

Kärcher (UK) Limited

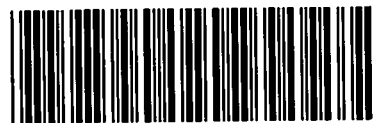
Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 01350233

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Kärcher (UK) Limited

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Kärcher (UK) Limited

Company Information

Directors	H O Jenner S C Keeping M R Venner C May S Patzke
Company secretary	M R Venner
Registered number	01350233
Registered office	Kärcher House Brookhill Way Banbury Oxfordshire OX16 3ED
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA

Kärcher (UK) Limited

Strategic report For the Year Ended 31 December 2022

The Directors present their Strategic Report together with the consolidated audited financial statements for the year ended 31 December 2022.

Review of the business

As set out on page 18 the Group turnover decreased in the year to £126,580,000 (2021 - £165,367,000) or 23.5%. The main factor in the decrease in overall sales is the reduction in Consumer product sales verses prior year- as 2021 was a record year for Consumer sales. Professional product sales have improved by 9.7% year on year due to a full year of trading without pandemic related closures for our customers, and further investment in our Professional sales and support services.

Group overheads are regularly reviewed by the management team to ensure where possible these costs are in line with sales volumes, profitability expectations and strategic focus of the business.

The overhead spend for the Group in the year was on warehousing and distribution, advertising and marketing and employment costs. The average consolidated headcount increased by 22 to 295. The Group generated an operating profit in 2022 of £9,169,000 (2021 - £3,372,000) and a profit on ordinary activities after interest and taxation of £6,791,000 (2021 - £2,701,000).

We aim to protect our core business by using forward contracts to help build more certainty into our future cash flows. The movement in the derivatives created a profit of £5,180,000 (2021 - loss of £4,110,000).

Year end product stock values decreased year on year by 11.0% (2021 - 11.5% decrease) mainly due to stock held being adjusted proportionally to sales and global supply chain and material availability issues.

External trade receivables remain well within the Group's debtor day expectations and key performance indicators for the Group. The year end value of £13,024,000 (2021 - £11,480,000) reflects the sales profile in the last quarter and associated cash collections in both companies. Company bad debts in the year at 0.3% (2021 - 0.05%) remains low but remains a key focus of the management team.

Consolidated net assets increased by £6,791,000 (2021 - £3,600,000) year on year mainly due to the current year's operating performance and the valuation of the derivative financial instruments.

As a majority of our products sold in the UK are imported from the Euro zone and the continued pressure on Sterling versus the Euro, the management of our exchange currency and the associated product cost base requires significant management focus and necessary price adjustment.

Our strategy on employing and retaining good people, our marketing plans and the continued innovation of our product range, along with close collaboration with our customers, will continue to be the focus for the UK business in 2022. These factors, plus the measures that have been introduced to protect the principles and assets of the Kärcher Group, mean that we are in a good position to continue added value projects and continue to improve the financial stability and environmental sustainability of the business.

Principal risks and uncertainties

Our environmental sustainability and our impact on the planet, as well as the macroeconomic effect on the UK economy due to inflationary cost increases and resource availability, are significant focus areas for the business. Our ability to plan and react to these challenges is reviewed on a weekly basis by the Board of Directors.

The business anticipates that demand for our goods and services are likely to continue to grow and this increases the pressures on stock and associated raw material availability. However, in conjunction with our Group parent company, we constantly review the effectiveness of our end to end supply chain in matching the local demand for our products to the parent company factory output. This is to ensure our customers' demands are met with best in class service and that our end to end supply chain supports our customers.

Kärcher (UK) Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

The fluctuation of the exchange rate of Sterling against the Euro continues to be a key risk to the performance of the Group. With this in mind, deployment of risk mitigating policies such as foreign currency forward purchases, cash flow planning, strategic plans to improve working capital and profit generation have already proved a valuable barrier to the financial impacts of the economic and market changes. We are working closely with our partners in Group Treasury, banking and professional advisors to ensure the Group is in the best possible position with regard to currency and other financial risks.

The global Group as a whole has a strong and ever improving customer offering and culture, both of which are the backbone of our long terms plans.

Key performance indicators

The Group produce regular management information for review and discussion by the Directors, business managers and employees. Management produces key performance indicators specifically on a business unit, value stream and sales channel level. The financial key performance indicators are sales performance, product gross margin, company gross profit and product value stream contributions as well as capital and overhead spend. These are evaluated against previous years, forecasts and budgets and then used to adjust strategic planning to ensure the assets and returns of the business are protected.

Included in management information submissions are non-financial measures including the scopes of energy consumption, headcount per cost centre, employee productivity & attrition, cost to serve our customers, product return volumes, health and safety data, customer service levels and orders delivered 'on time & in full' through our outsource partner and in house warehousing and distribution.

Working capital measures are reviewed and set for the coming periods by the management and they include stock range, debtor days, creditor days, currency hedging effectiveness and liquidity statistics.

A majority of the financial performance indicators are relevantly assessed on a company and management reporting level, therefore not presented in this report however a key indicator for the measurement of the business is our return on company assets.

The core business showed a 12.3% ROA at the end of 2022 versus 14.6% in 2021.

At present there are no significant threats to any operating costs or outstanding debts of the business, with all business units and company key indicators within tolerance levels of management expectations.

The Group's key performance indicators during the year were as follows:

	2022	2021
	£000	£000
Turnover	126,580	165,367
Operating profit	9,169	3,372
Profit after tax excluding other comprehensive income	6,791	2,701
Current assets as a % of current liabilities (current ratio)	209%	141%
Shareholders' funds	25,996	19,205

Kärcher (UK) Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Stakeholder Engagement

The Board of Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). The Board meets on a weekly & monthly basis to review the management reports for the Group and the agenda typically includes management discussion relating to current trading, financial performance in the period to previous years and budget and a review of the strategic plan with more detailed discussions on areas of particular importance. The Board considers the Company's key stakeholders to include employees, shareholders, customers, suppliers and the local community.

