devon. EX39 3EX

Nature of business: Manufacturers of composite materials.

Class of shares:	%
Ordinary	holding 100.00

**Krempel Limited**

Registered office: Queen Street, Longridge, Preston. PR3 3BS

Nature of business: converting electrical insulation materials.

Class of shares:	%
Ordinary	holding 100.00

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**14. STOCKS**

	2017	2016
	£	£
Raw materials	2,400,536	2,495,222
Work in progress	1,776,544	1,760,217
Consignment stock	1,203,789	964,686
Packaging	63,839	47,405
	<u>5,444,708</u>	<u>5,267,530</u>

The amount of stock recognised as an expense in cost of sales during the year is £177,178 (2016: £555,401).

There are no write-downs or reversal of write-downs of stocks in 2017 or 2016.

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

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	4,214,775	3,682,125	-	-
Amounts owed by group undertakings	2,954,752	2,560,452	500,000	500,000
VAT	114,517	80,234	-	-
Prepayments	221,033	172,706	-	-
	<u>7,505,077</u>	<u>6,495,517</u>	<u>500,000</u>	<u>500,000</u>

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

	<b>Group</b>		<b>Company</b>	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 18)	519,438	426,621	-	-
Trade creditors	1,386,507	1,185,517	-	-
Amounts owed to group undertakings	-	61	19,669	19,669
Tax	301,842	211,373	-	-
Social security and other taxes	261,419	224,287	-	-
Accruals and deferred income	998,145	646,063	-	-
	<u>3,467,351</u>	<u>2,693,922</u>	<u>19,669</u>	<u>19,669</u>

Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017

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

	<b>Group</b>	
	2017	2016
	£	£
Bank loans (see note 18)	<u>222,143</u>	<u>639,932</u>

18. **LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	75,152	-
Bank loans	<u>444,286</u>	<u>426,621</u>
	<u>519,438</u>	<u>426,621</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>222,143</u>	<u>426,621</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>213,311</u>

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group:

Non-cancellable  
operating leases

	2017	2016
	£	£
Within one year	117,527	105,429
Between one and five years	146,531	87,537
In more than five years	9,987	
	<u>274,045</u>	<u>192,966</u>

Company:

	2017	2016
	£	£
Within one year	-	-
Between one and five years	-	-
	<u>-</u>	<u>-</u>

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	2017	2016
	£	£
Bank overdraft	75,152	-
Bank loans	666,429	1,066,553
	<u>741,581</u>	<u>1,066,553</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.



Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017

21. FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets measured at amortised cost:		
Trade debtors	4,214,775	3,682,125
Amounts owed by group undertakings	<u>2,954,752</u>	<u>2,560,452</u>
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	741,581	1,066,553
Trade creditors	1,386,506	1,185,518
Amounts owed to group undertakings	<u>-</u>	<u>61</u>

The Company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets measured at amortised cost:		
Trade debtors	2,729,291	2,147,173
Amounts owed by group undertakings	<u>2,717,465</u>	<u>2,786,515</u>
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	779,193	1,066,553
Trade creditors	1,159,819	896,822
Amounts owed to group undertakings	<u>528,602</u>	<u>528,663</u>

22. PROVISIONS FOR LIABILITIES

	Group	
	2017 £	2016 £
Deferred tax	<u>536,971</u>	<u>553,277</u>
<b>Group</b>		
		Deferred tax £
Balance at 1 January 2017		553,277
Accelerated capital allowances		18,704
Change in rate of tax		<u>(35,010)</u>
Balance at 31 December 2017		<u>536,971</u>

**Notes to the Consolidated Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**22. PROVISIONS FOR LIABILITIES - continued**

As at 31 December 2017 a deferred tax liability of £536,971 (2016: £553,277) 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 19% from 1 April 2017 prior to this it was 20% from 1 April 2015.

Deferred tax balances at the balance sheet date have been calculated using a rate of 19%, on the basis that this rate had been substantively enacted at the balance sheet date.

**23. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
		£1	£	£
6,000,000	Ordinary		<u>6,000,000</u>	<u>6,000,000</u>

Allotted and issued:

Number:	Class:	Nominal value:	2017	2016
		1	£	£
500,000	Ordinary		<u>500,000</u>	<u>500,000</u>

**24. RESERVES**

**Group**

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1 January 2017	13,485,239	490,000	13,975,239
Profit for the year	2,338,657		2,338,657
Dividends	(1,300,000)		(1,300,000)
At 31 December 2017	<u>14,523,896</u>	<u>490,000</u>	<u>15,013,896</u>

Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017

24. **RESERVES - continued**

**Company**

	Retained earnings £
At 1 January 2017	480,333
Profit for the year	1,300,000
Dividends	(1,300,000)
At 31 December 2017	<u>480,333</u>

25. **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 £229,627 (2016 - £222,931).

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

26. **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.

27. **CAPITAL COMMITMENTS**

	2017 £	2016 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>264,734</u>

**Notes to the Consolidated Financial Statements - continued  
For The Year Ended 31 December 2017**

**28. RELATED PARTY DISCLOSURES**

**AAVF LTD**

Krempel GmbH  
Ultimate parent company

Sales of £24,950 (2016: £42,797) were made to Krempel GmbH during the year.

Purchases of £13,007 (2016: £9,992) were made from Krempel GmbH during the year.

Trade debtor balances of £4,241 (2016: £42,351) were owing by Krempel GmbH at the year end.

Trade creditor balances of £2,158 (2016: £1,047) were owing to Krempel GmbH at the year end.

**JSI LIMITED**

Krempel GmbH  
Ultimate parent company

Sales of £13,653,835 (2016: £13,198,592) were made to AKS during the year.

Purchases of £586,816 (2016: £472,497) were made from AKS during the year.

Trade creditor balances of £39,942 (2016: £16,542) were owing to AKS at the year end.

Trade debtor balances of £2,494,694 (2016: £2,076,993) were receivable from AKS at the year end.

Krempel China  
Subsidiary of ultimate parent company

Purchases of £1,018 (2016: £Nil) were made from Krempel China during the year.

DMI Isolantes Eletricos Ltda  
Subsidiary of ultimate parent company

Sales of £215,991 (2016: £8,541) were made to DMI during the year.

Purchases of £225 (2016: £105) were made from DMI during the year.

Trade creditor balance of £Nil (2016: £61) were owing to DMI at the year end.

**KREMPPEL (UK) HOLDINGS**

Included in debtors is a balance of £500,000 (2016: £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.

**29. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.