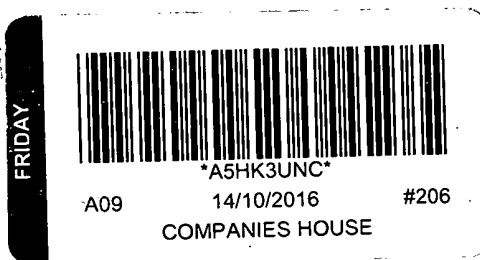


Registered number: 03984537

**Rosti Canning Brett Ltd**  
**(formerly known as Rosti McKechnie Ltd)**

**Annual report and financial statements**

**for the year ended 31 December 2015**



# **Rosti Canning Brett Ltd**

## **Company information**

<b>Directors</b>	B Coughlan M Dittmann T Hansson
<b>Registered number</b>	03984537
<b>Registered office</b>	Bridge Works Stamford Bridge York YO41 1AL
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL

# **Rosti Canning Brett Ltd**

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# **Rosti Canning Brett Ltd**

## **Strategic report for the year ended 31 December 2015**

The directors present their Strategic report on the company for the year ended 31 December 2015.

### **Business review and future developments**

The company's principal activity during the year ended 31 December 2015 was the design and manufacture of engineered plastic component products and the manufacture and sale of metal pressings and fasteners, which are sold mainly in the UK, US and Europe.

Turnover for the financial year ended 31 December 2015 was £131,162,000 (2014: £106,042,000), an increase of £25,120,000 from 2014. The profit on ordinary activities before taxation was £6,079,000 (2014: £6,820,000). As at 31 December 2015 the company held net assets of £5,904,000 (2014: £26,243,000).

On 29 December 2015, a resolution was passed to reduce the share premium account of the company from £14,990,000 to £4,990,000.

On 29 December 2015, the company declared and paid a dividend of £25,000,000 (2014: £15,000,000).

Rosti Canning Brett Ltd (formerly Rosti McKechnie Ltd) included a number of operating manufacturing sites. On 31 December 2015 some of these sites were each transferred to new legal entities. This was to allow each site to focus on its own core market as a separate operating unit.

The company received by way of inter company loan, consideration of £39,700,000, being the net book value of the net assets transferred to fellow group undertakings. The post-tax profits of the manufacturing sites which were transferred during the year ended 31 December 2015 were £3,555,000 (2014: £4,390,000), and have been referred to as 'discontinued operations' within the Annual report and financial statements.

As at 1 January 2016 the company's principal activity is the manufacture and sale of metal pressings and fasteners products in the UK, US and Europe, with business carried on entirely from the Canning Brett site.

### **Financial key performance indicators**

The key performance indicators (KPIs) for the company are in line with the KPIs of the ultimate parent undertaking and include turnover growth, operating margin growth and the conversion of operating profits into cash. These are monitored by monthly reporting to the ultimate parent undertaking. During the year revenues increased by 24% (2014: increase of 11%) to £131,162,000 (2014: £106,042,000) and profits on ordinary activities before taxation decreased by 11% (2014: increase of 3%) to £6,079,000 (2014: £6,820,000) due to customer margin pressure and high new product introduction costs.

## **Rosti Canning Brett Ltd**

### **Strategic report (continued) for the year ended 31 December 2015**

#### **Principal risks and uncertainties**

Management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to raw material prices, currency exposure, credit risk and customer retention risk.

- **Raw material prices:** The earning capacity of the company is affected by deviations in raw material prices. The company has a good level of expertise in polymer purchasing and major contracts with customers include clauses to enable the company to pass on increases in cost of raw materials to the customer.
- **Currency exposure:** The company makes sales and purchases in foreign currencies. Transactions are translated at prevailing rates at the end of each month and any required adjustments made during that month. Where possible, forward currency transactions are "self hedged".
- **Credit risk:** The company's principal credit risk arises from the company's trade debtors. Credit limits are monitored but the perceived risks are low.
- **Customer retention and fulfillment risk:** The company has contracts with key customers. The loss of a contract with a key customer could significantly impact the company's revenue. The company closely monitors its key customers and continually seeks new ways to enhance the commercial relationship whilst investing in people and fixed assets to meet its customers' needs. The company also continues to seek new customers.

