

Hilco Europe

Annual Report and Financial Statements

Year Ended

31 December 2016

Company Number 01551254

FRIDAY



A6G0IY9V

A08

29/09/2017

#377

COMPANIES HOUSE

Hilco Europe

Company Information

Directors	R Brownlee J LeMay D Wu J Pressnell
Company secretary	M Peacock
Registered number	01551254
Registered office	Brunt Acres Road Industrial Estate Hawes North Yorkshire DL8 3UZ
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Hilco Europe

Contents

	Page
Group Strategic Report	1 - 2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditor's Report	5 - 6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8 - 9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11 - 12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15 - 36

Hilco Europe

Group Strategic Report For the Year Ended 31 December 2016

Introduction

On 2 September 2016 Hilco Europe purchased 100% of the shares of Hilco Netherlands BV. On the same date Hilco Netherlands BV acquired 100% of the shares in Optiplus BV and Proteye Veilingheidsbrillen BV.

In the Netherlands, Optiplus is the market leader for accessories, professional tools and lens-care serving major chains and the independent market. Proteye is the market leader for frame design and in-house lens edging catering to the RX needs of the industrial safety and swim markets.

During 2015 the group had acquired all shares in Breittfeld & Schliekert GmbH and LEXXOO International GmbH.

The operative business of Breittfeld & Schliekert GmbH involves sale of goods in the precision engineering and optical fields. The main sales area of Breittfeld & Schliekert GmbH is in Germany, but also have customers throughout Europe and worldwide.

The operative business of LEXXOO International GmbH involves the procurement and selling of sunglasses, reading aids, contact lenses and care products for contact lenses, as well as optical accessories to non-optical customers. The main sales area of LEXXOO International GmbH is Germany.

For Hilco UK, the core business relates to the distribution of eyewear products including sports and safety items, plus associated lens care consumables and accessories. In addition, the UK supplies repair tools and parts to opticians for glasses repairs, as well as having a specialised in-house frame repair service centre. Sales are predominantly made in the UK, but are also shipped into mainland Europe, predominantly to French customers but also via distributor partners in other EU countries.

The group has net liabilities arising as a result of a loan from a fellow group company which is technically payable on demand and has therefore been presented as due within one year. Management are satisfied that the group will provide the support required to be able to meet all external liabilities as they fall due and have therefore prepared the financial statements on a going concern basis.

Business review

For the German subsidiaries, financial results were positive for the year.

Sales achieved by LEXXOO International GmbH are 29.7% above the planned sales for the financial period. The focus of LEXXOO International GmbH was again on growth for Drugstore chains. Sales for discount stores also exceeded expectations. The outstanding product portfolio and good delivery capacity continue to strengthen customer retention.

Sales for Breittfeld & Schliekert GmbH remained strong in its core business of tools and small parts as well as with commercial goods. CNC retail sales were up 5.7%, and CNC project sales a very strong 27.7% compared to the same period of the previous year. Sales of accessories increased by 2.5%.

The turnover of Hilco UK subsidiaries increased overall by 8.9% over the prior year due to securing a significant contract which commenced in September 2016. The service repairs business continues to face significant challenges. Sales to the French sector increased by 11%.

Optiplus sales for the 4 months to December 2016 were 6.9% favorable to the equivalent 2016 period. Proteye sales for these months were 2.4% lower than the prior year.

Hilco Europe

Group Strategic Report For the Year Ended 31 December 2016

Principal risks and uncertainties

Opportunities for Breifeld & Schliekert GmbH exist in the further development of the CNC industrial business. New systems engineering, adapted on the basis of an existing system for the optical sector, provides the opportunity of providing industrial customers with a new product. The commercial goods sector will also be expanded in 2017, especially in the field of sports glasses, reading aids and accessories.

Opportunities for LEXXOO International GmbH exist in expanding business with existing customers, acquisition of new customers and optimizing the supply chain.

The customer base of Breifeld & Schliekert GmbH mainly includes opticians in the retail field as well as chains and the industrial sector.

The customer base of LEXXOO International GmbH mainly includes the large retail groups. This strong market position of existing customers, or potential new customers, involves a certain risk regarding the price situation and basic generation of sales.

Risks for Breifeld & Schliekert GmbH exist in the field of customer creditworthiness, in addition to delivery capacity and product quality.

