

Kärcher (UK) Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 01350233

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Kärcher (UK) Limited

Report and financial statements for the year ended 31 December 2014

Contents

Page:

1	Strategic report
3	Report of the directors
6	Independent auditor's report
8	Profit and loss account
9	Balance sheet
10	Cash flow statement
11	Notes forming part of the financial statements

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 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2014.

Review of the business

As set out on page 8 the company grew turnover in the year to £118,615,000 (2013 - £104,681,000) an increase of 13.3%. The gross profit increased by 21.6% with gross margin percentage increasing to 24.4% (2013 – 22.8%) due to favourable Euro/Sterling exchange rates.

Our Home & Garden sales performed particularly well in part due to additional television advertising and the favourable weather. Outdoor cleaning products benefitted from the warmer spring, good summer weather, increased distribution and improved point of sale displays in retail stores. Indoor products performed well off the back of additional advertising in the second half of the year and strong online sales on 'Black Friday' and 'Cyber Monday'.

Professional product sales also saw growth in 2014 due to strong territory sales and good dealer center performances. An additional Kärcher center was opened in Nottingham in the year and with Bristol has contributed to the growth in the professional sales.

Overhead expenses saw an increase of 20.1% with continued investment in the organisational structure, in store display investments and brand/media marketing.

The average headcount increased by 27 (2013 – 22) with additional resource put into product management, customer services and after care sales support.

The company made an operating profit in 2014 of £1,368,000 (2013 - £913,000) with profit on ordinary activities after taxation of £1,131,000 (2013 - £1,034,000)

Current assets at the end of 2014 showed an increase of £3,232,000 in line with increased volume of sales and company activity. Stocks remain within company expectations and key performance indicators for the group.

Trade debtors increased by £242,000 due to our increased sales volumes, with aged debt within performance indicators set for the business. No significant bad debt was experienced in 2014.

Principal risks and uncertainties

The UK economy is undergoing a strong recovery compared with the rest of Europe and the GDP forecast for 2015 is fairly positive. CPI inflation finished the year at 0.5%, the lowest rate since May 2000. It will however remain difficult to improve UK market penetration as the business continues to see increased competition and pressure on pricing across all products.

The weather in the UK does have an effect on our Outdoor sales particularly during the first half of the year but with strong point of sale for the range and added value in extended warranties we continue to look to grow the Home & Garden markets.

Kärcher (UK) Limited

Strategic report for the year ended 31 December 2014 (*continued*)

Key Performance Indicators

The company produce regular monthly management information for review and discussion by the directors, various business sector managers and employees.

The management review key sales and margin KPI's on a Business Unit level, product groups, target groups and sales channels. Financial KPI's that are also discussed and reviewed by the management team are company sales performance, gross margin by category and overheads versus previous year and company budgets.

Included in KPI submissions are non-financial measures including headcount per cost centre, employee turnover, employee days lost, customer service levels and orders delivered 'on time & in full' (OTIF).

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

A majority of the financial performance indicators are relevantly 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 assets.

Return on Assets for 2014 is 3.6% (2013 – 2.6%)

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 forecasts.

By order of the board



M R Venner
Secretary

Date: 30 April 2015

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

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 period.

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

A new head office build is planned to start in the spring of 2015. The proposed site is in close proximity to our current location but will support the growth in staff numbers and UK product range. It will support additional engineering, demonstration, training and sales of the Kärcher products and cleaning solutions.

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 at head office to ensure we have no large 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 and dunning process are fully integrated to collect monies due to the company in a timely and orderly manner. Credit insurance on significant debt will also be put in place during the coming period to further strengthen the protection on our growing customer base and receivable assets.

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 overdraft 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.

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 and appropriate provisions are made.

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.

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2014 (*continued*)

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.

Post balance sheet events

Since the balance sheet date, the company has exchanged on contracts to construct a new head office building.

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
M R Venner

Kärcher (UK) Limited

Report of the directors for the year ended 31 December 2014 (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.

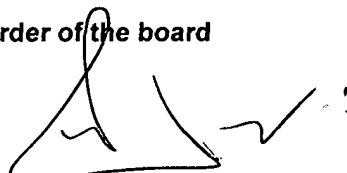
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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:
30 April 2015

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 2014 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 2014 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.

