Nedschroef Fasteners Limited

Annual Report

Registered number 01945976

31 December 2019

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company in the year under review was that of an agent for importation, exportation and supply of bolts, nuts and associated fasteners by the immediate parent company, Koninklijke Nedschroef Holding BV.

Business review

The results for the year and the financial position of the company were considered to be good considering the volatile state of flux and economic climate within the automotive industry. Future developments include the continued investment within the UK by the major customer.

The company's parent company, Koninklijke Nedschroef Holding BV is owned by Shanghai Prime Machinery Company (PMC).

As at the approval date of these financial statements, the company is operating in a post Brexit environment. The company have implemented processes to deal with the effects of the United Kingdom leaving the European Union. The company determined that Brexit will not have a significant effect on the business operations.

Turnover

For agency turnover, the company receives a mark-up on overhead costs incurred throughout the year. For all principal sales, turnover is recognised on delivery when title to the product passes.

Financial risk management

The company's operations expose it to a variety of risks. The company has examined all major risks to its business and considers the main risks to be related to customer based credit, liquidity, interest, foreign exchange and reliance on a single customer.

The business is primarily based on a single contract with one major customer for which it acts as an agent. This contract has been agreed and signed up to 2021 with an extension for one year expected to be agreed (unless terminated by either party). The Directors believe that the business relationship is strong and will continue to be operated under revised terms of contract.

The principal credit risk the company faces is that of non-payment of invoices for goods and services supplied. The company has implemented policies that require appropriate credit checks on potential customers before sales are made and there are regular monthly credit control reviews carried out.

In order to manage liquidity risk the company monitors the level of short term debt. A significant percentage of this debt is due to the parent undertaking, and the liquidity, interest rate and foreign exchange risk on this debt is managed at a group level.

Key Performance Indicators (KPI's)

The KPI's that the directors consider in the day to day operation of the business are current year to budget comparisons and are inclusive of the gross revenue of the major customer. The KPI information states that the business continues to review the gross performance. The gross turnover KPI is stated below continue to measure performance as if the company were the direct principal, rather than acting in an agent capacity, as that is more appropriate to understanding the contribution to the overall Nedschroef group. In consideration of the changes within the automotive industry (movement in production, expansion of supplier base and changes in sourcing) the results are positive.

	2019 Actual gross £	2018 Actual gross £	Variance £
Principal Turnover	31,848,842	32,276,636	(427,794)
Turnover	7,404,323	6,786,023	618,300

Directors' report *(continued)*

Results and proposed dividend

The profit for the financial year is £829,256 (2018: profit £648,416). The directors do not recommend the payment of a dividend for 2019 (2018: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Sckuhr (appointed 8 October 2019)

M Huettenrauch (resigned 1 September 2019)

A Harris

H Neizert

Political and charitable contributions

The company did not make a charitable donation in 2019 (2018: £0). No political donation was made nor any political expenditure incurred during the year (2018: none).

Going concern

The company is dependent for major part of its gross revenue on business conducted with one customer, for whom there is an agency contract. The pre-existing contract with this customer included automatic renewal for successive periods of one year (unless terminated by either party). The new BMW contract (signed 1 March 2016) has an initial term of five years and five months and the business relationship is strong. The company received a letter of support from its Parent Company, Shanghai Prime Machinery Company which stated that they would support the operations of the company for a minimum of twelve months from the date of signing these financial statements. On this basis the directors have concluded that the company remains a going concern.

Post balance sheet event

On the 11th of March 2020 the World Health Organisation declared COVID-19 is a pandemic. The pandemic had a significant effect on demand from its major customer which resulted in a reduction in revenue and operating margin. The UK Government granted furlough in 2020 to the company upon Covid-19 situation. The UK furlough scheme supported the company remaining profitable. From a cash perspective the company arranged a trade debtors factoring arrangement where they benefit from getting early cash during the Covid lock down period.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report *(continued)*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provision

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Statement of disclosure of information to auditor

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that ought to have been taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditor

Shanghai Electric Group (Ultimate parent company) has appointed Deloitte LLP as its auditor for the FY20 audit and consequently they have also been appointed auditor of this company. Shanghai Electric Group (Ultimate parent company) have changed their auditors for the FY21 financial statements.

Approval of reduced disclosures
The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Koninklijke Nedschroef Holding BV, as the parent of the entity, or by a shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Koninklijke Nedschroef Holding BV as the immediate parent. They should be served by no later than 31 March 2020.

Approved on behalf of the board

23/3/21

A Harris
Director
Date: 23 March 2021

Nedschroef Fasteners Limited
Unit 1
Network Oxford
Sandy Lane West
Littlemore
Oxford OX4 6JU

Independent auditor's report to the members of Nedschroef Fasteners Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Nedschroef Fasteners Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report
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.

Matthew Hall

Matthew Hall FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
23 March 2021

Profit and loss account

For the year ended 31 December 2019

	Note	2019	2018
		£	£
Turnover	1.3	7,404,323	6,786,023
Cost of sales		(3,640,795)	(3,525,536)
Gross profit		3,763,528	3,260,487
Distribution costs		(857,553)	(722,481)
Administrative expenses		(1,882,080)	(1,733,954)
Operating Profit	5	1,023,895	804,052
Profit on ordinary activities before taxation		1,023,895	804,052
Tax on profit on ordinary activities	7	(194,639)	(155,636)
Profit for the financial year		829,256	648,416

All activities relate to continuing operations.