Risks for LEXXOO International GmbH exist in customer concentration, product quality and delivery reliability. This risk is minimized by the company by way of its many years of expertise in the industry. In addition to providing a balanced portfolio of high quality, preparation of placement concepts at the "Point of Sale" which are promotional and easy to handle is another important success factor.

General company risks (bad debts, business interruption, fire) are sufficiently covered by insurance. With regard to debtors, intensive tracking is ensured via a short-term dunning system.

The existing exchange rate risk for the US Dollar and the Japanese YEN are minimized by an appropriate hedging rate program. An exchange rate risk continues to exist with regard to the loan of 20.6 million EUR to The Hilsinger Company Inc., Plainville, MA, USA, since this loan was concluded in US Dollars.

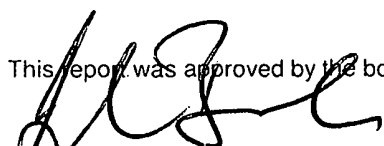
The customer base of Hilco UK also mainly includes opticians in the retail field as well as major chains. 2017 will see continued growth from the larger chain sector. Following last year's vote whereby the UK has elected to leave the EU, risks and uncertainties in particular are the effects on foreign exchange rates movements, and the associated effects on trading. Similarly, the future is now much more uncertain whilst Brexit negotiations for future supplies into the main EU common market take place, and the terms of exit and future relationships are awaited.

The Netherlands-Benelux markets include new product development opportunities & synergistic opportunities with the wider Hilco Group. Risks include new distributors likely to enter the market in 2017.

Financial key performance indicators

Financial Key Performance indicators include Sales, EBITDA, Debt levels compared to EBITDA, and Operating Cash Flow. There are no non-financial key performance indicators which are regularly used by management.

This report was approved by the board on



R. Brownlee
Director

28TH SEPTEMBER 2017 and signed on its behalf.

Hilco Europe

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £523,004 (2015 - loss £190,671).

The directors do not recommend the payment of a dividend for the year (2015 - £Nil).

Directors

The directors who served during the year were:

R Brownlee
J LeMay
D Wu
J Pressnell (appointed 24 August 2016)

Future developments

The directors are not aware of any potential future events which should be brought to the attention of users of these financial statements.

Matters covered in the strategic report

Disclosures required under s416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance.

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.

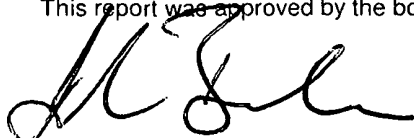
Post balance sheet events

There have been no significant events affecting the Group since the year end.

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 on 28TH SEPTEMBER 2017 and signed on its behalf.



R Brownlee
Director

Hilco Europe

Directors' Responsibilities Statement For the Year Ended 31 December 2016

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). 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; 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.

Hilco Europe

Independent Auditor's Report to the Members of Hilco Europe

We have audited the financial statements of Hilco Europe Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, 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.

Hilco Europe

Independent Auditor's Report to the Members of Hilco Europe (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company 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 where 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 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.

BDO LLP

Mark Langford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Leeds

United Kingdom

29 September 2017

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

Hilco Europe

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	33,584,583	11,811,959
Cost of sales		(17,948,816)	(6,455,664)
Gross profit		15,635,767	5,356,295
Distribution costs		(238,907)	(165,281)
Administrative expenses		(13,342,126)	(5,004,770)
Operating profit	5	2,054,734	186,244
Interest receivable and similar income	7	133,840	7,895
Interest payable and expenses	8	(1,117,827)	(384,816)
Profit/(loss) before taxation		1,070,747	(190,677)
Tax on profit/(loss)	9	(547,743)	6
Profit/(loss) for the year		523,004	(190,671)
Currency translation differences		1,558,039	392,699
Other comprehensive income for the year		1,558,039	392,699
Total comprehensive income for the year		2,081,043	202,028
Profit/(loss) for the year attributable to:			
Owners of the parent Company		523,004	(190,671)
		523,004	(190,671)

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 36 form part of these financial statements.

