

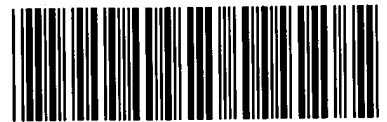
Registered number: 04726360

FOSBEL HOLDINGS LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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FOSBEL HOLDINGS LIMITED

CONTENTS

	Page
Director's report	1 - 3
Independent auditors' report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 14

FOSBEL HOLDINGS LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Director presents his report and the financial statements for the year ended 31 December 2019.

Principal activity

The company is an intermediate holding company that receives dividend income from investee companies.

Director

The Director who served during the year was:

Eric Yaszemski

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

FOSBEL HOLDINGS LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern

The Company has recorded a profit of \$153K for the year ended 31 December 2019 (2018: \$149K profit), and net liabilities at the year-end of \$171K (2018: \$325K). Additionally, at the year ended 31 December 2019 the Company owed \$491K to other group companies (2018: \$465K). The director has assessed the going concern position of the Company and has reviewed the cash flow forecasts of the wider Fosbel Inc. group. Cash flow forecasts that have been prepared for the next five years at Fosbel Inc. consolidated level indicate that the group will be able to pay all liabilities as they fall due. The director considers that these forecasts suggest that the group cash flows would be more than adequate to support the UK entities. The director has received documented support from Fosbel Inc. confirming such support will continue to be in place for a period of not less than twelve months from the date of approval of these financial statements. As such, the director continues to prepare the financial statements on a going concern basis.

Covid-19

As a result of the spread of COVID-19 in early 2020, economic uncertainties have arisen, which are likely to negatively impact operating results of the Fosbel consolidated level. Although there has been no immediate impact on the Fosbel consolidated level's operations, the extent to which the COVID-19 may impact the Fosbel consolidated level's future operations will depend upon future developments which are highly uncertain and cannot be predicted at this time. In response to this uncertainty, management is continuously monitoring the Fosbel consolidated level's financial performance and related cash position and liquidity. Management are developing and implementing plans which are designed to maintain the Fosbel consolidated level's financial position should the breadth and duration of the business disruptions related to COVID-19, as well as its impact on the global economy and business confidence, continue for an extended period of time.

Financial risk management

The Directors monitor and manage the following risks:

Interest rate risk

The Company earns and pays interest on inter company loans which are at variable rates.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Current Risk

The Company is exposed to translation and transaction foreign exchange risk.

Qualifying third party indemnity provisions

The Company has provided qualifying third party indemnity provisions in respect of the Director which were in force during the year and at the date of this report.

Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

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


FOSBEL HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Auditors

The auditors, MHA MacIntyre-Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 DECEMBER 2020 and signed on its behalf.


Eric Yaszemski
Director

FOSBEL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOSBEL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Fosbel Holdings Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

FOSBEL HOLDINGS LIMITED

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

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- 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; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

FOSBEL HOLDINGS LIMITED

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

Responsibilities of directors

As explained more fully in the Director's responsibilities statement on page 1, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members 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 an Auditors' report 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 for our audit work, for this report, or for the opinions we have formed.



Martin Ramsey BSc (Hons) FCCA (Senior statutory auditor)
for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

Date: 10 December 2020

FOSBEL HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$	2018 \$
Administrative expenses	(93,756)	(261,765)
Operating loss	(93,756)	(261,765)
Income from fixed assets investments	275,603	724,051
Interest receivable and similar income	-	286,210
Interest payable and expenses	(28,445)	(599,040)
Profit before and after tax	153,402	149,456

There was no other comprehensive income for 2019 (2018:\$NIL).

The notes on pages 10 to 14 form part of these financial statements.

FOSBEL HOLDINGS LIMITED
REGISTERED NUMBER: 04726360

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Fixed assets			
Investments	5	74,244	74,090
		<u>74,244</u>	<u>74,090</u>
Current assets			
Debtors: amounts falling due within one year	6	237,312	74,845
Cash at bank and in hand		48,493	13,626
		<u>285,805</u>	<u>88,471</u>
Creditors: amounts falling due within one year	7	(530,731)	(486,645)
Net current liabilities		<u>(244,926)</u>	<u>(398,174)</u>
Total assets less current liabilities		<u>(170,682)</u>	<u>(324,084)</u>
Net liabilities		<u>(170,682)</u>	<u>(324,084)</u>
Capital and reserves			
Called up share capital		16,000	16,000
Share premium account		648,226	648,226
Capital contribution reserve		20,837,443	20,837,443
Profit and loss account		(21,672,351)	(21,825,753)
		<u>(170,682)</u>	<u>(324,084)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102. Section 1A - small entities.