This report was approved by the board on

30/9

2016 and signed on its behalf by:

Director



# **Rosti Canning Brett Ltd**

## **Directors' report for the year ended 31 December 2015**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

### **Business review, future developments and financial risk management**

The business review, future developments and principal risks and uncertainties disclosures can be found in the Strategic report on pages 1 and 2.

### **Transition to FRS 102**

This is the first year that the company has presented its results under Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The impact of this transition is shown in note 26 of these financial statements.

### **Results and dividends**

The profit for the financial year, after taxation, amounted to £4,661,000 (2014: £5,451,000).

An interim dividend for the year ended 31 December 2015 of £25,000,000 was declared and paid on 29 December 2015 (2014: interim dividend £15,000,000).

### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

B Coughlan  
M Dittmann  
T Hansson (appointed 26 November 2015)  
B Vernet (resigned 26 November 2015)

### **Qualifying third party indemnity provisions**

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the ultimate parent undertaking throughout the financial year end up to the date of signing these financial statements.

### **Employee policies**

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its performance. The group encourages the involvement of employees by means of regular local briefing sessions, an employee satisfaction survey and an employee magazine.

It is company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of; sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

# **Rosti Canning Brett Ltd**

## **Directors' report for the year ended 31 December 2015**

### **Research and development**

Product development and innovation is a continuous process. The company has committed additional resources to the development of new products to enhance the organic growth of the business. The company incurred research and development costs of £1,078,000 during the year (2014: £950,000).

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

## **Rosti Canning Brett Ltd**

### **Directors' report for the year ended 31 December 2015**

#### **Independent auditors**

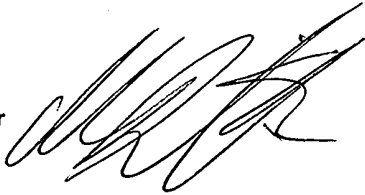
In accordance with section 485 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on  
by:

30/9

2016 and signed on its behalf

Director

A handwritten signature in black ink, appearing to be 'M. R. Brett', written over the word 'Director'.



# **Independent auditors' report to the members of Rosti Canning Brett Ltd**

## **Report on the financial statements**

---

### **Our opinion**

In our opinion, Rosti Canning Brett Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# **Independent auditors' report to the members of Rosti Canning Brett Ltd**

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## **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not been made. We have no exceptions to report arising from this responsibility.

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

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### **Our responsibilities and those of the directors**

As explained more fully in the Directors' responsibilities statement set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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### **What an audit of financial statements involves**

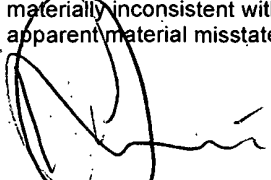
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Ian Plunkett FCA (Senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

30 September 2016

## Rosti Canning Brett Ltd

### Profit and loss account for the year ended 31 December 2015

	Note	Continuing operations 2015 £000	Discontin'd operations 2015 £000	Total 2015 £000	Continuing operations 2014 £000	Discontin'd operations 2014 £000	Total 2014 £000
Turnover	5	7,669	123,493	131,162	6,206	99,836	106,042
Cost of sales		(5,735)	(113,955)	(119,690)	(3,744)	(89,239)	(92,983)
<b>Gross profit</b>		<b>1,934</b>	<b>9,538</b>	<b>11,472</b>	<b>2,462</b>	<b>10,597</b>	<b>13,059</b>
Distribution costs		(44)	(1,701)	(1,745)	(24)	(1,883)	(1,907)
Administrative expenses		(548)	(2,287)	(2,835)	(1,322)	(2,848)	(4,170)
<b>Operating profit</b>	6	<b>1,342</b>	<b>5,550</b>	<b>6,892</b>	<b>1,116</b>	<b>5,866</b>	<b>6,982</b>
Interest receivable and similar income		-	-	-	-	16	16
Interest payable and similar charges	10	-	(813)	(813)	-	(178)	(178)
<b>Profit on ordinary activities before taxation</b>		<b>1,342</b>	<b>4,737</b>	<b>6,079</b>	<b>1,116</b>	<b>5,704</b>	<b>6,820</b>
Tax on profit on ordinary activities	11	(236)	(1,182)	(1,418)	(55)	(1,314)	(1,369)
<b>Profit for the financial year</b>		<b>1,106</b>	<b>3,555</b>	<b>4,661</b>	<b>1,061</b>	<b>4,390</b>	<b>5,451</b>

The notes on pages 12 to 30 form part of these financial statements.