BDO LLP

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

30 April 2015

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 2014

	Note	2014 £'000	2013 £'000
Turnover	2	118,615	104,681
Cost of sales		89,602	80,828
		<hr/>	<hr/>
Gross profit		29,013	23,853
Distribution costs		22,722	18,490
Administrative expenses		4,923	4,450
		<hr/>	<hr/>
Operating profit	3	1,368	913
Other interest receivable and similar income	6	6	4
Interest payable and similar charges	7	(243)	(199)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,131	718
Taxation on profit on ordinary activities	8	-	316
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,131	1,034
		<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 2014

Company number 01350233	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	9		538		627
Tangible assets	10		2,123		2,268
			<u>2,661</u>		<u>2,895</u>
Current assets					
Stocks	12	9,821		7,143	
Debtors	13	15,492		14,963	
Cash at bank and in hand		2		87	
		<u>25,315</u>		<u>22,193</u>	
Creditors: amounts falling due within one year	14	19,356		17,529	
				<u>17,529</u>	
Net current assets			<u>5,959</u>		<u>4,664</u>
Total assets less current liabilities			<u>8,620</u>		<u>7,559</u>
Provisions for liabilities	15		885		955
			<u>7,735</u>		<u>6,604</u>
Capital and reserves					
Called up share capital	17		2,320		2,320
Profit and loss account	18		5,415		4,284
			<u>7,735</u>		<u>6,604</u>
Shareholders' funds	19		<u>7,735</u>		<u>6,604</u>

The financial statements were approved by the board of directors and authorised for issue on 30 April 2015.


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 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	22		(483)		295
Returns on investments and servicing of finance					
Interest received		6		4	
Interest paid: bank		(2)		(2)	
Interest paid: group loans		(241)		(197)	
Net cash outflow from returns on investments and servicing of finance			(237)		(195)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets			(338)		(737)
Acquisitions and disposals					
Purchase of business operations			-		(205)
Decrease in cash	23		(1,058)		(842)

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 2014

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 2014 (*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

Operating leases 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. Turnover is recognised when goods have been despatched.

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 2014 (continued)

2 Turnover

	2014 £'000	2013 £'000
Analysis by geographical market:		
United Kingdom	116,845	102,900
Europe	1,770	1,781
	<u>118,615</u>	<u>104,681</u>

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

3 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	478	319
Amortisation of positive goodwill	89	88
Hire of plant and machinery - operating leases	770	807
Hire of other assets - operating leases	113	23
	<u>1,450</u>	<u>1,237</u>
	2014 £'000	2013 £'000
Fees payable to the company's auditor for the auditing of the company's annual accounts	37	37
Fees payable to 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 2014 (continued)

4 Employees

Staff costs (including directors) consist of:

	2014 £'000	2013 £'000
Wages and salaries	9,230	8,313
Social security costs	1,093	933
Other pension costs	493	433
	<u>10,816</u>	<u>9,679</u>

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

	2014 Number	2013 Number
Management and administration	24	22
Sales and marketing	240	215
	<u>264</u>	<u>237</u>

5 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments	397	365
Company contributions to money purchase pension schemes	31	30
	<u>428</u>	<u>395</u>

There was 1 director in the company's defined contribution pension scheme during the year (2013 - 1).

The total amount payable to the highest paid director in respect of emoluments was £240,400 (2013 - £219,300). Company pension contributions of £13,800 (2013 - £14,000) were made to a money purchase scheme on his behalf.

Certain directors' emoluments were borne by the company's ultimate parent undertaking in the current year. It has not been possible to apportion directors' emoluments between the individual subsidiaries.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

6 Other interest receivable and similar income

	2014 £'000	2013 £'000
Deposits with group companies	6	1
Other loans	-	3
	<u>6</u>	<u>4</u>

7 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	2	2
Loans from group companies	241	197
	<u>243</u>	<u>199</u>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

8 Taxation on profit on ordinary activities

	2014 £'000	2013 £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(292)
Adjustment in respect of previous periods	-	(73)
Effect of changes in tax rate	-	49
	<u> </u>	<u> </u>
Movement in deferred tax provision	-	(316)
	<u> </u>	<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax.

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>1,131</u>	<u>718</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	243	167
Effect of:		
Expenses not deductible for tax purposes	80	34
Depreciation for period in excess of capital allowances	10	109
Utilisation of brought forward losses	(333)	(310)
	<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 £2,148,905 (2013: £3,106,176) 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 will reduce the company's current tax charge accordingly.

The deferred tax asset at 31 December 2014 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 2014 (*continued*)

9 Intangible fixed assets

	Purchased goodwill £'000
<i>Cost</i>	
At 1 January 2014 and 31 December 2014	1,081
<i>Amortisation</i>	
At 1 January 2014	454
Provided for the year	89
At 31 December 2014	543
<i>Net book value</i>	
At 31 December 2014	538
At 31 December 2013	627

The assets are reviewed annually for impairment. The review at 31 December 2014 indicated that no such impairment had arisen.