Hilco Europe
Registered number: 01551254

Consolidated Statement of Financial Position
As at 31 December 2016

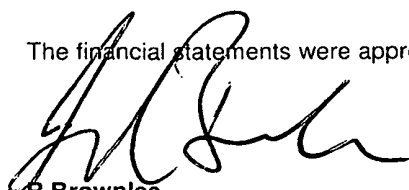
	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	13,037,106	8,906,533
Tangible assets	11	503,608	336,336
		<u>13,540,714</u>	<u>9,242,869</u>
Current assets			
Stocks	13	8,176,512	5,880,672
Debtors: amounts falling due within one year	14	8,242,447	4,464,634
Cash at bank and in hand		840,336	830,868
		<u>17,259,295</u>	<u>11,176,174</u>
Creditors: amounts falling due within one year	15	(27,966,298)	(18,635,801)
Net current liabilities		<u>(10,707,003)</u>	<u>(7,459,627)</u>
Total assets less current liabilities		<u>2,833,711</u>	<u>1,783,242</u>
Provisions for liabilities			
Deferred Taxation		(1,268,377)	(759,416)
		<u>(1,268,377)</u>	<u>(759,416)</u>
Net assets excluding pension liability		<u>1,565,334</u>	<u>1,023,826</u>
Pension liability		(161,766)	(147,064)
Net assets		<u><u>1,403,568</u></u>	<u><u>876,762</u></u>

Hilco Europe
Registered number: 01551254

Consolidated Statement of Financial Position (continued)
As at 31 December 2016

	Note	2016 £	2015 £
Capital and reserves			
Called up share capital	18	657	657
Share premium account	19	7,322	7,322
Capital redemption reserve	19	354	354
Foreign exchange reserve	19	(1,943,134)	(392,699)
Profit and loss account	19	3,338,369	1,261,128
Equity attributable to owners		<u>1,403,568</u>	<u>876,762</u>
		<u>1,403,568</u>	<u>876,762</u>

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



28/9/17

R Brownlee
Director

The notes on pages 15 to 36 form part of these financial statements.

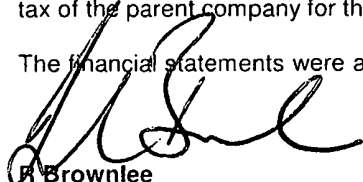
Hilco Europe
Registered number: 01551254

Company Statement of Financial Position
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	45,824	11,463
Investments	12	38,535	17,568
		<u>84,359</u>	<u>29,031</u>
Current assets			
Stocks	13	772,079	529,080
Debtors: amounts falling due within one year	14	1,050,538	623,217
Cash at bank and in hand		221,901	304,888
		<u>2,044,518</u>	<u>1,457,185</u>
Creditors: amounts falling due within one year	15	(1,030,095)	(397,948)
Net current assets		<u>1,014,423</u>	<u>1,059,237</u>
Total assets less current liabilities		<u>1,098,782</u>	<u>1,088,268</u>
Net assets		<u><u>1,098,782</u></u>	<u><u>1,088,268</u></u>
Capital and reserves			
Called up share capital	18	657	657
Share premium account	19	7,322	7,322
Capital redemption reserve	19	354	354
Profit and loss account brought forward		1,079,935	1,061,599
Profit for the year		10,514	18,336
		<u>1,090,449</u>	<u>1,079,935</u>
Profit and loss account carried forward		<u><u>1,098,782</u></u>	<u><u>1,088,268</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year is shown above.

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



28/9/17

J. Brownlee
Director

The notes on pages 15 to 36 form part of these financial statements.

Hilco Europe

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2016	657	7,322	354	(392,699)	1,261,128	876,762
Comprehensive income for the year						
Profit for the year	-	-	-	-	523,004	523,004
Currency translation differences	-	-	-	(1,550,435)	1,554,237	3,802
At 31 December 2016	657	7,322	354	(1,943,134)	3,338,369	1,403,568

Hilco Europe

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2015	1,011	7,322	-	-	1,061,599	1,069,932
Comprehensive income for the year						
Loss for the year	-	-	-	-	(190,671)	(190,671)
Currency translation differences	-	-	-	(392,699)	390,200	(2,499)
Purchase of own shares	-	-	354	-	-	354
Shares cancelled during the year	(354)	-	-	-	-	(354)
At 31 December 2015	657	7,322	354	(392,699)	1,261,128	876,762

The notes on pages 15 to 36 form part of these financial statements.

Hilco Europe

Company Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	657	7,322	354	1,079,935	1,088,268
Comprehensive income for the year					
Profit for the year	-	-	-	10,514	10,514
At 31 December 2016	657	7,322	354	1,090,449	1,098,782

Company Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	1,011	7,322	-	1,061,599	1,069,932
Comprehensive income for the year					
Profit for the year	-	-	-	18,336	18,336
Purchase of own shares	-	-	354	-	354
Shares cancelled during the year	(354)	-	-	-	(354)
At 31 December 2015	657	7,322	354	1,079,935	1,088,268

The notes on pages 15 to 36 form part of these financial statements.