Principal decisions taken by the board during the period

The Board also meet on a quarterly basis to evaluate longer term strategic direction of the business performance and the people working in the business. At all these meetings the financial benefit and shareholder return is one of the key decision criteria, as well as the long term effect on the Group's sustainability plans, the environment, value proposition for our employees and value, satisfaction and service for our customers. Our approach to all our stakeholders is one of jointly beneficial partnership where sustainable returns, valued added and long term relationships are paramount. During the 2022 financial year, the Board considered a wide range of matters affecting both the short term and long term future of the business. These matters varied throughout the year, however, consistent themes underpinned the key decisions made by the Board including:

- improving business sustainability; financial and environmental;
- inflationary cost pressures caused by economic and political situations locally and internationally;
- resource and product availability in the supply chain;
- market penetration;
- product portfolio;
- customer relationship management;
- the engagement, recognition and development of our people; and
- corporate Compliance

We set out below how we engaged with all key stakeholders during the year to communicate strategy and equally to hear and understand their views.

Customers and suppliers

Our engagement with customers and suppliers continues to evolve and improve as the Board recognises that fostering these relationships along with maintaining the Group's reputation for high standards of business partnerships is essential for the long term success.

We manage our customers over three main channels Retail, Dealer orientated customers and Direct originated customers with National Account Managers, Business Development Managers, Area Sales Managers and Key Account Managers across UK & Northern Ireland. These customers and sales teams are supported by an external consumer call centre (based in the UK) and Internal Customer Care and Customer Support teams at the Banbury head office. All interactions with customers and end users are held on company customer relationship management systems and we provide all customers an opportunity to provide feedback on the service and support provided by the Company. The focus is 100% customer satisfaction and continual improvement in our service net promoter scores.

All key suppliers have regular business reviews to assess and review performance for continuous improvements to the management of our key services. Our purchasing professionals regularly review our suppliers to maintain competitive sustainability and drive improvements in their environmental credentials & carbon footprint.

Kärcher (UK) Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Customers and suppliers (continued)

There has been continuing development to improve the Group's supply chain, with continuous review of our warehouse and distribution partners and further investment in the supply chain management & training to focus on improving customer management, planning and efficiency.

Employees

Our employees are fundamental to the Group's success and future strategy of the business. The Board aims to be a responsible employer and ensures that pay and benefits are fair, consistent and competitive. The health, safety and well-being of the Group's employees are one of the Board's primary considerations.

The Board has developed a comprehensive "Employee Value Proposition", whereby we engage and nurture new starters and existing staff through a learning and development programme during their time with the Company. This is done by identifying career paths and encourages employees to maximise their potential through internal and external training, coaching and mentoring, personal development plans and regular performance appraisals.

Trading updates

The Board considers trading performance from across the Group's operations using regularly updated performance dashboards, and they discuss operational issues such as stock availability, production performance, sales, gross margin & business contribution values on a weekly and, in more detail, on a monthly basis.

Strategic Plan

The Board discuss the foundations of the strategic plan on a regular basis.

In order to formulate the plan, the Board has assessed recent Group trading performance, market trends, developments with regards to environmental sustainability, marketplace and competitive position as well as efficiency of the manufacturing footprint. Based on the above, the Board reconfirmed the Company's mission, vision and agreed a directional plan for the next five years; the plan encompasses identification of the desired growth opportunities, development of the strategy to create capacity for this growth, and necessary enhancement of the Group's manufacturing and organisational capability.

Financial updates

The Board discuss performance against budget with particular focus on understrength parts of the business, review the monthly rolling forecasts, discussed funding requirements, review the liquidity position and considered payment of shareholder dividends. Additionally, scenario planning and impact assessments for the principal risks and uncertainties highlighted above are reviewed and the plan is adjusted as and when needed dependent on the local markets, marketing activity and sales opportunities.

Sustainability

The Board is acutely aware of its responsibility to safeguard the environment ensuring we have a strong sustainability strategy. Each year we focus on ensuring our products include more recycled plastic and reduction in emissions from our supply chain, sales operations & production plants. One of our specific strategic aims is to improve our environmental sustainability via the creation of an environmental plan & outlook to 2025 and 2030, with environmental opportunities and targets are set across 3 initiatives.

Kärcher (UK) Limited

Group Strategic Report (continued) For the Year Ended 31 December 2022

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Going concern

Kärcher UK Limited Group and Company is financed by cash generated from operations, bank overdraft and a parent company working capital facility from its sole shareholder Kärcher Beteiligungs GmbH with Alfred Kärcher SE & Co. KG (as ultimate parent company) based in Germany. The UK group operate with minimal cash levels in territory, with cash repatriated to the ultimate parent company where possible and then is available for redraw. The working capital facility is available to June 2024 however the Directors consider that the financial support from the ultimate parent company will continue with the working capital expected to be extended as part of the annual budget cycle. The current financial years strong financial performance along with positive post year end trading results above budget has enhanced the local working capital and liquidity position.

The Directors have prepared forecasts to 31 October 2024 including reasonable downside sensitivities including a reduction in revenue and cash collection from customers with a static cost base. In the forecast the business only expects to use the working capital facility to support with seasonal demands on working capital with the rest of the forecast showing the business will finance cash requirements from cash generated from operations.

As such, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would be necessary if the UK group or parent company is unable to continue as a going concern.

Future risks

The financial results as presented have partly mitigated some of our future concerns outlined in our previous report, specifically around the impact of post pandemic, continued Brexit & Russia/Ukraine war issues in our supply chain, rising inflation and growing cost of funding. However there are still many unknowns around these issues and new developments in 2023 but the business continues to plan, prepare and react to market and macro-economic changes as a result of these issues.

The British economy will be living with the long-term effects of the pandemic for years with the UK still struggling at the end of 2022. Business lessons have certainly been learnt during 2020 and 2021, the growth of our online business has certainly put us in a stronger position to tackle any changes in our markets and improve the selection and services of our UK consumers. The costs of Brexit continues to be managed within the business and best practice continues to create efficiencies so we can maintain our focus on deliver of 'on time & in full' from our European production plants. The war in Europe has put additional strain on UK supplies but strong collaboration with the logistic teams in Germany have ensured open and transparent visibility of bottle necks in our supply.