## Rosti Canning Brett Ltd

### Statement of other comprehensive income for the year ended 31 December 2015

	Note	2015 £000	2014 £000
Profit for the financial year		4,661	5,451
<b>Other comprehensive income</b>			
Unrealised deficit on revaluation of tangible assets through revaluation reserve		-	(756)
<b>Total comprehensive income for the financial year</b>		<u>4,661</u>	<u>4,695</u>

# Rosti Canning Brett Ltd

Registered number: 03984537

## Balance sheet as at 31 December 2015

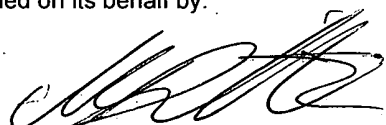
	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	13	-	1,322
Tangible assets	14	779	27,845
		<u>779</u>	<u>29,167</u>
<b>Current assets</b>			
Stocks	15	413	8,819
Debtors: Amounts falling due after more than one year	16	61	-
Debtors: Amounts falling due within one year	16	41,134	35,919
Cash at bank and in hand		11,432	5,238
		<u>53,040</u>	<u>49,976</u>
Creditors: Amounts falling due within one year	17	(47,884)	(51,271)
<b>Net current assets/(liabilities)</b>		<u>5,156</u>	<u>(1,295)</u>
<b>Total assets less current liabilities</b>		<u>5,935</u>	<u>27,872</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	-	(321)
Other provisions	19	(31)	(1,308)
		<u>(31)</u>	<u>(1,629)</u>
<b>Net assets</b>		<u><u>5,904</u></u>	<u><u>26,243</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	10	10
Share premium account		4,990	14,990
Revaluation reserve		-	52
Retained earnings		904	11,191
<b>Total equity</b>		<u><u>5,904</u></u>	<u><u>26,243</u></u>

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

30/9

2016 and

Director



The notes on pages 12 to 30 form part of these financial statements.

## Rosti Canning Brett Ltd

### Statement of changes in equity for the year ended 31 December 2015

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2015	10	14,990	52	11,191	26,243
Profit for the financial year	-	-	-	4,661	4,661
Dividends	-	-	-	(25,000)	(25,000)
Share premium reduction	-	(10,000)	-	10,000	-
Transfer between reserves	-	-	(52)	52	-
<b>At 31 December 2015</b>	<b>10</b>	<b>4,990</b>	<b>-</b>	<b>904</b>	<b>5,904</b>

### Statement of changes in equity for the year ended 31 December 2014

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2014	10	62,400	883	(26,745)	36,548
Profit for the financial year	-	-	-	5,451	5,451
Unrealised deficit on revaluation of tangible assets	-	-	(756)	-	(756)
Dividends	-	-	-	(15,000)	(15,000)
Transfer of depreciation upon revaluation	-	-	(75)	75	-
Share premium reduction	-	(47,410)	-	47,410	-
<b>At 31 December 2014</b>	<b>10</b>	<b>14,990</b>	<b>52</b>	<b>11,191</b>	<b>26,243</b>

The notes on pages 12 to 30 form part of these financial statements.

# **Rosti Canning Brett Ltd**

## **Notes to the financial statements for the year ended 31 December 2015**

### **1. General information**

Rosti Canning Brett Ltd ('the company') designs and manufactures engineered plastic component products and metal pressings and fasteners, which are sold mainly in the UK, US and Europe.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Bridge Works, Stamford Bridge, York, YO41 1AL.