Hilco Europe

Consolidated Statement of Cash Flows For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit/(loss) for the financial year	523,004	(190,671)
Adjustments for:		
Amortisation of intangible assets	1,087,009	323,145
Depreciation of tangible assets	288,790	45,077
Loss on disposal of tangible assets	105	3,910
Interest paid	1,070,535	384,816
Finance income	(131,017)	(7,895)
Taxation	522,467	(6)
(Increase) in stocks	(842,177)	(580,061)
(Increase)/decrease in debtors	(452,733)	243,296
Increase in creditors	198,125	1,218,924
Corporation tax received	-	24,623
Net cash generated from operating activities	2,264,108	1,465,158
Cash flows from investing activities		
Purchase of tangible fixed assets	(121,497)	(63,514)
Sale of unlisted and other investments	-	733,684
Interest received	131,017	7,895
Net cash paid to acquire subsidiaries	(3,401,473)	(14,037,668)
Net cash paid in investing activities	(3,391,953)	(13,359,603)
Cash flows from financing activities		
Repayment of loans	(1,234,707)	(1,057,879)
New loans from group companies	3,401,473	14,378,731
Interest paid	(1,070,535)	(384,816)
Net cash (used in)/received from financing activities	1,096,231	12,936,036
Net (decrease)/increase in cash and cash equivalents	(31,614)	1,041,591
Cash and cash equivalents at beginning of year	830,868	181,976
Foreign exchange differences	41,082	(392,699)
Cash and cash equivalents at the end of year	840,336	830,868
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	840,336	830,868
	840,336	830,868

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Hilco Europe is a private unlimited company having share capital incorporated in England & Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information Page. The nature of the group's operations and its principal activities can be found in the Strategic Report.

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).

The directors consider that it is appropriate to prepare the financial statements on a going concern basis and in doing so have not identified any material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as 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 Statement of Financial Position, 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. They are deconsolidated from the date control ceases.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue 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 revenue 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

Revenue from a contract to provide services 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 revenue 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.

2.4 Interest income

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

2.5 Finance costs

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

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Foreign currency translation

The company's functional and presentational currency is GBP.

Foreign currency transactions of Hilco Europe 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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

On consolidation, the results of overseas operations are translated into sterling at a rate approximating to the average rate over the period. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life. The amortisation charged is shown with administrative expenses. The useful economic life of goodwill has been estimated at 15 years as this is considered to be in line with the life cycle of the business which was acquired.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Customer base	-	15	years

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to comprehensive during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- In accordance with the lease
Plant, machinery and office equipment	- 3-15 years
Fixtures and fittings	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in comprehensive income.

2.12 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.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.13 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.

2.14 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.15 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 reporting date 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 Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

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

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in comprehensive income.

At each reporting date goodwill and other intangible assets are assessed for potential impairment. Where indicators of potential impairment are present and review is undertaken of forecasted future cash flows to assess whether impairment is required. Any impairment loss is recognised immediately in comprehensive income.

The group has net liabilities arising as a result of a loan from a fellow group company which is technically payable on demand and has therefore been presented as due within one year. Management are satisfied that the group will provide the support required to be able to meet all external liabilities as they fall due and have therefore prepared the financial statements on a going concern basis.

4. Turnover

All turnover relates to the principal activity of the group.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	3,600,891	3,123,918
Rest of Europe	28,599,513	8,009,490
Rest of the world	1,384,179	678,551
	33,584,583	11,811,959

Revenue generated from the provision of services amounted to £181,797 (2015 - £209,645). The remaining revenue was generated through the sale of goods.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	288,790	45,076
Amortisation of intangible assets, including goodwill	1,087,019	323,145
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	22,500	20,000
Exchange differences	(81,136)	112,586
Operating lease rentals	1,339,753	370,259

Fees in respect of the audit of the Group's subsidiary companies are settled locally by the relevant subsidiary.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,357,646	1,940,541
Social security costs	795,550	372,666
	<u>6,153,196</u>	<u>2,313,207</u>

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

	2016 No.	2015 No.
Administration	8	6
Sales	29	22
Warehouse	72	55
	<u>109</u>	<u>83</u>

During the year, no director received any emoluments (2015 - £Nil).

