

Kärcher (UK) Limited

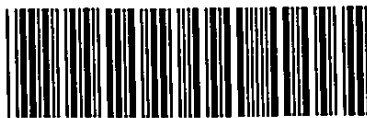
Report and Financial Statements

Year Ended

31 December 2010

Company Number 1350233

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Kärcher (UK) Limited

Report and financial statements for the year ended 31 December 2010

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Directors

H O Jenner
S C Keeping
D H Grajer
M J Asch
M R Venner

Secretary and registered office

M R Venner, Karcher House, Beaumont Road, Banbury, Oxfordshire, OX16 1TB

Company number

1350233

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

Principal activities

The company has continued to trade as the UK distributor of Kärcher cleaning equipment and solutions for the industrial, brush wash, commercial and consumer markets. The company also provides comprehensive installation, after sales service and financing via third parties

Review of the business

The profit and loss account is set out on page 6 and shows turnover for the year of £62,538,253 and a post tax profit for the year of £551,703

Sales revenue has increased year on year by 5.7%. This continues the sales growth of the UK business in an unstable and uncertain economic climate

Consumer sales remained flat with 2009 in a dramatically tougher competitive landscape and a UK high pressure washer market that fell by over 2% in the year. In our pressure washer consumer sector there has been a strong competitive response from our major customers, promoting licensed, exclusive branded product at lower price entry points. This affected our 2010 growth expectations and our market share for entry price products

The consumer home cleaning market sector of our business has seen significant sales growth, especially our DIY multi-purpose vacuums cleaners and steam cleaners

Consumer product pricing was further strengthened in 2010 to bring UK prices in line with world wide commodities and euro currency increases

Professional sales showed an increase of over 10% against last year and 3.5% above our expectations. In addition, the strong growth in gross margin is a reflection of the robust pricing management maintained throughout the year. The Professional business recovered well in 2010, ending the year with all product groups and sales channels ahead of 2009

Vehicle Wash sales continued to be difficult with project deferment and delays due to customers reluctant to invest during economic and financial uncertainty. Despite this wash systems performed ahead of last year but behind our expectations

Military sales finished 2010 with 55% sales growth versus 2009. This substantial growth resulted from major consumables and spares spending, as the UK continues to be heavily committed in Afghanistan

The sales to our Ireland subsidiary fell by over 8% as Irish consumer spending continues to fall

The UK business has recovered well from the adverse effect of exchange on the business, generating 36.7% increase in gross profit and gross margin moving up to 24.3%. This was achieved across all business sectors and now returns our business margins to post sterling deflation levels of early 2008

Operating expenses saw a 50% increase in brand and marketing investment as the UK business continues with its brand and sales strategy across all sectors

The euro and dollar exchange rate continue to be a challenge for the business, but more stability was achieved in the year with European purchases costing on average 88 pence per euro

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2010 (*continued*)

Due to price increases put in place across the business, improved cost controls and efficiency savings on operating costs the business returned to profit in 2010

Future developments

Although the UK economic recovery is expected to be slow and uncertain the business will continue with its sales restructure in the professional sector and continued brand and advertising investment in the consumer sector

No other significant investments are planned and the business is expected to continue its profit growth in the coming year

Principal risks and uncertainties

The UK economy, public sector cuts and consumer spending remains the biggest uncertainty for all non-essential distributors. This will be closely monitored by the business and regular reviews are carried out on product value and innovation, company margins and costs, and inventory and debt levels.

The company's euro exposure is considerably more stable in 2011 with over 74% of required purchases hedged at the end of 2010. More long term stability will be sought during the coming year.

At present there are no significant threats to operating costs or outstanding debts of the business, with all key business indicators reviewed by the directors on a regular basis.

Financial instruments

The main financial risks arising from the company's activities are credit, interest rate and liquidity risks. These are monitored by the board of directors and were not considered significant at the balance sheet date. The measures put in place (as mentioned in note 18) during the year and improved stock management created another year of improved liquidity.

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and monitor all customers' credit worthiness on a regular basis. The credit limit management tools within our software applications are fully integrated and further dunning applications are to be implemented and updated in the year.