The rising cost in energy, gas, fuel & labour has certainly had an impact on our company results in 2022 but with improved procurement management & governance processes in the business the Company will be able to mitigate some rising costs through stronger relationships with suppliers & vendors with improved employee value proposition for our staff.

Kärcher (UK) Limited

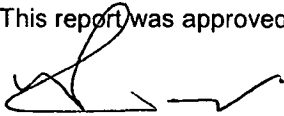
Group Strategic Report (continued) For the Year Ended 31 December 2022

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Future risks (continued)

If businesses do not have enough to contend with, then add rising interest rates to the mix which impact the Company funding during high season and the strong finance support to our customers. Working with our newly formed KFS (Kärcher Financial Services) we continue to ensure we maintain very strong offering on business finance and ensure we optimise our cost of funding for the Company.

This report was approved by the board and signed on its behalf by:



M R Venner
Secretary

Date: 28 November 2023

Kärcher (UK) Limited

Directors' Report For the Year Ended 31 December 2022

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2022.

Results and dividends

The Consolidated Statement of Comprehensive Income is set out on page 15 and shows the operating performance for the year.

Management of financial risks

The Group's operations and administration are open to currency, liquidity, credit, interest rate and returned product risks.

The Group has exposure to the Euro currency, this is managed by forward exchange contracts and reviewed regularly with our Treasury department at head office to ensure we have no large exposures or risk to company margin and the Groups cost base.

The Group'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 is in place to further strengthen the protection of our receivable assets.

The Group's policy in respect of interest rate risk and liquidity risk is to maintain medium term and 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.

Returned products are reconditioned and sold via our outlet website. The Company returns rates are regularly reviewed for each product range and appropriate provisions and assurances are made.

Employment of disabled persons

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

Employee involvement

The Group 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 business updates, manager updates and the Company's annual conference. All employees have performance reviews, learning & development plans and self-assessment appraisal meetings at least twice a year. We have an all-encompassing software package to help manage these functions and align ourselves with the global human resource management processes.

Annually we perform a companywide employee survey in conjunction with our Culture Excellence program. The results of which are used to evaluate where we have made progress since the last survey and where opportunities for improvements exist. The business has also recently introduced quarterly team pulse surveys to gauge and understand more immediate concerns over leadership, engagement and working conditions.

Kärcher (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Research and development

The Group had no material investment in this area in the year.

Directors

The Directors who served during the year and up to the date of signing this report were:

H O Jenner
S C Keeping
M R Venner
C May
S Patzke

Streamlined energy and carbon reporting (SECR)

Environmental friendly products, end to end supply chain and climate protection are a fundamental part of our day to day actions. We see proactive sustainable action as a clear competitive advantage that will be even more decisive in the future.

As a global market leader, we already meet many of tomorrow's potential legal requirements. However, we also feel committed to the topic of sustainability independently of sales figures. As a globally active group, Kärcher takes responsibility and wants to make a decisive contribution as a good corporate citizen. After all, it is companies that can have a decisive influence on protecting resources, saving energy and reducing emissions.

At Kärcher, our success is secured by long-term strategies. Our commitment to sustainability is also shaped around this understanding. From 2014 to 2020, Kärcher was already following the company-wide "Sustainability Excellence" sustainability strategy, in order to ensure holistic consideration of all sustainability aspects and to implement them in the form of specific measures and targets.

After its successful completion in 2020, it was followed by the "Sustainability Strategy 2025" with the three central initiatives **"Zero Emissions"**, **"Reduce, Reuse, Recycle"** and **"Social Hero"**.

The Corporate Sustainability Management is responsible for steering the sustainability strategy. This team coordinates the strategic sustainability activities at Kärcher, continuously monitors target achievement and is responsible for compliance with all transparency requirements. It communicates closely with a wide range of areas, such as Procurement, HR, Development, Product Management, Sales, Communication and Corporate Citizenship. In addition, it informs the Group Board of Management on a quarterly and ad hoc basis about progress and current developments within the framework of the three strategic initiatives. In line with our overall "Sustainability is everyone's responsibility" approach, all sustainability activities are implemented across the Kärcher group.

The UK has had ISO 14001 Environmental Management Standard in place since February 2020.

Kärcher (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Streamlined energy and carbon reporting (SECR) (continued)

Managing our Emissions

As part of the "Zero Emissions" initiative, the group is pursuing a clear timetable to reduce energy use and therefore also carbon emissions at Kärcher. Our production sites are the initial focus here. Due to the high level of vertical integration at Kärcher, we can make an effective contribution to climate protection by reducing production-related emissions. By 2025, we want to reduce our carbon emissions in production by 21% compared to 2020 and by 42% by 2030. Key measures to achieve our goals; the gradual switch to regional green electricity suppliers and the expansion of photovoltaic systems at all sites.

We record the disclosures about energy consumption and emissions quarterly for all Kärcher factories worldwide. This means we can monitor our goals and identify additional potential to save CO₂. The most important way to reduce carbon emissions is to reduce energy consumption.

All our European factories have a certified energy management system in accordance with the ISO 50001 standard.

Since 2021, the Kärcher headquarters in Germany and all Kärcher production and logistics sites have been carbon neutral in terms of their balance sheets.

In recent years, the UK head office has introduced LED lighting, solar film, 24 EV chargers & a photovoltaic system at the Banbury head office.