### **2. Statement of compliance**

The individual financial statements of Rosti Canning Brett Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 26.

#### **3.1 Basis of preparation of financial statements**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are the requirement to:

- prepare a statement of cash flows;
- prepare certain financial instrument disclosures; and
- prepare key management personnel compensation.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, Nordstjernan AB, includes the necessary disclosures in its consolidated financial statements.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

# **Rosti Canning Brett Ltd**

## **Notes to the financial statements for the year ended 31 December 2015**

### **3. Summary of significant accounting policies (continued)**

#### **3.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value.

The company's principal activity requires the management of tooling to be used in the production process. Such tools will normally be paid for by the customer prior to commencement of production. Costs incurred prior to the point of sale are treated as tooling work-in-progress. Provisions are made as necessary where the cost of the tool exceeds the customer order value.

#### **3.3 Research and development costs**

Development costs are incurred in the form of employment costs and specific outsource costs associated with tooling projects. These are expensed as incurred.

#### **3.4 Operating leases**

Rentals paid under leases in which the risks and rewards of ownership are not transferred to the company (operating leases) are charged against income on a straight line basis over the lease term.

#### **3.5 Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **3.6 Defined contribution pension plans**

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit or loss represents the contributions payable to the scheme for the year.

#### **3.7 Interest receivable and similar income**

Interest receivable is recognised in the profit and loss account using the effective interest method.

#### **3.8 Interest payable and similar charges**

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated instrument.



## **Rosti Canning Brett Ltd**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **3. Summary of significant accounting policies (continued)**

##### **3.9 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply the reversal of the timing difference.

##### **3.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

# **Rosti Canning Brett Ltd**

## **Notes to the financial statements for the year ended 31 December 2015**

### **3. Summary of significant accounting policies (continued)**

#### **3.11 Intangible assets**

##### **(i) Goodwill**

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less accumulated amortisation and any provision for impairment. Amortisation is provided on a straight line basis over the expected useful life of five years. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

##### **(ii) Computer software**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of three to five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

#### **3.12 Tangible assets**

Freehold land and buildings were professionally valued on 31 December 2014 and are stated at valuation, in accordance with Section 17 of FRS 102 and are reviewed every 3 years by an appropriately qualified valuer. Revaluation surpluses are transferred to revaluation reserve.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets (except freehold land and buildings) are recognised at cost and subsequently stated at cost less accumulated depreciation and provision for impairment.

Depreciation is not provided on freehold land.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset (except for freehold land and assets under the course of construction) on a straight line basis over its expected useful life, as follows:

Freehold buildings – 25 years  
Plant and equipment – Between 3 and 12 years

## **Rosti Canning Brett Ltd**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **3. Summary of significant accounting policies (continued)**

##### **3.13 Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

##### **3.14 Financial instruments**

###### **(i) Financial assets**

The company's financial assets comprise trade debtors, amounts owed by group undertakings, and other debtors which are shown in note 16, and in the balance sheet. Management determines the classification of its financial assets at initial recognition.

These financial assets are recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the end of the reporting period. These are classified as non current assets.

Cash at bank and in hand comprise deposits of cash held in bank accounts.

###### **(ii) Financial liabilities**

The company's financial liabilities comprise bank overdrafts, loans and amounts owed to group undertakings, trade creditors, other taxation and social security, other creditors and accruals, which are shown in note 17, and in the balance sheet. Management determines the classification of its financial liabilities at initial recognition.

The company's financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

###### **(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# **Rosti Canning Brett Ltd**

## **Notes to the financial statements for the year ended 31 December 2015**

### **3. Summary of significant accounting policies (continued)**

#### **3.15 Provisions**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits that can be reasonably estimated will be required.

#### **3.16 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **3.17 Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. All related party transactions are carried out at an arms length basis.

# **Rosti Canning Brett Ltd**

## **Notes to the financial statements for the year ended 31 December 2015**

### **4. Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(i) Revenue recognition**

Determining revenue recognition involves managerial judgement regarding among other aspects, conformance with acceptance criteria and if transfer of risks and rewards to the buyer has taken place to determine if revenue and costs should be recognised in the current period, degree of completion and the customer credit standing to assess whether payment is likely or not to justify revenue recognition.