The company's policy in respect of interest rate risk and liquidity risk is to maintain short-term debt finance from the parent company and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short-term deposits with the parent company and current accounts that earn interest at a floating rate.

Market value of land and buildings

The directors are of the opinion that the market value of the company's interests in land and buildings exceeds the book value. In the directors' opinion the market value of the land and buildings is approximately £3.15m.

Directors

The directors of the company during the year were

H O Jenner
S C Keeping
D H Grajer
M J Asch
M R Venner

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2010 (*continued*)

Directors' responsibilities

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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 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.

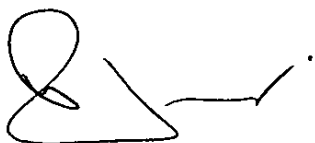
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

M R Venner



Secretary

4 May 2011

Kärcher (UK) Limited

Independent auditor's report

TO THE MEMBERS OF KARCHER (UK) LIMITED

We have audited the financial statements of Kärcher (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 an auditor's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

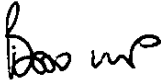
Kärcher (UK) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*Graham Clayworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom*

4 May 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Kärcher (UK) Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	3	62,539	59,162
Cost of sales		<u>47,316</u>	<u>48,027</u>
Gross profit		15,223	11,135
Distribution costs		<u>10,761</u>	10,691
Administrative expenses		<u>4,231</u>	3,667
		231	(3,223)
Other operating income - including exceptional income of £397,114 (2009 - £Nil)	2	<u>397</u>	-
Operating profit/(loss)	4	628	(3,223)
Other interest receivable and similar income	7	<u>1</u>	7
Interest payable and similar charges	8	<u>(114)</u>	(105)
Profit/(loss) on ordinary activities before taxation		515	(3,321)
Taxation on profit/(loss) on ordinary activities	9	<u>38</u>	(48)
Profit/(loss) on ordinary activities after taxation		<u>553</u>	<u>(3,369)</u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 9 to 23 form part of these financial statements

Kärcher (UK) Limited

Balance sheet at 31 December 2010

Company number 1350233	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	10		686		426
Tangible assets	11		1,840		1,845
Fixed asset investments	12		-		397
			<u>2,526</u>		<u>2,668</u>
Current assets					
Stocks	13	4,347		5,030	
Debtors	14	6,504		5,589	
Cash at bank and in hand		811		179	
		<u>11,662</u>		<u>10,798</u>	
Creditors amounts falling due within one year	15	<u>5,611</u>		<u>11,102</u>	
Net current assets/(liabilities)			<u>6,051</u>		<u>(304)</u>
Total assets less current liabilities			<u>8,577</u>		<u>2,364</u>
Provisions for liabilities	16		<u>1,135</u>		<u>1,175</u>
			<u>7,442</u>		<u>1,189</u>
Capital and reserves					
Called up share capital	18		2,320		2,320
Profit and loss account	19		5,122		(1,131)
Shareholders' funds	20		<u>7,442</u>		<u>1,189</u>

The financial statements were approved by the board of directors and authorised for issue on 4 May 2011


H O Jenner
Director


S C Keeping
Director

The notes on pages 9 to 23 form part of these financial statements

Kärcher (UK) Limited

Cashflow statement for the year ended 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash (outflow)/inflow from operating activities	24		(4,722)		1,836
Returns on investments and servicing of finance					
Interest received		1		7	
Interest paid bank loans		(1)		(5)	
Interest paid other loans		(113)		(100)	
Net cash outflow from returns on investments and servicing of finance			(113)		(98)
Taxation					
Corporation tax paid			15		59
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(249)		(270)	
Receipts from sale of tangible fixed assets		1		2	
Net cash outflow from capital expenditure and financial investment			(248)		(268)
Acquisitions and disposals					
Purchase of business operations			-		41
Cash (outflow)/inflow before use of financing			(5,068)		1,570
Financing					
Share capital issued			5,700		-
Increase in cash	25		632		1,570

The notes on pages 9 to 23 form part of these financial statements

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Going concern

The financial statements have been prepared on the going concern basis. As detailed in the Directors' Report, the Directors have considered the principal risks and uncertainties that apply to the business and believe that it is appropriate to prepare the accounts on this basis.

