

Kärcher (UK) Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 01350233

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Kärcher (UK) Limited

Report and financial statements for the year ended 31 December 2013

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Directors

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

Secretary and registered office

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

Company number

01350233

Auditors

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

Kärcher (UK) Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

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

Review of the business

As set out on page 8 the company was able to grow turnover in the year to £104,681,000 (2012 - £80,058,000) an increase of 30.8%. This represents a 31.4% increase in UK sales and 2.2% increase on intercompany sales to Kärcher Ireland.

With consumer confidence remaining fairly positive throughout 2013 and businesses more readily releasing capital expenditure, the sales across all products groups grew against last year.

The focus on core pressure washer products, steam cleaning range and continued investment in advertising and retail marketing aided the increase of sales in our consumer products division.

The introduction at the beginning of the year in the change of colour for our professional and commercial products to anthracite was seen as a positive in 2013.

The commercial business division continued the growth in sales distribution, product ranges and sales personnel as well as continuing the investment in the Kärcher Center infrastructure during the year. The first Kärcher owned center opened in Bristol during the last quarter.

Overhead expenses increased by £2,610,000 (12.8%) in the year. This is due to planned advertising costs, increased distribution expenses and headcount increases.

The continued investment in headcount can be seen in the average headcount increase of 22, from 215 in 2012 to 237 for 2013.

The company made an operating profit in 2013 of £913,000 (2012 - loss £1,953,000) with profit on ordinary activities after taxation of £1,034,000 (2012 - loss £2,067,000)

The stock levels of £7,143,000 showed an improvement on 2012 (£7,172,000) due to improvements in stock management.

Trade receivables increased year on year, however this was in line with our sales volumes with aged debt within performance indicators set for the business. No significant bad debt was experienced in 2013.

Principal risks and uncertainties

The UK economy seems to be recovering better than the rest of Europe at the moment so after many years the economic prospects are looking brighter. However it will continue to be difficult to increase UK market penetration as the business continues to experience competition across all product ranges.

The weather and hose pipe bans in the UK are always an unknown and can affect the end user purchasing of our products. However, with the growth of our home cleaning range the dependency on outdoor cleaning products has reduced.

Kärcher (UK) Limited

Strategic report for the year ended 31 December 2013 (*continued*)

Key Performance Indicators

The company produce regular and monthly management information for review by the directors, various business sectors and the management operating review team.

The management review key sales and margin performance indicators on a business unit level, product groups, target groups and sales channels. Key financial performance indicators such as company sales performance, gross margin and overheads are monitored, discussed and reviewed by the management versus previous year and company budgets.

Also included in relevant performance indicator submissions are non-financial measures including headcount per cost centre, employee turnover, employee days lost and customer deliveries.

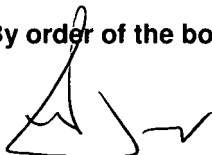
Working capital measures are reviewed and set for the coming periods by the operating review team; including stock range, debtor days, cash collection targets and liquidity forecasts.

A majority of the financial performance indicators are assessed on a business unit level and therefore not presented in this report, however a key indicator for the measurement of the business is our return on assets. This is a ratio of our earnings over the 12 month average of our total assets.

	2013	2012
Return on Assets	2.6%	(6.9%)

At present there are no significant threats to operating costs or outstanding debts of the business, with all key business unit and company key indicators in line with budgets.

By order of the board



M R Venner
Secretary

Date:

26/06/2014

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year.

Future Developments

Innovation of our product range will continue to be the focus for the business with new products and product ranges introduced during the coming year.

Closer collaboration with our customers, distribution channels and end users will also be a high focus of the business through advertising, retail marketing, social media and Kärcher Centers.

A new head office continues to be in the plans for the business to fully realise and support the growth in products, staff, engineering and training.

Management of financial risks

The directors have considered the disclosure requirements of FRS 25 'Financial Instruments Disclosure and Presentation'. The company's operations and administration are open to currency risks, liquidity risks, credit risks, interest rate risks and returned product risks.

The company has exposure to the Euro currency, this is managed by forward hedged exchange contracts and reviewed regularly with our treasury department in Germany to ensure we have no significant exposures or risk to company margins & costs.

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 dunning applications continue to be refined to collect monies due to the company in a timely and orderly manner.

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 a readily accessible bank overdraft 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.