#### **(ii) Impairment of goodwill**

The company considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

#### **(iii) Tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of tangible fixed assets.

#### **(iv) Impairment of stocks**

The company is a manufacturing company. As a result it is necessary to consider the recoverability of the cost of stocks and the associated provisioning required. When calculating the stocks provision, management considers the nature and condition of stocks, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the stocks and associated provision.

#### **(v) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

#### **(vi) Taxes**

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 18 for details of deferred tax recognised.

#### **(vii) Provisions**

Provision is made for employee long term incentive bonus. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

## Rosti Canning Brett Ltd

### Notes to the financial statements for the year ended 31 December 2015

#### 5. Turnover

An analysis of turnover by end market is given below:

	2015 £000	2014 £000
Industrials	2,558	6,358
Automotive	103,885	75,440
Tooling	19,712	16,283
Food and drink	4,891	5,667
Other	116	2,294
	<u>131,162</u>	<u>106,042</u>

An analysis of turnover by geographical market is given below:

	2015 £000	2014 £000
United Kingdom	124,177	100,075
Rest of Europe	6,290	5,378
North America	42	57
Rest of the World	653	532
	<u>131,162</u>	<u>106,042</u>

# Rosti Canning Brett Ltd

## Notes to the financial statements for the year ended 31 December 2015

### 6. Operating profit

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

	2015 £000	2014 £000
Amortisation of intangible assets	461	387
Depreciation of tangible fixed assets	3,057	2,127
Impairment of goodwill	296	-
Difference on foreign exchange	(16)	(128)
Research and development costs	1,078	950
Operating lease rentals	301	1,823
	<u>          </u>	<u>          </u>

### 7. Auditors' remuneration

	2015 £000	2014 £000
Fees payable to the company's auditors for the audit of the company's financial statements	66	72
Taxation compliance services	10	10
All other services	12	6
	<u>          </u>	<u>          </u>

### 8. Employees

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

	2015 £000	2014 £000
Wages and salaries	18,948	17,022
Social security costs	1,647	1,444
Other pension costs	282	206
	<u>20,877</u>	<u>18,672</u>

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

	2015 No.	2014 No.
Production	822	810
Distribution	74	39
Administration	28	25
	<u>924</u>	<u>874</u>

# Rosti Canning Brett Ltd

## Notes to the financial statements for the year ended 31 December 2015

### 9. Directors' remuneration

	2015 £000	2014 £000
Aggregate emoluments	-	19

During the year retirement benefits were accruing to no directors (2014:1) in respect of defined benefit contribution pension schemes.

### 10. Interest payable and similar charges

	2015 £000	2014 £000
Bank overdraft	613	144
Loans from group undertakings	200	34
	<u>813</u>	<u>178</u>

### 11. Tax on profit on ordinary activities

	2015 £000	2014 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,013	1,266
Adjustments in respect of previous periods	(17)	-
<b>Total current tax</b>	<u>996</u>	<u>1,266</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	405	124
Changes to tax rates	12	(20)
Adjustment in respect of prior periods	5	(1)
<b>Total deferred tax</b>	<u>422</u>	<u>103</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,418</u>	<u>1,369</u>



# Rosti Canning Brett Ltd

## Notes to the financial statements for the year ended 31 December 2015

### 11. Tax on profit on ordinary activities (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	6,079	6,820
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	1,231	1,465
Effects of:		
Expenses not deductible for tax purposes	187	-
Adjustments to tax charge in respect of prior periods	(12)	-
Non-taxable income	-	(29)
Effects of group relief	-	(47)
Tax rate changes	12	(20)
<b>Total tax charge for the year</b>	<b>1,418</b>	<b>1,369</b>

#### Factors that may affect future tax charges

A change in the UK Corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK Corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

### 12. Dividends

	2015 £000	2014 £000
Dividends paid on ordinary shares	25,000	15,000

On 29 December 2015, the company declared and paid an interim dividend to Rosti A/S, the immediate parent undertaking of the company.