Consolidated financial statements

Under s405 of the Companies Act 2006 the company is exempt from preparing group accounts as the inclusion of its subsidiary undertaking is not material for the purpose of giving a true and fair view.

The results included in these financial statements represent the results of the company only and not the group.

Goodwill

Goodwill arising on the acquisition of the trade, assets and liabilities of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 10% straight line
Leasehold property	- 10% straight line or over the period of the lease
Plant and machinery	- 25% - 33 1/3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase, net of discounts, together with all associated costs attributable to the present condition and location of the stock. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date, or at the forward contract rate if settled using forward contracts in place at the balance sheet date. Any differences are taken to the profit and loss account.

Deferred taxation

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme and a number of personal pension plans are charged to the profit and loss account in the period in which they become payable.

Conditions of sale

The company guarantees the products it supplies. Provision is made for any costs which are expected to be incurred after the year end under the terms of those guarantees.

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Provisions for sales credit notes

The provision for sales credit notes is treated as an expense in the profit and loss account and is not shown as a reduction to turnover

Assets held for rental

Equipment leased to customers under operating leases is capitalised within tangible fixed assets and is depreciated in accordance with the accounting policy above. Income is accounted for on a straight line basis

2 Other operating income

During the year, the company's subsidiary undertaking waived the intercompany balance owed by Kärcher (UK) Limited representing the net shareholders' funds due to Kärcher (UK) Limited. As a result exceptional income amounting to £397,000 has been recognised in the profit and loss account

3 Turnover

	2010 £'000	2009 £'000
Analysis by geographical market		
United Kingdom	61,335	57,846
Europe	1,204	1,316
	<u>62,539</u>	<u>59,162</u>

Turnover is wholly attributable to the principal activity of the company

4 Operating profit/(loss)

	2010 £'000	2009 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	253	215
Amortisation of positive goodwill	137	53
Hire of plant and machinery - operating leases	564	458
Hire of other assets - operating leases	133	158
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	37	37
- other taxation services	6	6
	<u>723</u>	<u>869</u>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

5 Employees

Staff costs (including directors) consist of

	2010 £'000	2009 £'000
Wages and salaries	5,895	6,579
Social security costs	651	675
Other pension costs	155	150
	<u>6,701</u>	<u>7,404</u>

The average number of employees (including directors) during the year was as follows

	2010 Number	2009 Number
Management and administration	26	28
Sales and marketing	151	156
	<u>177</u>	<u>184</u>

6 Directors' remuneration

	2010 £'000	2009 £'000
Directors' emoluments	405	295
Company contributions to money purchase pension schemes	22	20
	<u>427</u>	<u>315</u>

There was 1 director in the company's defined contribution pension scheme during the year (2009 - 1)

The total amount payable to the highest paid director in respect of emoluments was £285,000 (2009 - £181,000) Company pension contributions of £13,000 (2009 - £12,000) were made to a money purchase scheme on his behalf

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

7 Other interest receivable and similar income

	2010 £'000	2009 £'000
Loans to group companies	1	-
Other interest receivable	-	7
	<u>1</u>	<u>7</u>

8 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank loans and overdrafts	1	5
Loans from group companies	113	100
	<u>114</u>	<u>105</u>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

9 Taxation on profit/(loss) on ordinary activities

	2010 £'000	2009 £'000
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	(15)
<i>Deferred tax</i>		
Origination and reversal of timing differences	35	57
Adjustment in respect of previous periods	(78)	6
Effect of changes in tax rate	5	-
	<u> </u>	<u> </u>
Movement in deferred tax provision	(38)	63
	<u> </u>	<u> </u>
Taxation on profit/(loss) on ordinary activities	<u>(38)</u>	<u>48</u>

The tax assessed for the year is lower than/higher than the standard rate of corporation tax in the UK applied to profit/(loss) before tax. The differences are explained below:

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	<u>515</u>	<u>(3,321)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 28.0% (2009 - 28.0%)	144	(930)
Effect of		
Expenses not deductible for tax purposes	(65)	52
Capital allowances for period in excess of depreciation	(36)	(25)
Utilisation of brought forward losses	(43)	-
Adjustment to tax charge in respect of previous periods	-	(15)
Current year losses carried forward	-	903
	<u> </u>	<u> </u>
Current tax credit for the year	-	(15)
	<u> </u>	<u> </u>