During the year, the average monthly number of employees of the parent company was 29 (2015 - 28). The parent company paid wages and salaries of £721,625 (2015 - £699,319) and social security costs of £50,764 (2015 - £52,270).

7. Interest receivable and other finance income

	2016 £	2015 £
Gain on foreign exchange contracts	71,673	-
Interest receivable	62,167	7,895
	<u>133,840</u>	<u>7,895</u>

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	9,525	5,971
Loans from group undertakings	1,108,302	378,845
	<u>1,117,827</u>	<u>384,816</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on loss/(profits) for the year	(2,429)	(114)
Foreign tax		
Foreign tax on income for the year	485,812	28,497
	<u>485,812</u>	<u>28,497</u>
Deferred tax		
Origination and reversal of timing differences	64,360	(28,389)
Total deferred tax	<u>64,360</u>	<u>(28,389)</u>
Taxation on profit/(loss) on ordinary activities	<u>547,743</u>	<u>(6)</u>

Factors affecting tax charge for the year

In Germany the group is subject to both corporate income tax and trade tax. The corporate income tax rate (including solidarity surcharge) amounts to 15.825% (2015 - 15.825%). The applicable trade tax rate used by the group amounts to 12.763% (2015 - 12.665%). The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). There were no factors which may affect future tax charges.

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	<u>1,070,747</u>	<u>(190,677)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	214,149	(38,135)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(17,874)	4,643
Movement in general provisions	(2,791)	8,590
Differences due to overseas tax rates	72,495	(2,972)
Amortisation not deductible	217,404	56,257
Deferred tax charge	64,360	(28,389)
Total tax charge/(credit) for the year	<u>547,743</u>	<u>(6)</u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

10. Intangible assets

Group and Company

	Customer list £	Goodwill £	Total £
Cost			
At 1 January 2016	4,422,600	4,807,078	9,229,678
On acquisition of subsidiaries	2,975,370	860,850	3,836,220
Foreign exchange movement	672,337	709,035	1,381,372
At 31 December 2016	<u>8,070,307</u>	<u>6,376,963</u>	<u>14,447,270</u>
Amortisation			
At 1 January 2016	122,850	200,295	323,145
Charge for the year	433,263	653,756	1,087,019
At 31 December 2016	<u>556,113</u>	<u>854,051</u>	<u>1,410,164</u>
Net book value			
At 31 December 2016	<u>7,514,194</u>	<u>5,522,912</u>	<u>13,037,106</u>
At 31 December 2015	<u>4,299,750</u>	<u>4,606,783</u>	<u>8,906,533</u>

Details of the intangible assets acquired on acquisition of subsidiaries is given in note 20.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Tangible fixed assets

Group

	Long leasehold £	Plant, machinery and office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2016	40,198	814,293	12,134	866,625
Additions	2,080	119,417	-	121,497
Acquisition of subsidiary	-	161,805	-	161,805
Disposals	(4,500)	(108,224)	-	(112,724)
Exchange adjustments	-	181,030	-	181,030
At 31 December 2016	37,778	1,168,321	12,134	1,218,233
Depreciation				
At 1 January 2016	39,442	478,713	12,134	530,289
Charge for the year	370	288,420	-	288,790
Disposals	(4,500)	(108,119)	-	(112,619)
Exchange adjustments	-	8,165	-	8,165
At 31 December 2016	35,312	667,179	12,134	714,625
Net book value				
At 31 December 2016	2,466	501,142	-	503,608
At 31 December 2015	756	335,580	-	336,336

Details of the intangible assets acquired on acquisition of subsidiaries is given in note 20.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Tangible fixed assets (continued)

Company

	Long leasehold £	Plant, machinery and office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2016	40,198	446,162	12,134	498,494
Additions	2,080	46,694	-	48,774
Disposals	(4,500)	(108,224)	-	(112,724)
At 31 December 2016	37,778	384,632	12,134	434,544
Depreciation				
At 1 January 2016	39,442	435,455	12,134	487,031
Charge for the year	370	13,938	-	14,308
Disposals	(4,500)	(108,119)	-	(112,619)
At 31 December 2016	35,312	341,274	12,134	388,720
Net book value				
At 31 December 2016	2,466	43,358	-	45,824
At 31 December 2015	756	10,707	-	11,463

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2016	17,568
Additions	20,967
At 31 December 2016	<u>38,535</u>
Net book value	
At 31 December 2016	<u>38,535</u>
At 31 December 2015	<u>17,568</u>

On 2 September 2016 Hilco Europe acquired 100% of the share capital of Hilco Netherlands BV for consideration of €25,000 (£20,967).