## Rosti Canning Brett Ltd

### Notes to the financial statements for the year ended 31 December 2015

#### 13. Intangible assets

	Computer software £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2015	819	1,484	2,303
Impairment	-	(1,484)	(1,484)
Transfers intra group	(819)	-	(819)
At 31 December 2015	-	-	-
<b>Accumulated amortisation</b>			
At 1 January 2015	90	891	981
Charge for the year	164	297	461
Impairment	-	(1,188)	(1,188)
Transfers intra group	(254)	-	(254)
At 31 December 2015	-	-	-
<b>Net book value</b>			
At 31 December 2015	-	-	-
At 31 December 2014	729	593	1,322

## Rosti Canning Brett Ltd

### Notes to the financial statements for the year ended 31 December 2015

#### 14. Tangible fixed assets

	Freehold land and buildings (At valuation) £000	Plant and equipment (At cost) £000	Assets in the course of construction (At cost) £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2015	5,851	54,331	7,409	67,591
Additions	742	136	3,099	3,977
Transfers intra group	(6,137)	(60,034)	(2,391)	(68,562)
Disposals	-	(1,416)	-	(1,416)
Transfers between classes	30	8,087	(8,117)	-
At 31 December 2015	486	1,104	-	1,590
<b>Accumulated depreciation</b>				
At 1 January 2015	-	39,746	-	39,746
Charge for the year	293	2,764	-	3,057
Transfers intra group	(280)	(40,296)	-	(40,576)
Disposals	-	(1,416)	-	(1,416)
At 31 December 2015	13	798	-	811
<b>Net book value</b>				
At 31 December 2015	473	306	-	779
At 31 December 2014	5,851	14,585	7,409	27,845

## Rosti Canning Brett Ltd

### Notes to the financial statements for the year ended 31 December 2015

#### 14. Tangible fixed assets (continued)

The amounts held at cost or valuation at 31 December 2015 are as follows:

	Freehold land and buildings £000
Held at cost	11
Held at valuation	475
<b>Total as at 31 December 2015</b>	<b>486</b>

The company's freehold land and buildings were revalued on 31 December 2014, on the basis of existing use value by the independent qualified valuers Sanderson Weatherall LLP. The valuations were undertaken in accordance with PS2 of the RICS Valuation Professional Standards, Global and UK Edition (January 2014) published by the Royal Institute of Chartered Surveyors (RICS) ("the Red Book").

If the freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015 £000	2014 £000
Cost	595	7,056
Accumulated depreciation	(120)	(1,441)
<b>Net book value based on historic cost</b>	<b>475</b>	<b>5,615</b>

The directors are not not aware of any material change in value of the freehold land and buildings.

## Rosti Canning Brett Ltd

### Notes to the financial statements for the year ended 31 December 2015

#### 15. Stocks

	2015 £000	2014 £000
Raw materials and consumables	104	5,928
Work in progress	167	982
Finished goods and goods for resale	142	1,909
	<u>413</u>	<u>8,819</u>

There is no material difference between the replacement costs of stocks and their carrying amounts.

Stocks are stated after provisions for impairment of £56,000 (2014: £1,484,000).

#### 16. Debtors

	2015 £000	2014 £000
<b>Due after more than one year</b>		
Deferred tax asset	<u>61</u>	<u>-</u>
	2015 £000	2014 £000
<b>Due within one year</b>		
Trade debtors	1,305	27,961
Amounts owed by group undertakings	39,799	1
Other debtors	-	7,266
Prepayments and accrued income	30	691
	<u>41,134</u>	<u>35,919</u>

Trade debtors are stated after provisions for impairment of £3,000 (2014: £628,000).

Trade debtors, amounts owed by group undertakings and other debtors are financial assets measured at amortised cost.