In 2022, the focus on stronger energy management has seen the UK consumption of electricity & gas as below;

Energy Type	Period from	Period to	Usage	Unit of measurement	Co2 emissions tonnes
Scope 1: Electricity	1 Jan 2022	31 Dec 2022	290,887	kWh	56.25
Solar PV production	1 Jan 2022	31 Dec 2022	260,554	kWh	0.00
Scope 2: Gas	1 Jan 2022	31 Dec 2022	249,448	kWh	45.53

Other indirect emissions

A significant share of Kärcher's carbon footprint can be traced back to upstream and downstream activities (scope 3). This includes, for example, the production of the individual bought-in components, the use of our products by customers, logistics or even business travel. Scope 3 emissions often lie outside our direct sphere of influence, which makes it more difficult to obtain and ensure the availability and quality of corresponding emissions data. At Kärcher, we have therefore undertaken to significantly expand the recording of scope 3 emissions by 2025. We already record individual scope 3 emission categories such as business travel in detail and are working to reduce them: for example, we are avoiding more and more business trips by replacing them with digital meetings. Before booking travel, we also raise awareness among our employees to choose the most environmentally friendly option. For example, the travel booking portal shows the specific carbon impact of the means of travel and the travel route.

The introduction of Electric Cars & Commercial vehicles are a significant pillar of our 4 years vehicle policy in the UK business with the figures below our transport & travel usage for 2022.

Kärcher (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Streamlined energy and carbon reporting (SECR) (continued)

Energy type	Period from	Period to	Usage	Unit of measurement	Co2 emissions tonnes
Scope 3: Transport	1 Jan 2022	31 Dec 2022	3,477,097	kWh	767.13

Working with our sustainability teams across the Kärcher group we our focused on reducing our emissions in scope 1 & 2 per million £ currently at 146 CO2 by 20% year on year until 2028. This is the first year that the group has been able to monitor the emissions under the reporting requirements and accordingly no prior comparatives are presented. Going forward comparative information will be provided.

Product, Materials and Packaging

Sustainability in our products is primarily expressed through resource-conserving use of materials. As a result, we are also working on increasing both the recyclability of our cleaning machines & packaging and the share of recycled materials used in them. We are focusing on the principles of the recycling economy – i.e. avoiding, reducing and reusing materials.

In this way, we are continuously reducing our need for raw materials.

An overview of our product goals;

- By 2025, we will optimise the sustainability of all product packaging
- By 2025, selected consumer and professional products target a recycled plastic content of up to 50%
- By 2025, sustainability will be an integral part of new business models

Our product packaging fulfils a variety of tasks. It protects our products from external influences, thus maintaining their quality, and also serves as an information carrier for consumers. At the same time, however, packaging is also associated with high resource consumption and recycling challenges. Knowing this, we are consistently developing the environmental aspects of our packaging – a focus of our "Reduce, Reuse, Recycle" initiative. The Packaging Development team is responsible for this in close cooperation with Product Development and Sustainability Management.

Our approach to making our packaging more sustainable is based on the concept of the circular economy. This includes, first of all, using less packaging material. The focus is on the reduction of plastics. We were able to significantly reduce their consumption, for example, by optimising film thicknesses or using different compositions. We were also able to reduce the amount of paper used for almost all product packaging in the consumer division, thanks in part to a specially developed calculation tool.

Quantification and Reporting Methodology

The reporting boundary is based on our Global sustainability reporting according to the Global Reporting Initiative and in the UK is based on our ESOS reporting collated by our energy management consultants.

Since 2020, we have been strongly guided by the 17 Sustainable Development Goals (SDGs) of the United Nations. It is based on the internationally recognised reporting standards of the Global Reporting Initiative, which makes our actions comparable, measurable and transparent. Consistent with the global development goals of the United Nations Kärcher's new Sustainability Strategy 2025 is guided by the SDGs. For us as a company, the SDGs provide a good framework, as they connect our own actions with the solution of globally relevant challenges. With our three initiatives, we are making a specific contribution to a total of 13 SDGs. This is the result of a comprehensive analysis – based on the internationally recognised method of the SDG Compass.

The UK is also now in Phase 3 or Stage 3 of ESOS (Energy Savings Opportunity Scheme) reporting. The ESOS activities aid the company to reduce energy usage and waste whilst helping to tackle climate change and lead the UK towards a higher level of energy security.

Kärcher (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Streamlined energy and carbon reporting (SECR) (continued)

Quantification and Reporting Methodology (continued)

The compliance & reporting under our ESOS requirements will be completed before the required deadlines.

More on the Kärcher sustainability facts & figures, 2025 Goals & our sustainability can be seen in the link below;
<https://www.kaercher.com/int/inside-kaercher/sustainability/sustainability-in-numbers.html>

Corporate Social Responsibility

The smallest plastic particles – so-called plastic granulate or 'Nurdles' – are indispensable for manufacturers like Kärcher, but are a major problem in nature. Because once there, the small particles are difficult to remove again.

Many companies along the value chain – from the manufacturer to the transporter to the processor – are committed to avoiding the loss of plastic granulate and, at best, to reusing the raw materials through good processes.

In doing so, we are working together with Nurdle to complete beach, bay & ocean cleans in the UK using Kärcher innovation and products. The aim is to raise awareness of the plastics in the environment and using Kärcher products to support "clean ups". This allows plastic granulates to be easily and efficiently removed from UK beaches and repurposed as phone cases and worktops - <https://nurdle.org.uk/>

Numbers and targets are key to ensure we continue on the path of sustainability as a local company and as a Kärcher Group but actions always speak louder than words and together we can make a stronger impact.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Kärcher (UK) Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Disclosure of information to auditor

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

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



H O Jenner
Director

Date: 28 November 2023



S C Keeping
Director

Date: 28 November 2023

Kärcher (UK) Limited

Independent Auditor's report to the members of Kärcher (UK) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kärcher (UK) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Parent Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Parent Company Statement of Changes in Equity and the Consolidated Statements of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Kärcher (UK) Limited

Independent Auditor's report to the members of Kärcher (UK) Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Parent Company 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.