On 2 September 2016 Hilco Netherlands BV acquired 100% of the shares of Optiplus BV and Proteye BV. The purchase price amounted to €4.1m plus other adjustments.

Further details of these acquisitions are included within note 20.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding	Principal activity
Nationwide Frame Repairs Limited	United Kingdom	100%	Dormant
Hilco Germany GmbH	Germany	100%	Intermediate holding company
Breitfeld & Schliekert GmbH	Germany	100%	Supplier of optician tools and supplies, optical accessories, CNC equipment and services to opticians
Lexxoo International GmbH	Germany	100%	Wholesaler of ready readers and sunglasses
Optical Essentials Limited	Hong Kong	51%	Dormant
Optical Essentials Limited Shanghai	China	51%	Dormant
Hilco Netherlands BV	Netherlands	100%	Intermediate holding company
Optiplus BV	Netherlands	100%	Supplier of optician tools and supplies and optical accessories
Proteye Veilingheidsbrillen BV	Netherlands	100%	Supplier of optician tools and supplies and optical accessories

The registered address of Nationwide Frame Repairs Limited is Brunt Acres Road Industrial Estate, Hawes, North Yorkshire, DL8 3UZ.

The registered address of Hilco Germany GmbH and Breitfeld & Schliekert GmbH is Max-Planck-Straße 30, 61184 Karben, Germany.

The registered address of Lexxoo International GmbH is Fürther Straße 212A, 90429 Nürnberg, Germany.

The registered address of Optiplus BV and Hilco Netherlands BV is Molenwieck 3a, 9351 ND Leek, Netherlands.

The registered address of Proteye Veilingheidsbrillen BV is Burggang 26, 4331 AD Middelburg, Netherlands.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	-	895	-	895
Finished goods and goods for resale	8,176,512	5,879,777	772,079	528,185
	<u>8,176,512</u>	<u>5,880,672</u>	<u>772,079</u>	<u>529,080</u>

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

Stock recognised in cost of sales during the year as an expense was £17,594,166 (2015 - £6,713,278).

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	4,904,738	3,791,575	659,084	553,198
Amounts owed by group undertakings	2,303,262	4,918	268,440	4,918
Other debtors	2,346	636	1,993	636
Prepayments and accrued income	966,043	667,505	32,706	56,849
Tax recoverable	2,845	-	2,845	-
Deferred taxation	-	-	13,894	7,616
Financial instruments	63,213	-	71,576	-
	8,242,447	4,464,634	1,050,538	623,217

The impairment loss recognised in company comprehensive income for the year in respect of bad and doubtful trade debtors was a credit of £13,580 (2015 - £6,627 loss).

15. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	-	1,114,724	-	-
Trade creditors	3,056,838	2,551,527	39,374	6,474
Amounts owed to group undertakings	21,298,667	13,128,760	748,288	194,899
Corporation tax	653,726	29,858	-	2,950
Other taxation and social security	108,949	53,406	37,091	53,406
Other creditors	97,337	10,000	10,000	10,000
Accruals and deferred income	2,750,781	1,747,526	195,342	130,219
	27,966,298	18,635,801	1,030,095	397,948

Bank loans of £Nil (2015 - £1,114,724) represented a €1,500,000 revolving credit line held by Breitfeld & Schliekert GmbH which was repayable on demand and secured over the assets of that company. This facility was renewed for a further 12 months in March 2015 and settled in full during the year. Although currently unused, this facility was extended to 30 June 2017. Interest was charged at 3.5%.

Intercompany creditors includes an amount of £13,552,625 (2015 - £10,062,407) due to The Hilsinger Company Inc. This balance has no fixed repayment date. Interest is charged at 6%.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

16. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets measured at fair value through profit or loss	63,213	-	71,576	-
Financial assets that are debt instruments measured at amortised cost	8,050,682	4,627,996	1,151,418	863,640
	<u>8,113,895</u>	<u>4,627,996</u>	<u>1,222,994</u>	<u>863,640</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(27,203,623)	(18,395,262)	(993,004)	(341,593)
	<u>(27,203,623)</u>	<u>(18,395,262)</u>	<u>(993,004)</u>	<u>(341,593)</u>

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

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Financial assets measured at fair value through profit or loss comprise financial instruments in the form of foreign exchange contracts.