Returned products are managed by a dedicated retail collection team, reworked and sold via a dedicated website. The company returns rates are regularly reviewed for each product range.

Employment of disabled persons

Full and fair consideration is given to the employment of applicants who are disabled persons, taking account of their disabilities and abilities. Employees who become temporarily or permanently disabled are retained in employment where possible with fair regard to their training needs, role and career development. All employees are fairly and equally provided opportunities for any promotion opportunities.

Employee involvement

The company creates platforms and encourages regular consultation with employees and management throughout the business. Employees are notified of the business performance and future developments through monthly operating updates, weekly team leader review meetings and company's annual conference. All employees have performance reviews, learning & development plans and self-assessment appraisal meetings at least once a year.

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

Post balance sheet events

There were no significant events occurring after the year end which require disclosure.

Charitable and political donations

The company did not make any charitable or political donations requiring special disclosure in the financial statements.

Research and development

The company has invested in the research and development of its brush wash products. This has resulted in a new automated bus wash machine being tested and launched in the UK. The future sales of the recently developed product will contribute to the growth of our wash systems division.

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 significantly exceed the book value.

Directors

The directors of the company during the year were:

H O Jenner
S C Keeping
D H Grajer
M J Asch
T H Elsner (appointed 2 December 2013)
M R Venner

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2013 (continued)

Directors' responsibilities

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 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.

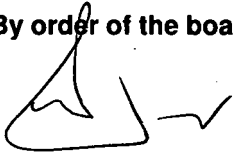
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

Date:

26/06/2014

Kärcher (UK) Limited

Independent auditor's report

To the members of Kärcher (UK) Limited

We have audited the financial statements of Kärcher (UK) Limited for the year ended 31 December 2013 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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.



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

7 July 2014

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 2013

	Note	2013 £'000	2012 £'000
Turnover	2	104,681	80,058
Cost of sales		80,828	61,681
		<hr/>	<hr/>
Gross profit		23,853	18,377
Distribution costs		18,490	16,380
Administrative expenses		4,450	3,950
		<hr/>	<hr/>
Operating profit/(loss)	3	913	(1,953)
Other interest receivable and similar income	6	4	5
Interest payable and similar charges	7	(199)	(151)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		718	(2,099)
Taxation on profit/(loss) on ordinary activities	8	316	32
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		1,034	(2,067)
		<hr/>	<hr/>

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 11 to 23 form part of these financial statements.

Kärcher (UK) Limited

Balance sheet at 31 December 2013

Company number 01350233	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Intangible assets	9		627		510
Tangible assets	10		2,268		1,857
			<u>2,895</u>		<u>2,367</u>
Current assets					
Stocks	12	7,143		7,172	
Debtors	13	14,963		13,312	
Cash at bank and in hand		87		929	
		<u>22,193</u>		<u>21,413</u>	
Creditors: amounts falling due within one year	14	<u>17,529</u>		<u>17,370</u>	
Net current assets			<u>4,664</u>		<u>4,043</u>
Total assets less current liabilities			<u>7,559</u>		<u>6,410</u>
Provisions for liabilities	15		955		840
			<u>6,604</u>		<u>5,570</u>
Capital and reserves					
Called up share capital	17		2,320		2,320
Profit and loss account	18		4,284		3,250
Shareholders' funds	19		<u>6,604</u>		<u>5,570</u>

The financial statements were approved by the board of directors and authorised for issue on 26th June 2014

H O Jenner
Director

S C Keeping
Director

The notes on pages 11 to 23 form part of these financial statements.

Kärcher (UK) Limited

Cashflow statement for the year ended 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash inflow from operating activities	22		295		1,275
Returns on investments and servicing of finance					
Interest received		4		5	
Interest paid: bank		(2)		(4)	
Interest paid: group loans		(197)		(147)	
		<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(195)		(146)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(737)		(322)	
Receipts from sale of tangible fixed assets		-		8	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(737)		(314)
Acquisitions and disposals					
Purchase of business operations			(205)		-
			<u> </u>		<u> </u>
(Decrease)/increase in cash	23		<u><u>(842)</u></u>		<u><u>815</u></u>

The notes on pages 11 to 23 form part of these financial statements.

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013

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:

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.

Going concern

The financial statements have been prepared on the going concern basis. 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.

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.

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:

Land	- Not depreciated
Freehold property	- 10% straight line
Plant and machinery	- 25% - 33 1/3% straight line
Motor vehicles	- 25% straight line
Other fixed assets	- 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 2013 *(continued)*

1 Accounting policies *(continued)*

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

All 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.