Responsibilities of directors

As explained more fully in the Director responsibility statement in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Kärcher (UK) Limited

Independent Auditor's report to the members of Kärcher (UK) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management, including reviewing supporting documentation concerning the Group's and Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the Parent Company based on our understanding of the Group and the Parent Company, sector experience and discussions with management. We considered the most significant laws and regulations for the Group and the Parent Company to be applicable accounting framework, Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety and the Bribery Act 2010.
- Discussing among the engagement team, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud and non-compliance with laws and regulations.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and those charged with governance and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes.
- We tested the appropriateness of accounting journals on a sample basis, including those relating to adjustments made in the preparation of the financial statements. We used data assumptions techniques to identify and analyse the complete population of all journals in the year to identify and test any which we considered were indicative of management override.
- We reviewed the Group's and Parent Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We also tested manual journals posted to revenue, agreeing them to supporting documentation to check that they were appropriate, correctly recorded and supported by appropriate evidence.

Kärcher (UK) Limited

Independent Auditor's report to the members of Kärcher (UK) Limited (continued)


Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date: 28 November 2023

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

Kärcher (UK) Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	126,580	165,367
Cost of sales		(83,666)	(118,777)
Gross profit		42,914	46,590
Distribution costs		(28,366)	(27,817)
Administrative expenses		(5,379)	(15,401)
Operating profit	5	9,169	3,372
Interest receivable and similar income		24	10
Interest payable and similar expenses	9	(211)	(207)
Profit before taxation		8,982	3,175
Tax on profit	10	(2,191)	(474)
Profit for the financial year		6,791	2,701
Other comprehensive income for the year			
Movement in cash flow hedge		-	1,109
Taxation in respect of other comprehensive income		-	(210)
Other comprehensive income for the year		-	899
Total comprehensive income for the year		6,791	3,600

All amounts relate to ordinary activities.

The notes on pages 26 to 49 form part of these financial statements.

Kärcher (UK) Limited
Registered number:01350233

Consolidated Balance Sheet
As at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	11		451		636
Tangible assets	12		10,571		10,574
			<u>11,022</u>		<u>11,210</u>
Current assets					
Stocks	14	11,115		12,494	
Debtors: amounts falling due within one year	15	28,189		29,333	
Cash at bank and in hand	16	351		1,525	
		<u>39,655</u>		<u>43,352</u>	
Creditors: amounts falling due within one year	17	(18,996)		(30,832)	
Net current assets			<u>20,659</u>		<u>12,520</u>
Total assets less current liabilities			<u>31,681</u>		<u>23,730</u>
Creditors: amounts falling due after more than one year	18		-		(75)
Provisions for liabilities					
Deferred taxation	21	(685)		-	
Other provisions		<u>(5,000)</u>		<u>(4,450)</u>	
			<u>(5,685)</u>		<u>(4,450)</u>
Net assets			<u>25,996</u>		<u>19,205</u>
Capital and reserves					
Called up share capital	23		2,320		2,320
Profit and loss account	24		23,676		16,885
			<u>25,996</u>		<u>19,205</u>

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



H O Jenner
Director



S C Keeping
Director

Date: 28 November 2023

Date: 28 November 2023

The notes on pages 26 to 49 form part of these financial statements.

Kärcher (UK) Limited

Registered number:01350233

Company Balance Sheet As at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	11		43		79
Tangible assets	12		6,619		6,982
Investments	13		2,652		2,652
			<u>9,314</u>		<u>9,713</u>
Current assets					
Stocks	14	11,036		12,417	
Debtors: amounts falling due after more than one year	15	50		505	
Debtors: amounts falling due within one year	15	28,733		29,514	
Cash at bank and in hand	16	-		1,234	
		<u>39,819</u>		<u>43,670</u>	
Creditors: amounts falling due within one year	17	(17,302)		(29,380)	
Net current assets			<u>22,517</u>		<u>14,290</u>
Total assets less current liabilities			<u>31,831</u>		<u>24,003</u>
Provisions for liabilities					
Deferred taxation	21	(789)		-	
Other provisions		(5,000)		(4,450)	
			<u>(5,789)</u>		<u>(4,450)</u>
Net assets			<u>26,042</u>		<u>19,553</u>
Capital and reserves					
Called up share capital	23		2,320		2,320
Profit and loss account	24		23,722		17,233
			<u>26,042</u>		<u>19,553</u>

Kärcher (UK) Limited
Registered number:01350233

Company Balance Sheet (continued)
As at 31 December 2022

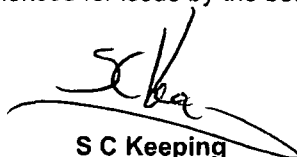
The Group profit for the year includes a profit after tax generated by the Company of £6,489,000 (2021 - £2,468,000).

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



H O Jenner
Director

Date: 28 November 2023



S C Keeping
Director

Date: 28 November 2023

The notes on pages 26 to 49 form part of these financial statements.

Kärcher (UK) Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	2,320	16,885	19,205
Comprehensive income for the year			
Profit for the year	-	6,791	6,791
Total comprehensive income for the year	-	6,791	6,791
At 31 December 2022	2,320	23,676	25,996

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	2,320	(899)	14,184	15,605
Comprehensive income for the year				
Profit for the year	-	-	2,701	2,701
Taxation in respect of items of other comprehensive income	-	(210)	-	(210)
Net movement on cash flow hedges	-	1,109	-	1,109
Other comprehensive income for the year	-	899	-	899
Total comprehensive income for the year	-	899	2,701	3,600
At 31 December 2021	2,320	-	16,885	19,205

The notes on pages 26 to 49 form part of these financial statements.

Kärcher (UK) Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	2,320	17,233	19,553
Comprehensive income for the year			
Profit for the year	-	6,489	6,489
Total comprehensive income for the year	-	6,489	6,489
At 31 December 2022	2,320	23,722	26,042

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	2,320	(899)	14,765	16,186
Comprehensive income for the year				
Profit for the year	-	-	2,468	2,468
Taxation in respect of items of other comprehensive income	-	(210)	-	(210)
Net movement on cash flow hedges	-	1,109	-	1,109
Other comprehensive income for the year	-	899	-	899
Total comprehensive income for the year	-	899	2,468	3,367
At 31 December 2021	2,320	-	17,233	19,553

The notes on pages 26 to 49 form part of these financial statements.