Subject to agreement by HM Inspector of Taxes, there are tax losses of £4,200,000 (2009: £4,300,000) available against future trading profits.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

10 Intangible fixed assets

	Purchased goodwill £'000
<i>Cost</i>	
At 1 January 2010	479
Transfer from fixed asset investments	397
	<hr/>
At 31 December 2010	876
	<hr/>
<i>Amortisation</i>	
At 1 January 2010	53
Provided for the year	137
	<hr/>
At 31 December 2010	190
	<hr/>
<i>Net book value</i>	
At 31 December 2010	686
	<hr/>
At 31 December 2009	426
	<hr/>

Intangible assets and investments

The trade and assets of Atlantis International Limited, a company acquired by Kärcher (UK) Limited, were transferred to Kärcher (UK) Limited on 1 January 2009. Accordingly the value previously recorded as an investment has been transferred to goodwill and is being amortised over 10 years.

Schedule 1 to the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (2008 SI 2008 No 410) requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there had been no overall loss to the Group, it would fail to give a true and fair view to charge the diminution to the Company's profit and loss account and it should instead be re-allocated to goodwill and the identifiable net assets originally transferred, so as to recognise in the Company's individual balance sheet the effective cost to the company of those original net assets and goodwill. The effect on the Company's balance sheet of this departure is to recognise additional goodwill of £397,000 and additional amortisation of £88,000.

The asset is reviewed annually for impairment. The review at 31 December 2010 indicated that no such impairment had arisen.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

11 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Other fixed assets £'000	Total £'000
<i>Cost</i>				
At 1 January 2010	4,227	2,522	279	7,028
Additions	10	101	138	249
Disposals	-	(21)	(1)	(22)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	4,237	2,602	416	7,255
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2010	2,756	2,269	158	5,183
Provided for the year	38	132	83	253
Disposals	-	(21)	-	(21)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	2,794	2,380	241	5,415
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2010	1,443	222	175	1,840
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	1,471	253	121	1,845
	<hr/>	<hr/>	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

12 Fixed asset investments

	Group undertakings £'000
<i>Cost or valuation</i>	
At 1 January 2010	397
Transfer to goodwill - see note 10	(397)
	<hr/>
At 31 December 2010	-
	<hr/>

Subsidiary undertakings

Kärcher (UK) Limited own 100% of the ordinary share capital of Atlantis International Limited

Under s405 of the Companies Act 2006 Kärcher (UK) Limited is exempt from preparing group accounts as the inclusion of its subsidiary undertaking is not material for the purpose of giving a true and fair view

13 Stocks

	2010 £'000	2009 £'000
Finished goods and goods for resale	4,347	5,030
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

14 Debtors

	2010 £'000	2009 £'000
Amounts receivable within one year		
Trade debtors	5,976	4,963
Amounts owed by group undertakings	87	87
Corporation tax recoverable	-	15
Prepayments and accrued income	193	187
Other debtors	137	264
	<u>6,393</u>	<u>5,516</u>
Amounts receivable after more than one year		
Deferred taxation	111	73
	<u>6,504</u>	<u>5,589</u>
		Deferred taxation £'000
At 1 January 2010		73
Charged to profit and loss account		(35)
Adjustment in respect of prior years		78
Effect of change in tax rate		(5)
		<u>111</u>
At 31 December 2010		<u>111</u>
<i>Deferred taxation</i>		
	2010 £'000	2009 £'000
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	95	73
Sundry timing differences	16	-
	<u>111</u>	<u>73</u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

15 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	869	957
Amounts owed to group undertakings	2,969	8,486
Taxation and social security	825	651
Accruals and deferred income	948	1,008
	<u>5,611</u>	<u>11,102</u>

16 Provisions for liabilities

	Returns and warranty provision £'000
At 1 January 2010	1,175
Charged to profit and loss account	818
Utilised in year	(698)
Released during the year	(160)
	<u>1,135</u>
At 31 December 2010	<u>1,135</u>

The provision represents an estimate of the costs to be incurred by the company in respect of returns and warranties on machines sold. It is estimated that the year end provision will be utilised within two years.