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*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 2014	4,266	3,538	599	8,403
Additions	-	315	23	338
Disposals	-	(23)	(8)	(31)
	<u>4,266</u>	<u>3,830</u>	<u>614</u>	<u>8,710</u>
<i>Depreciation</i>				
At 1 January 2014	2,874	2,752	509	6,135
Provided for the year	42	387	49	478
Disposals	-	(18)	(8)	(26)
	<u>2,916</u>	<u>3,121</u>	<u>550</u>	<u>6,587</u>
<i>Net book value</i>				
At 31 December 2014	<u>1,350</u>	<u>709</u>	<u>64</u>	<u>2,123</u>
At 31 December 2013	<u>1,392</u>	<u>786</u>	<u>90</u>	<u>2,268</u>

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

	2014 £'000	2013 £'000
Finished goods and goods for resale	<u>9,821</u>	<u>7,143</u>

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 2014 (*continued*)

13 Debtors

	2014 £'000	2013 £'000
Amounts receivable within one year		
Trade debtors	13,872	13,630
Amounts owed by group undertakings	204	95
Prepayments and accrued income	183	91
Other debtors	610	524
	<u>14,869</u>	<u>14,340</u>
Amounts receivable after more than one year		
Deferred taxation	623	623
	<u>15,492</u>	<u>14,963</u>

	Deferred taxation £'000
At 1 January 2014 and 31 December 2014	<u>623</u>

Deferred taxation

	2014 £'000	2013 £'000
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	325	325
Sundry timing differences	71	71
	<u>396</u>	<u>396</u>
Unutilised tax losses	227	227
	<u>623</u>	<u>623</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 2014 (continued)

14 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	973	-
Trade creditors	2,044	2,110
Amounts owed to group undertakings	10,950	9,892
Taxation and social security	3,236	3,638
Accruals and deferred income	2,153	1,889
	<u>19,356</u>	<u>17,529</u>

15 Provisions for liabilities

	Returns and warranty provision £'000
At 1 January 2014	955
Charged to profit and loss account	97
Utilised in year	(167)
	<u>885</u>
At 31 December 2014	<u>885</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 £493,000 (2013 - £433,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Share capital

	2014 £'000	2013 £'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 2014 (*continued*)

18 Reserves

	Profit and loss account £'000
At 1 January 2014	4,284
Profit for the year	1,131
	<hr/>
At 31 December 2014	5,415
	<hr/>

19 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the year	1,131	1,034
Opening shareholders' funds	6,604	5,570
	<hr/>	<hr/>
Closing shareholders' funds	7,735	6,604
	<hr/>	<hr/>

20 Commitments under operating leases

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

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Operating leases which expire:				
Within one year	-	90	-	95
In two to five years	-	762	-	679
After five years	105	-	72	-
	<hr/>	<hr/>	<hr/>	<hr/>
	105	852	72	774
	<hr/>	<hr/>	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (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 £48,323 at the year end date (2013 - £56,084). The maximum amount of the loan in the year was £56,084. Interest is charged at 4%. A total of £1,912 interest was charged in the period.

Mark Vennier, a director of the company, owed £14,708 at the year end date (2013 - £19,710). The maximum amount of the loan in the year was £19,710. Interest is charged at 4%. A total of £697 interest was charged in the period.

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

	2014 £'000	2013 £'000
Operating profit	1,368	913
Amortisation of intangible fixed assets	89	88
Depreciation of tangible fixed assets	478	319
Loss on sale of tangible fixed assets	5	7
(Increase)/decrease in stocks	(2,678)	29
Increase in debtors	(529)	(1,335)
Increase in creditors	854	159
(Decrease)/Increase in provisions	(70)	115
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(483)	295
	<hr/>	<hr/>

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

	2014 £'000	2013 £'000
Decrease in cash	(1,058)	(842)
Opening net funds	87	929
	<hr/>	<hr/>
Closing net (debt)/funds	(971)	87
	<hr/>	<hr/>

Kärcher (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

24 Analysis of net (debt)/funds

	At 1 January 2014 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash at bank and in hand	87	(85)	2
Bank overdrafts	-	(973)	(973)
	<u>87</u>	<u>(1,058)</u>	<u>(971)</u>
Total	87	(1,058)	(971)

25 Currency commitments

During the year ended 31 December 2013 the company was committed under forward exchange contracts to purchase Euros amounting to £18,137,651 throughout the year ended 31 December 2014. The fair values of these contracts at 31 December 2013 was £37,791.

During the year ended 31 December 2014 the company entered into three Target Profit Forward currency exchange contracts. The terms of these contracts require the company to purchase €2m or €4m, €1.05m or €2.1m and €1.75m or €3.5m at set rates during the years ended 31 December 2015, 31 December 2016 and 31 December 2017. The contracts include a contractually agreed barrier, which when exceeded, will terminate the contracts. The maximum possible commitment under all three contracts is £236m over the 3 years to 31 December 2017. The fair value of these contracts at 31 December 2014 are all negative and amount to £7,831,540.

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.