Kärcher (UK) Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	6,791	2,701
Adjustments for:		
Amortisation of intangible assets	185	185
Depreciation of tangible assets	2,702	1,801
Profit on disposal of tangible assets	-	(9)
Interest paid	211	207
Interest received	(24)	(10)
Taxation charge	2,191	474
Decrease in stocks	1,379	1,623
Decrease/(increase) in debtors including group balances	998	(1,724)
Decrease in creditors including group balances	(9,235)	(233)
Increase in provisions	550	1,700
Taxation paid	(1,488)	(1,477)
Net cash generated from operating activities	4,260	5,238
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,702)	(1,120)
Sale of tangible fixed assets	3	17
Interest received	24	10
Net cash used in investing activities	(2,675)	(1,093)
Cash flows from financing activities		
Repayment of finance leases	(494)	(1,152)
Repayment of intercompany loan	(2,780)	(1,449)
Interest paid	(211)	(207)
Net cash used in financing activities	(3,485)	(2,808)

Kärcher (UK) Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

	2022 £000	2021 £000
Net (decrease)/increase in cash and cash equivalents	(1,900)	1,337
Cash and cash equivalents at beginning of year	1,525	188
Cash and cash equivalents at the end of year	(375)	1,525
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	351	1,525
Bank overdrafts	(726)	-
	(375)	1,525

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The Group's principal activities include the sale, hire and repair of cleaning equipment. The registered office of the Parent Company (Kärcher (UK) Limited) is Kärcher House, Brookhill Way, Banbury, Oxfordshire, England OX16 3ED.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

Parent company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No cash flow statement has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been consistently applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Kärcher (UK) Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.3 Going concern

Kärcher UK Limited Group and Company is financed by cash generated from operations, bank overdraft and a parent company working capital facility from its sole shareholder Kärcher Beteiligungs GmbH with Alfred Kärcher SE & Co. KG (as ultimate parent company) based in Germany. The UK group operate with minimal cash levels in territory, with cash repatriated to the ultimate parent company where possible and then is available for redraw. The working capital facility is available to June 2024 however the Directors consider that the financial support from the ultimate parent company will continue with the working capital expected to be extended as part of the annual budget cycle. The current financial years strong financial performance along with positive post year end trading results above budget has enhanced the local working capital and liquidity position.

The Directors have prepared forecasts to 31 October 2024 including reasonable downside sensitivities including a reduction in revenue and cash collection from customers with a static cost base. In the forecast the business only expects to use the working capital facility to support with seasonal demands on working capital with the rest of the forecast showing the business will finance cash requirements from cash generated from operations.

As such, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would be necessary if the UK group or parent company is unable to continue as a going concern.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services and equipment hire

Turnover from a contract to provide services and equipment hire is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

2.7 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 2.13 below. Income is accounted for on a straight line basis in accordance with accounting policy 2.5 above.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.12 Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life. Goodwill recognised following transition to FRS 102 is being amortised to 'administrative expenses' over 10 years.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 Intangible assets (continued)

Goodwill (continued)

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other intangibles

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangible assets are arrived at by using appropriate valuation techniques.

Brands are amortised over their useful economic lives of 5 years. The valuation method uses estimated discounted cash flows to determine the cost of brands acquired.

Customer lists are amortised over their useful economic lives of 5 years. The valuation method takes account of the historic customer relationship and uses discounted cash flows to determine the cost of customer relationships acquired.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in the Consolidated Statement of Comprehensive Income.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and assets under construction are not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows.

Depreciation is provided on the following basis:

Freehold property	- 10% straight line
Leasehold property	- Over the term of the lease
Plant and machinery	- 25% to 33.33% straight line
Equipment for hire	- 20% straight line
Other fixed assets	- 10% to 33.33% straight line

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.15 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.

2.16 Debtors

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

2.17 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

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

2.19 Rebate provisions

The provision for sales credit notes due in respect of rebates is treated as a reduction to turnover and trade receivables, included within debtors.

2.20 Conditions of sale

The Group 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 to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.21 Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial liabilities

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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

In applying the Group's accounting policies set out above management is required to make certain estimates and judgements concerning the future. These judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amounts included in these financial statements are as follows:

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly.

Useful life of goodwill and other intangibles

Amortisation is charged so as to write down goodwill to its residual value over the estimated useful life as set out in the Company's accounting policy. Useful lives are regularly reviewed and should management's assessment of the useful life shorten then amortisation charges in the financial statements would increase and the carrying amount of goodwill would reduce accordingly.

Impairment of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are remeasured to market value at each period end and where the market value falls below the carrying value the investment is impaired to reduce the carrying value accordingly.

Trade debtors

The Group reviews the recoverability of trade debtors and makes allowances for doubtful debts where considered appropriate.

Inventory provisions

The Group's policy is to fully provide for all items of inventory aged over 12 months and to provide for specific items which are unlikely to be sold at a price greater than cost, such as display and demonstration stock. Inventory levels are constantly reviewed and, should there be an indication of impairment or obsolescence, the inventory is written down to its assessed net realisable value.

Financial instruments

Certain financial assets and financial liabilities included within the Company financial statements require measurement at fair value.

The market values of financial instruments as at the year-end have been considered by management in consultation with the Kärcher group treasury function. Management have assessed estimates provided and consider them to be a reasonable reflection of the fair value of the financial instruments as at the Balance Sheet date.

Warranty and returns provision

Warranty and returns provisions are made in accordance with managements review and consideration of historical costs incurred by the Company and sales made under relevant warranty or returns arrangements.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

4. Turnover

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	121,142	158,657
Rest of Europe	5,438	6,710
	<u>126,580</u>	<u>165,367</u>

The aggregate rental income received in respect of operating leases and hire is £4,739,000 (2021 - £4,919,000). Turnover received in respect of services is £2,710,000 (2021 - £2,406,000) and turnover received in respect of the sale of goods is £119,131,000 (2021 - £158,042,000).