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £155,000 (2009 - £150,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

18 Share capital

	2010 £'000	2009 £'000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2,320</u>	<u>2,320</u>

During the year the company issued 5,700,000 ordinary shares of £1, at par value, to its parent undertaking. Subsequent to this, also during the year, the company reduced its share capital by means of a capital reduction in accordance with sections 641-644 of the Companies Act 2006.

19 Reserves

	Profit and loss account £'000
At 1 January 2010	(1,131)
Profit for the year	553
Share capital reduction - see note 18	<u>5,700</u>
At 31 December 2010	<u>5,122</u>

20 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit/(loss) for the year	553	(3,369)
Share capital reduction - see note 18	<u>5,700</u>	<u>-</u>
Net additions to/(deductions from) shareholders' funds	<u>6,253</u>	<u>(3,369)</u>
Opening shareholders' funds	<u>1,189</u>	<u>4,558</u>
Closing shareholders' funds	<u>7,442</u>	<u>1,189</u>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £'000	Other 2010 £'000	Land and buildings 2009 £'000	Other 2009 £'000
Operating leases which expire				
Within one year	83	237	113	93
In two to five years	-	310	-	393
	<u>83</u>	<u>547</u>	<u>113</u>	<u>486</u>

22 Related party disclosures

Related party transactions and balances

During the year the following transactions occurred with Alfred Kärcher GmbH & Co KG, the ultimate parent company, and Kärcher Limited, Kärcher Floorcare Inc, and Kärcher Futuretech GmbH, which are fellow subsidiaries. Also stated are the balances that existed between the parties at the year end

	Alfred Kärcher GmbH & Co KG £'000	Kärcher Limited £'000	Kärcher Floorcare Inc. £'000	Kärcher Futuretech GmbH £'000
2010				
Purchases of goods for resale	42,751	-	129	2,786
Fees receivable/(payable) for provision of other goods and services	(1,909)	49	-	103
Sales of goods for resale	-	1,204	-	-
Interest receivable from	(1)	-	-	-
Debtor	1	63	-	23
Creditor	(1,824)	(2)	(3)	(99)
Interest payable to	113	-	-	-
	<u></u>	<u></u>	<u></u>	<u></u>
2009				
Purchases of goods for resale	44,224	-	151	2,366
Fees receivable/(payable) for provision of other goods and services	(602)	59	-	-
Sales of goods for resale	-	1,314	-	-
Interest receivable from	-	-	-	-
Debtor	-	87	-	-
Creditor	(2,034)	-	(14)	(240)
Interest payable to	100	-	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

23 Ultimate parent company and parent undertaking of larger group

The company is a wholly owned subsidiary of Kärcher Beteiligungs GmbH, incorporated in Germany

The largest group in which the results of the company are consolidated is that headed by Alfred Kärcher GmbH & Co KG, incorporated in Germany, which the directors regard as being the ultimate parent undertaking

24 Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

	2010 £'000	2009 £'000
Operating profit/(loss)	628	(3,223)
Amortisation of intangible fixed assets	137	53
Depreciation of tangible fixed assets	253	215
Profit on sale of tangible fixed assets	-	(2)
Decrease in stocks	683	2,405
(Increase)/decrease in debtors	(892)	2,391
Decrease in creditors	(5,491)	(43)
Movement in provisions	(40)	40
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(4,722)	1,836
	<hr/>	<hr/>

25 Reconciliation of net cash flow to movement in net funds/(debt)

	2010 £'000	2009 £'000
Increase in cash	632	1,570
Opening net funds/(debt)	179	(1,391)
	<hr/>	<hr/>
Closing net funds	811	179
	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

26 Analysis of net funds

	At 1 January 2010 £'000	Cash flow £'000	At 31 December 2010 £'000
Cash at bank and in hand	179	632	811
Total	179	632	811

27 Currency commitments

At 31 December 2010 the group was committed under forward contracts to purchase foreign currency amounting to £36,473,000 (2009 - £24,666,300)