Turnover

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

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.

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.

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.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

2 Turnover

	2013 £'000	2012 £'000
Analysis by geographical market:		
United Kingdom	102,900	78,315
Europe	1,781	1,743
	<u>104,681</u>	<u>80,058</u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit/(loss)

	2013 £'000	2012 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	319	307
Amortisation of positive goodwill	88	88
Hire of plant and machinery - operating leases	807	858
Hire of other assets - operating leases	23	-
	<u>1,237</u>	<u>1,253</u>
	2013 £'000	2012 £'000
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	37	37
Fees payable to the company's auditor or an associate of the company's auditor for other services:		
- taxation compliance services	18	18
- taxation advisory services	7	7
	<u>62</u>	<u>62</u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

4 Employees

Staff costs (including directors) consist of:

	2013 £'000	2012 £'000
Wages and salaries	8,313	7,607
Social security costs	933	857
Other pension costs	433	404
	<u>9,679</u>	<u>8,868</u>

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

	2013 Number	2012 Number
Management and administration	22	21
Sales and marketing	215	194
	<u>237</u>	<u>215</u>

5 Directors' remuneration

	2013 £'000	2012 £'000
Directors' emoluments	365	338
Company contributions to money purchase pension schemes	30	29
	<u>395</u>	<u>367</u>

There was 1 director in the company's defined contribution pension scheme during the year (2012 - 1).

The total amount payable to the highest paid director in respect of emoluments was £219,300 (2012 - £214,800). Company pension contributions of £14,000 (2012 - £14,000) 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 2013 (*continued*)

6 Other interest receivable and similar income

	2013 £'000	2012 £'000
Deposits with group companies	1	2
Other loans	3	3
	<u> </u>	<u> </u>
	4	5
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans and overdrafts	2	4
Loans from group companies	197	147
	<u> </u>	<u> </u>
	199	151
	<u> </u>	<u> </u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

8 Taxation on profit/(loss) on ordinary activities

	2013 £'000	2012 £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	(292)	(64)
Adjustment in respect of previous periods	(73)	11
Effect of changes in tax rate	49	21
	<u> </u>	<u> </u>
Movement in deferred tax provision	(316)	(32)
	<u> </u>	<u> </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.

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before tax	718	(2,099)
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	201	(514)
Effect of:		
Expenses not deductible for tax purposes	34	23
Depreciation for period in excess of capital allowances	75	68
Utilisation of brought forward losses	(310)	-
Current year losses carried forward	-	423
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

Subject to agreement by HM Inspector of Taxes, there are tax losses of £3,106,176 (2012: £4,518,854) available against future trading profits.

The Chancellor's Statement on 19 March 2014 announced that the UK corporation tax main rate will reduce to 20% by April 2015. This has not been substantively enacted. This will reduce the company's current tax charge accordingly.

The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

9 Intangible fixed assets

	Purchased goodwill £'000
<i>Cost</i>	
At 1 January 2013	876
Additions	205
	<hr/>
At 31 December 2013	1,081
	<hr/>
<i>Amortisation</i>	
At 1 January 2013	366
Provided for the year	88
	<hr/>
At 31 December 2013	454
	<hr/>
<i>Net book value</i>	
At 31 December 2013.	627
	<hr/>
At 31 December 2012	510
	<hr/>

On 11 December 2013 the company purchased the trade and assets of Broadbents & Co. Limited for £223,000 including acquisition costs of £5,000. Included in the purchase were fixed assets of £18,000 which have been included in additions per note 10.

The assets are reviewed annually for impairment. The review at 31 December 2013 indicated that no such impairment had arisen.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

10 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Other fixed assets £'000	Total £'000
<i>Cost</i>				
At 1 January 2013	4,266	2,887	559	7,712
Additions	-	674	63	737
Disposals	-	(23)	(23)	(46)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	4,266	3,538	599	8,403
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2013	2,874	2,532	449	5,855
Provided for the year	-	243	76	319
Disposals	-	(23)	(16)	(39)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	2,874	2,752	509	6,135
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2013	1,392	786	90	2,268
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	1,392	355	110	1,857
	<hr/>	<hr/>	<hr/>	<hr/>

11 Fixed asset investments

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.