5. Operating profit

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

	2022 £000	2021 £000
Amortisation of intangible assets, including goodwill	185	185
Depreciation of tangible fixed assets	2,702	1,801
Profit on disposal of tangible fixed assets	-	(9)
Hire of plant and machinery - operating leases	924	919
Hire of other assets - operating leases	213	202
Gains/(losses) on fair value of forward contracts	(5,180)	5,219

6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	68	52
Fees payable to the Group's auditor and its associates in respect of:		
Tax compliance services	13	11
Tax advisory services	-	1
Other non-audit services	4	6

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

7. Employees

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	12,980	12,097	11,605	10,861
Social security costs	1,457	1,180	1,306	1,052
Cost of defined contribution scheme	632	485	555	412
	<u>15,069</u>	<u>13,762</u>	<u>13,466</u>	<u>12,325</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Management and administration	41	32	39	30
Sales and marketing	254	241	226	216
	<u>295</u>	<u>273</u>	<u>265</u>	<u>246</u>

8. Directors' remuneration

	2022 £000	As restated 2021 £000
Directors' emoluments	628	650
Group contributions to defined contribution pension schemes	42	35
	<u>670</u>	<u>685</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £416,000 (2021 - £445,000). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £24,000 (2021 - £20,000).

The Directors have restated the Directors remuneration to £685,000 from as previously stated £920,000 following the identification of an error in the reported balance in the prior year. The highest paid director remuneration has been restated to £445,000 from previously stated value of £582,000. The correction of both errors has not changed the reported profit, net assets or cash flow in either period.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	2	-
Loans from group undertakings	157	101
Finance leases and hire purchase	52	106
	<u>211</u>	<u>207</u>

10. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	961	1,705
Adjustments in respect of previous periods	15	(276)
Total current tax	<u>976</u>	<u>1,429</u>
Deferred tax		
Origination and reversal of timing differences	939	(1,150)
Adjustments in respect of previous periods	(20)	75
Effects of changes in tax rates	296	120
Total deferred tax	<u>1,215</u>	<u>(955)</u>
Taxation on profit on ordinary activities	<u>2,191</u>	<u>474</u>

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	8,982	3,175
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,707	603
Effects of:		
Fixed asset differences	163	166
Expenses not deductible for tax purposes	30	(214)
Difference in deferred tax rate	296	120
Adjustments in respect of previous periods	(5)	(201)
Total tax charge for the year	2,191	474

Factors that may affect future tax charges

The corporation tax is calculated at 19% (2021 - 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. The UK Government announced on 3 March 2021 that the Government are intending to increase the corporation tax rate from 19% to 25% from April 2023. Deferred taxes at the Balance Sheet date have been measured using these enacted rates and reflected in these financial statements.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Intangible assets

Group

	Purchased goodwill £000	Goodwill on consolidation £000	Customer lists £000	Brands £000	Software £000	Total £000
Cost						
At 1 January 2022	1,081	1,493	358	376	46	3,354
At 31 December 2022	1,081	1,493	358	376	46	3,354
Amortisation						
At 1 January 2022	1,017	936	358	376	31	2,718
Charge for the year	21	149	-	-	15	185
At 31 December 2022	1,038	1,085	358	376	46	2,903
Net book value						
At 31 December 2022	43	408	-	-	-	451
At 31 December 2021	64	557	-	-	15	636

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Intangible assets (continued)

Company

	Purchased goodwill £000	Software £000	Total £000
Cost			
At 1 January 2022	1,081	46	1,127
At 31 December 2022	1,081	46	1,127
Amortisation			
At 1 January 2022	1,017	31	1,048
Charge for the year	21	15	36
At 31 December 2022	1,038	46	1,084
Net book value			
At 31 December 2022	43	-	43
At 31 December 2021	64	15	79

The assets are reviewed annually for impairment. The review at 31 December 2022 indicated that no such impairment had arisen.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and machinery £000	Equipment for hire £000	Other fixed assets £000	Total £000
Cost					
At 1 January 2022	11,697	5,127	6,237	1,290	24,351
Additions	555	191	1,894	62	2,702
Disposals	-	(557)	-	-	(557)
At 31 December 2022	12,252	4,761	8,131	1,352	26,496
Depreciation					
At 1 January 2022	4,983	4,989	2,790	1,015	13,777
Charge for the year	1,033	84	1,450	135	2,702
Disposals	-	(554)	-	-	(554)
At 31 December 2022	6,016	4,519	4,240	1,150	15,925
Net book value					
At 31 December 2022	6,236	242	3,891	202	10,571
At 31 December 2021	6,714	138	3,447	275	10,574

Included in the net book value of freehold land and buildings is freehold land of £2,331,000 (2021 - £2,331,000) and freehold property of £3,905,000 (2021 - £4,383,000).

The net book value of tangible fixed assets included £43,000 (2021 - £111,000) in respect of assets held under finance leases and hire purchase contracts.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Tangible fixed assets (continued)

Company

	Freehold land and buildings £000	Plant and machinery £000	Other fixed assets £000	Total £000
Cost				
At 1 January 2022	11,697	5,127	616	17,440
Additions	555	191	57	803
At 31 December 2022	<u>12,252</u>	<u>5,318</u>	<u>673</u>	<u>18,243</u>
Depreciation				
At 1 January 2022	4,983	4,989	486	10,458
Charge for the year	1,033	84	49	1,166
At 31 December 2022	<u>6,016</u>	<u>5,073</u>	<u>535</u>	<u>11,624</u>
Net book value				
At 31 December 2022	<u>6,236</u>	<u>245</u>	<u>138</u>	<u>6,619</u>
At 31 December 2021	<u>6,714</u>	<u>138</u>	<u>130</u>	<u>6,982</u>

Included in the net book value of freehold land and buildings is freehold land of £2,331,000 (2021 - £2,331,000) and freehold property of £3,905,000 (2021 - £4,394,000).

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	2,652
At 31 December 2022	<u>2,652</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kärcher Hire Limited (formerly Clean Sweep Hire Limited)	United Kingdom	Trading company	Ordinary	100%
Atlantis International Limited	United Kingdom	Dormant	Ordinary	100%
Cleanpark Limited	United Kingdom	Dormant	Ordinary	100%

The Group agrees to guarantee the liabilities of Kärcher Hire Limited, thereby allowing this company to take the exemption from an audit under Section 479A of the Companies Act 2006.