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

9 December 2020



Eric Yaszemski
Director

The notes on pages 10 to 14 form part of these financial statements.

FOSBEL HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2019	16,000	648,226	20,837,443	(21,825,753)	(324,084)
Comprehensive income for the year					
Profit for the year	-	-	-	153,402	153,402
Total comprehensive income for the year	-	-	-	153,402	153,402
At 31 December 2019	16,000	648,226	20,837,443	(21,672,351)	(170,682)

The notes on pages 10 to 14 form part of these financial statements.

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

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2018	16,000	648,226	16,920,771	(21,975,209)	(4,390,212)
Comprehensive income for the year					
Profit for the year	-	-	-	149,456	149,456
Total comprehensive income for the year	-	-	-	149,456	149,456
Capital contribution	-	-	3,916,672	-	3,916,672
Total transactions with owners	-	-	3,916,672	-	3,916,672
At 31 December 2018	16,000	648,226	20,837,443	(21,825,753)	(324,084)

The notes on pages 10 to 14 form part of these financial statements.

FOSBEL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Fosbel Holdings Limited is a private company limited by shares and registered in England and Wales, registered number 04726360. Its registered office is located at 240 Blackfriars Road, London, SE1 8NW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

The company has recorded a profit of \$153K for the year ended 31 December 2019 (2018: \$149K profit), and net liabilities at the year-end of \$171K (2018: \$325K). Additionally, at the year ended 31 December 2019 the company owed \$491K to other group companies (2018: \$465K). The director has assessed the going concern position of the company and has reviewed the cash flow forecasts of the wider Fosbel Inc. group. Cash flow forecasts that have been prepared for the next five years at Fosbel Inc. consolidated level indicate that the group will be able to pay all liabilities as they fall due. The director considers that these forecasts suggest that the group cash flows would be more than adequate to support the UK entities. The director has received documented support from Fosbel Inc. confirming such support will continue to be in place for a period of not less than twelve months from the date of approval of these financial statements. As such, the director continues to prepare the financial statements on a going concern basis.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

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

2.6 Cash and cash equivalents

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

FOSBEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.7 Creditors**

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

2.8 Financial instruments

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

2.9 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is USD.

Transactions and balances

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

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

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

2.10 Finance costs

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

2.11 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

FOSBEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

Recoverability of intercompany receivables

The Company makes an estimate of the recoverable value of intercompany receivables. When assessing impairment of intercompany receivables, management considers factors including the financial condition and future cashflows of the corresponding entity.

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2018: 1).

The Director is remunerated for his services to this Company through another group Company.

FOSBEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2019	74,090
Additions	154
At 31 December 2019	<u>74,244</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
YK Fosbel Asia Limited	Japan	Ceramic welding	Ordinary shares	100%
Fosbel Industries e Comercio Limited	Brazil	Ceramic welding	Ordinary shares	100%
Fosbel Intellectual Limited	UK	Management of Intellectual Property Rights (IPR)	Ordinary shares	100%
Fosbel Ukrania, TOV	Ukraine	Ceramic welding	Ordinary shares	100%

6. Debtors

	2019 \$	2018 \$
Amounts owed by group undertakings	231,331	74,512
Other debtors	5,981	333
	<u>237,312</u>	<u>74,845</u>

Amounts owed by group undertakings are repayable on demand, unsecured and bear interest at 10%.

FOSBEL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	26,934	977
Amounts owed to group undertakings	491,332	465,157
Other creditors	-	488
Accruals and deferred income	12,465	20,023
	<u>530,731</u>	<u>486,645</u>

Amounts owed to group undertakings are repayable on demand, unsecured and bear interest at 10%.

8. Related party transactions

As the Company is a wholly owned subsidiary of Fosbel Inc., the Company has taken advantage of the exemption contained in Section 33 'Related party disclosures' of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group on the grounds that the accounts are publicly available.

9. Immediate and ultimate controlling party

The Directors consider that the ultimate parent undertaking of this Company is Fosbel Holdings LLC (U.S), which is incorporated in the United States of America.

The Directors regard Fosbel U.K. Holding Company Limited, a company incorporated in England, as the immediate parent undertaking by virtue of its 100% shareholding of the company.