12 Stocks

	2013 £'000	2012 £'000
Finished goods and goods for resale	7,143	7,172
	<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 2013 (continued)

13 Debtors

	2013 £'000	2012 £'000
Amounts receivable within one year		
Trade debtors	13,630	12,321
Amounts owed by group undertakings	95	135
Prepayments and accrued income	91	282
Other debtors	524	267
	<u>14,340</u>	<u>13,005</u>
Amounts receivable after more than one year		
Deferred taxation	623	307
Total debtors	<u>14,963</u>	<u>13,312</u>

	Deferred taxation £'000
At 1 January 2013	307
Adjustments in respect of prior years	73
Credited to profit and loss account	292
Effect of change in tax rate	(49)
	<u>623</u>
At 31 December 2013	<u>623</u>

Deferred taxation

	2013 £'000	2012 £'000
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	325	276
Sundry timing differences	71	31
	<u>396</u>	<u>307</u>
Unutilised tax losses	227	-
	<u>623</u>	<u>307</u>

A deferred tax asset has been recognised in the accounts on the basis of future profits expected to be realised within one year.

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 *(continued)*

14 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	2,110	1,203
Amounts owed to group undertakings	9,892	13,800
Taxation and social security	3,638	1,013
Accruals and deferred income	1,889	1,354
	<u>17,529</u>	<u>17,370</u>

15 Provisions for liabilities

	Returns and warranty provision £'000
At 1 January 2013	840
Charged to profit and loss account	350
Utilised in year	(235)
	<u>955</u>
At 31 December 2013	<u>955</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.

16 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 £433,000 (2012 - £404,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Share capital

	2013 £'000	2012 £'000
<i>Allotted, called up and fully paid</i>		
2,320,000 ordinary shares of £1 each	<u>2,320</u>	<u>2,320</u>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

18 Reserves

	Profit and loss account £'000
At 1 January 2013	3,250
Profit for the year	1,034
	<hr/>
At 31 December 2013	4,284
	<hr/>

19 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit/(loss) for the year	1,034	(2,067)
Opening shareholders' funds	5,570	7,637
	<hr/>	<hr/>
Closing shareholders' funds	6,604	5,570
	<hr/>	<hr/>

20 Commitments under operating leases

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

	Land and buildings 2013 £'000	Other 2013 £'000	Land and buildings 2012 £'000	Other 2012 £'000
Operating leases which expire:				
Within one year	-	95	-	109
In two to five years	-	679	-	724
After five years	72	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	72	774	-	833
	<hr/>	<hr/>	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

21 Related party disclosures

The company is a wholly owned subsidiary of Alfred Kärcher GmbH & Co KG and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Alfred Kärcher GmbH & Co KG or other wholly owned subsidiaries within the group.

Loans and transactions concerning directors and officers of the company

Simon Keeping, a director of the company, owed £56,084 at the year end date (2012 - £29,648). The maximum amount of the loan in the year was £56,084. Interest is charged at 4%. A total of £1,026 interest was charged in the period.

Mark Venner, a director of the company, owed £19,710 at the year end date (2012 - £nil). The maximum amount of the loan in the year was £20,525. Interest is charged at 4%. A total of £135 interest was charged in the period.

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

	2013 £'000	2012 £'000
Operating profit/(loss)	913	(1,953)
Amortisation of intangible fixed assets	88	88
Depreciation of tangible fixed assets	319	307
Loss on sale of tangible fixed assets	7	13
Decrease/(increase) in stocks	29	(881)
Increase in debtors	(1,335)	(5,576)
Increase in creditors	159	9,347
Increase/(Decrease) in provisions	115	(70)
	<hr/>	<hr/>
Net cash inflow from operating activities	295	1,275
	<hr/>	<hr/>

23 Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
(Decrease)/increase in cash	(842)	815
Opening net funds	929	114
	<hr/>	<hr/>
Closing net funds	87	929
	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

24 Analysis of net funds

	At 1 January 2013 £'000	Cash flow £'000	At 31 December 2013 £'000
Cash at bank and in hand	929	(842)	87
	<hr/>	<hr/>	<hr/>
Total	929	(842)	87
	<hr/>	<hr/>	<hr/>

25 Currency commitments

At 31 December 2013 the company was committed under forward contracts to purchase foreign currency amounting to £18,137,651 (2012 - £17,631,891). The fair values of these contracts at 31 December 2013 is £37,971 (2012 - £568,800).

26 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.