The registered address of all subsidiaries is Kärcher House, Brookhill way, Banbury, OX16 3ED.

14. Stocks

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Finished goods and goods for resale	<u>11,115</u>	<u>12,494</u>	<u>11,036</u>	<u>12,417</u>

The change in the stock provision recognised as a gain during the year was £226,000 (2021 - loss £290,000).

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	50	505
	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due within one year				
Trade debtors	13,024	11,480	11,634	9,756
Amounts owed by group undertakings	13,356	16,207	15,311	18,137
Other debtors	1,713	982	1,692	945
Prepayments and deposits	96	134	96	134
Deferred taxation (note 21)	-	530	-	542
	28,189	29,333	28,733	29,514

Bad debt provision recognised as income during the year was £1,034,000 (2021 - expense of £468,000).

16. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	351	1,525	-	1,234
Less: bank overdrafts	(726)	-	(726)	-
	(375)	1,525	(726)	1,234

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

17. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank overdrafts	726	-	726	-
Group investment loan	505	3,285	505	3,285
Trade creditors	3,013	3,968	1,758	3,651
Amounts owed to group undertakings	5,599	3,986	5,599	3,986
Taxation and social security	769	834	682	763
Corporation tax	-	128	-	128
Obligations under hire purchase agreements	117	536	-	-
Other creditors	-	560	-	560
Accruals and deferred income	8,228	12,316	7,993	11,788
Financial instruments (note 20)	39	5,219	39	5,219
	18,996	30,832	17,302	29,380

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

The group investment loans incur interest of between 2.0% and 2.7% per annum and is repayable over the next 40 months.

18. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Obligations under hire purchase agreements	-	75	-	-

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £000	Group 2021 £000
In one year or less, or on demand	117	611

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

20. Financial instruments

	Group 2022 £000	Group 2021 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>29,163</u>	<u>30,194</u>
Financial liabilities		
Financial liabilities measured at amortised cost	19,174	24,115
Derivative financial instruments measured at fair value through profit or loss	39	5,219
	<u>19,213</u>	<u>29,334</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and cash at hand and in bank.

Financial Liabilities measured at amortised cost comprise trade creditors, bank overdrafts, group investment loan, amounts owed to group undertakings, obligations under hire purchase agreements, deferred consideration and accruals.

Derivative financial instruments measured at fair value through profit or loss

At 31 December 2022, all forward contracts were classified as derivative financial instruments measured at fair value through profit or loss and accordingly changes in fair value are recorded in administrative expenses. The amount recognised in administrative expenses during the year was a credit of £5,180k (2021 - charge of £5,219k). The fair value of forward contracts at 31 December 2022 was £39k (2021 - £5,219k).

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

21. Deferred taxation

Group

	2022 £000	2021 £000
At beginning of year - asset/(liability)	530	(214)
Charged to profit or loss	(1,215)	744
At end of year - (liability)/asset	(685)	530

Company

	2022 £000	2021 £000
At beginning of year - asset/(liability)	542	(227)
Charged to profit or loss	(1,331)	769
At end of year - (liability)/asset	(789)	542

The deferred taxation balance is made up as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Accelerated capital allowances	(306)	(361)	(410)	(349)
Sundry timing differences	90	65	90	65
Fair value revaluations of financial instruments(note 20)	10	1,305	10	1,305
Gain on future sale off property, plant and equipment	(479)	(479)	(479)	(479)
	(685)	530	(789)	542

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

22. Provisions

Group and company

	Warranty and return provision £000
At 1 January 2022	4,450
Charged to profit and loss	3,065
Utilised in year	(2,515)
At 31 December 2022	5,000

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.

23. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
2,320,000 Ordinary shares of £1 each	2,320	2,320

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

This represents the nominal value of shares in issue.

Profit and loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge amounted to £632,000 (2021 - £485,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

26. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Land and buildings				
Not later than 1 year	232	83	232	83
Later than 1 year and not later than 5 years	1,685	281	1,685	281
	<u>1,917</u>	<u>364</u>	<u>1,917</u>	<u>364</u>
	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Other				
Not later than 1 year	890	599	778	599
Later than 1 year and not later than 5 years	1,276	1,068	1,111	1,068
	<u>2,166</u>	<u>1,667</u>	<u>1,889</u>	<u>1,667</u>

Lease guarantee arrangements

At 31 December 2022, the Group had entered into lease guarantees arrangements with external customers whereby if the external customer was to default on the lease arrangement the Group would be liable for the residual lease payments. The Group outstanding balance on such arrangements was £91,000 at 31 December 2022 (2021 - £714,000). The Company outstanding balance on such arrangement was £91,000 at 31 December 2022 (2021 - £209,000).

Kärcher (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

27. Consolidated analysis of net debt

	At 1 January 2022 £000	Cash flows £000	As 31 December 2022 £000
Cash at bank	1,525	(1,174)	351
Bank overdraft	-	(726)	(726)
Debt due within 1 year	(3,896)	3,274	(622)
	<u>(2,371)</u>	<u>1,374</u>	<u>(997)</u>

28. Related party transactions

The Company is a wholly owned subsidiary of Alfred Kärcher SE & Co KG and has taken advantage of the exemption conferred by FRS102 'Related party disclosures' not to disclose transactions with Alfred Kärcher SE & Co KG or other wholly owned subsidiaries within the Group.

Loans and transactions concerning directors and officers of the Company

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company was £1,245,000 (2021 - £1,648,000), pension contributions of £65,000 (2021 - £96,000) were also made on their behalf.

29. Ultimate parent company and parent undertaking of the group

The Directors regard Kärcher Beteiligungs GmbH, a company incorporated in Germany, as the immediate parent company and Alfred Kärcher SE & co KG, a company incorporated in Germany, as the ultimate parent company and controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by Alfred Kärcher SE & co KG, incorporated in Germany.