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

# Rosti Canning Brett Ltd

## Notes to the financial statements for the year ended 31 December 2015

### 17. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Bank loans and overdrafts	11,835	10,463
Loan owed to group undertaking	5,000	5,000
Trade creditors	1,189	22,260
Amounts owed to group undertakings	25,251	682
Corporation tax	2,248	1,449
Other taxation and social security	2,176	2,886
Other creditors	13	6,879
Accruals and deferred income	172	1,652
	<u>47,884</u>	<u>51,271</u>

Bank loans and overdrafts, amounts and loans owed to group undertakings, trade creditors, other taxation and social security, other creditors and accruals are financial liabilities measured at amortised cost.

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

### 18. Deferred taxation

	Deferred tax £000
At 1 January 2015	(321)
Charged to the profit and loss account	(422)
Utilised in year	804
<b>At 31 December 2015</b>	<b><u>61</u></b>

The deferred taxation balance is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	39	(588)
Tax losses carried forward	22	267
	<u>61</u>	<u>(321)</u>

# Rosti Canning Brett Ltd

## Notes to the financial statements for the year ended 31 December 2015

### 19. Provisions

	Employee long term incentive £000
At 1 January 2015	1,308
Transferred to fellow subsidiaries as part of hive across	(1,277)
At 31 December 2015	<u>31</u>

#### Employee long term incentive

The company operates a long term incentive bonus for key individuals, which is linked to the performance of the business.

### 20. Called up share capital

	2015 £000	2014 £000
Allotted and fully paid		
1,000,000 (2014: 1,000,000) ordinary shares of £0.01 each	<u>10</u>	<u>10</u>

### 21. Pension commitments

The pension cost charge for the year in respect of the defined contribution scheme represents contributions payable by the company and amounted to £282,000 (2014: £206,000). As at 31 December 2015 there were outstanding contributions of £Nil (2014: £Nil). There were no prepaid contributions at 31 December 2015 (2014: £Nil).

### 22. Commitments under operating leases

At 31 December 2015 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	17	7
Later than 1 year and not later than 5 years	34	721
Later than 5 years	-	407
Total	<u>51</u>	<u>1,135</u>

## **Rosti Canning Brett Ltd**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **23. Related party transactions**

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Nordstjernan AB group.

#### **24. Controlling party**

The company's immediate parent undertaking is Rosti A/S, a company incorporated in Denmark.

The smallest group in which the results of the company are consolidated is that headed by Rosti A/S. Copies of the financial statements can be obtained from Rosti A/S, Borupvang 2C, 1TH, DK-2750 Ballerup, Denmark.

The ultimate parent undertaking and controlling party is Nordstjernan AB, a company incorporated in Sweden.

The largest group in which the results of the company were consolidated is that headed by Nordstjernan AB. Copies of the financial statements can be obtained from Nordstjernan AB, Stureplan 3, 103 75 Stockholm, Sweden.

#### **25. Discontinued operations**

Rosti Canning Brett Ltd (formerly Rosti McKechnie Ltd) included a number of operating manufacturing sites. On 31 December 2015 some of these sites were each transferred to new legal entities. This was to allow each site to focus on its own core market as a separate operating unit.

The company received by way of consideration inter company loans totalling £39,700,000, being the net book value of the net assets transferred to fellow group undertakings. The post-tax profits of the manufacturing sites which were transferred during the year ended 31 December 2015 were £3,555,000 (2014: £4,390,000).



## **Rosti Canning Brett Ltd**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **26. First time adoption of FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial year statements prepared under UK GAAP were for the year ended 31 December 2014. The date of the transition of FRS 102 was 1 January 2014.

Explanation of changes to previously reported results:

##### **Computer software**

Computer software capitalised in 2014 with a net book value of £729,000 at 31 December 2014, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's equity or profit for the year, except that the previous depreciation charge is now described as amortisation.

##### **Deferred tax impact on revaluation of tangible fixed assets**

Under the previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation.

A deferred tax charge of £176,000 arose on transition to FRS 102 reducing equity at 1 January 2014 from £36,724,000 to £36,548,000. For the year ended 31 December 2014 there is a tax credit arising of £166,000 on the decrease in valuation in the year. The net impact of tax changes on opening reserves and tax credited in 2014 had the effect of reducing equity as at 31 December 2014 by £10,000 from £26,253,000 to £26,243,000.