17. Deferred taxation

Group

	2016 £
At beginning of year	(759,416)
Charged to profit or loss	(64,360)
Charged to other comprehensive income	-
Arising on business combinations	(444,601)
At end of year	<u><u>(1,268,377)</u></u>

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

17. Deferred taxation (continued)

Company

	2016 £
At beginning of year	7,616
Charged to profit or loss	6,278
At end of year	13,894

The provision for deferred taxation is made up as follows:

	Group 2016 £
Accelerated capital allowances	4,102
Tax losses carried forward	(1,472)
Other short term differences	(16,524)
Deferred tax arising on acquisition of subsidiaries	1,282,271
	(1,268,377)

18. Share capital - Group and Company

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
657 Ordinary shares of £1 each	657	657

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

19. Reserves

The Group's and Company's capital and reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

Statutory reserve that a company must create when it buys back shares, and which it cannot pay to shareholders as dividends.

Foreign exchange reserve

Reserve created as a result of differences which arise on retranslating the financial information of subsidiary accounts prepared in a foreign currency.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

20. Business combinations

Acquisition of Hilco Netherlands BV, Optiplus BV and Proteye BV

On 2 September 2016 Hilco Europe acquired 100% of the share capital of Hilco Netherlands BV for consideration of €25,000 (£20,967).

On 2 September 2016 Hilco Netherlands BV acquired 100% of the shares of Optiplus BV and Proteye BV. The purchase price amounted to €4.1m plus other adjustments.

This acquisition was funded through borrowings from other group companies. All business combinations in the period have been included in these consolidated financial statements using the acquisition method of accounting.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

20. Business combinations (continued)

	Book value £	Fair value adjustment £	Fair value £
Tangible	161,805	-	161,805
Intangible	-	2,975,370	2,975,370
	<u>161,805</u>	<u>2,975,370</u>	<u>3,137,175</u>
Stocks	560,626	-	560,626
Debtors	401,808	-	401,808
Total assets	<u>1,124,239</u>	<u>2,975,370</u>	<u>4,099,609</u>
Creditors			
Due within one year	(1,114,385)	-	(1,114,385)
Deferred tax on differences between fair value and tax bases	-	(444,601)	(444,601)
Fair value of net assets	<u>9,854</u>	<u>2,530,769</u>	<u>2,540,623</u>
Goodwill	3,391,619	(2,530,769)	860,850
Total purchase consideration	<u>3,401,473</u>	<u>-</u>	<u>3,401,473</u>
Purchase consideration settled in cash, as above	3,422,454	-	3,422,454
Cash and cash equivalents in subsidiary acquired	(20,981)	-	(20,981)
Cash outflow on acquisition	<u>3,401,473</u>	<u>-</u>	<u>3,401,473</u>

Since the acquisition Optiplus BV and Proteye BV have generated revenue of £1,474,347. After goodwill amortisation and tax this resulted in a profit of £18,341.

21. Pension commitments

The group operates a defined benefit pension scheme for the benefit of a former shareholder of Breitfeld & Schliekert GmbH. An actuarial valuation was performed as at 31 December 2016 which resulted in a liability of £161,766. The movement since acquisition of £14,702 has been recognised within the Statement of Comprehensive Income. The provision has been calculated based on an assumption that the sole beneficiary will draw this pension for 15 years, discounted using the Deutsche Bundesbank official rate of 4.01%.

Hilco Europe

Notes to the Financial Statements For the Year Ended 31 December 2016

22. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	1,485,197	886,623	83,950	73,384
Later than 1 year and not later than 5 years	2,157,071	2,061,216	83,775	43,791
Later than 5 years	1,406,839	1,239,065	-	-
	<u>5,049,107</u>	<u>4,186,904</u>	<u>167,725</u>	<u>117,175</u>

23. Ultimate parent undertaking and controlling party

The group's immediate parent undertaking is The Hilsinger Company Inc. which is incorporated in the United States of America.

BP HH Holdings LLC (incorporated in Delaware, USA) is regarded by the directors as being the company's ultimate parent company and represents the largest group in which the results of the company are consolidated.