The company had no other items of comprehensive income other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

Balance sheet

As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	8		29 002		41,348
Current assets					
Stocks	9	4,241,870		4,265,885	
Debtors	10	3,535,986		10,363,021	
Cash at bank and in hand		604,817		54,915	
		8,382,672		14,683,821	
Creditors: amounts falling due within one year	11	(4,168,780)		(11,311,531)	
Net current assets			4,213,892		3,372,290
Total assets less current liabilities, being net assets			4,242,894		3,413,638
Capital and reserves					
Called up share capital	13		20,000		20,000
Share premium account	13		475,000		475,000
Profit and loss account	13		3,747,894		2,918,638
Total shareholders' funds			4,242 894		3,413,638

The company's registered number is 01945976.

The financial statements on pages 9 to 21 were approved by the board of directors and signed on its behalf by:

A Harris
Director

Date: 23 March 2021

STATEMENT OF CHANGES IN EQUITY
31 December 2019

	Called up share capital £	Share premium account	Profit and loss account £	Total £
At 1 January 2018	20,000	475,000	2,270,222	2,765,222
Profit & total comprehensive income for the financial year	-	-	648,416	648,416
At 31 December 2018	20,000	475,000	2,918,638	3,413,638
Profit & total comprehensive income for the financial year	-	-	829,256	829 256
At 31 December 2019	20,000	475 000	3 747 894	4 242 894

Notes *(forming part of the financial statements)*

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation
Nedschroef Fasteners Limited ('the Company') is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 5. The nature of the Company's operations and its principal activities are set out in the directors' report on pages 3 to 5. The company is a private company and is limited by shares.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The company has taken the exemption to not prepare a strategic report as it qualifies a medium sized company's regime.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Koninklijke Nedschroef Holding BV, which may be obtained at Newtonlaan 91; PO Box 85067; 3508 AB Utrecht; Netherlands. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, related party disclosures and remuneration of key management personnel.

Turnover

For agency turnover, the company receives a mark up on overhead costs incurred throughout the year. For all principal sales, turnover is recognised on delivery when title to the product passes.

Going concern

The company is dependent for major part of its revenue on business conducted with one customer, for whom there is an agency contract on behalf of the parent company. The pre-existing contract with this customer included automatic renewal for successive periods of one year (unless terminated by either party). The new BMW contract (signed 1 March 2016) has an initial term of five years and five months and the business relationship is strong. The company received a letter of support from its Parent Company, Shanghai Prime Machinery Company which stated that they would support the operations of the company for a minimum of twelve months from the date of signing these financial statements. On this basis the directors have concluded that the company remains a going concern.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost net of depreciation, and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and machinery	-	5%
Fixtures and fittings	-	20%
Computer equipment	-	25%
Vehicles (included in P&M)	-	25%

Notes *(continued)*

1 Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
Cash and bank balances are initially measured at transaction price.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Notes *(continued)*

1 Accounting policies *(continued)*

Financial instruments (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profit for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Notes *(continued)*

1 Accounting policies *(continued)*

Leasing and hire purchase commitments

Rentals under operating leases are charged on a straight-line basis over the lease term when the property is occupied for the company's business.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included initially in the profit and loss account in the financial year in which they arise. As all foreign exchange risk is borne by the parent company so any gain or loss is transferred to the parent company at year end.

Pension contributions

Until March 2016 the Company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. The expenditure is charged to the profit and loss account in the period to which it relates. Since April 2016 the Company operates an automatic enrolment pension scheme in accordance with Government legislation. All eligible employees are duly enrolled automatically.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition - Agent versus principal
Management judgement is taken regarding being an agent in relation to the main customer BMW, but acting as principal for other non-BMW business. This has been based on the agreement in place between Nedschroef Fasteners Limited and its parent company Koninklijke Nedschroef Holding BV, whereby the risks and rewards of trading with BMW are borne by the parent company. For facilitating the contract with BMW, Nedschreof Fasteners Limited receives a margin on costs incurred in relation to the BMW business.

The business has not identified any sources of estimation uncertainty.

Notes *(continued)*

3 Turnover

Turnover by geographical markets:

	2019	2018
	£	£
UK	2,334,300	5,025,587
Rest of Europe	5,070,023	1,760,436
	7,404,323	6,786,023

An analysis of the Company's turnover is as follows:

	2019	2018
	£	£
Sale of goods	4,668,584	3,628,404
Rendering of services - Agency	2,735,739	3,157,619
Turnover	7,404,323	6,786,023

4 Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year was as follows:

	2019	2018
	Number	Number
Directors	1	3
Warehouse	16	17
Purchasing	5	5
Quality Control	2	2
Application Engineering	3	3
Administration	3	2
All employees	30	32

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	1,060,143	1,023,782
Social security costs	95,171	104,254
Other pension costs (note 15)	32,668	23,672
	1,187,982	1,151,708

Notes *(continued)*

5 Operating profit

	2019	2018
	£	£
Operating profit is stated after charging:		
Operating lease rentals Plant and machinery	93,252	91,189
Operating lease rentals – Land and Building	270,000	409,061
Depreciation - owned assets	15,710	21,964
Auditor's remuneration:		
Audit of these financial statements	30,000	30,000

6 Directors' remuneration

	2019	2018
	£	£
Aggregate emoluments	68,573	83,228
Company contributions to money purchase pension scheme	1,988	1,723
	70,561	84,951

One director (2018: one) was remunerated through the UK company. The emoluments of the other directors are remunerated through other companies within the Nedschroef group.

7 Tax on profit on ordinary activities

Analysis of charge in year

	2019	2018
	£	£
UK corporation tax		
Current tax on income for the year	179 304	155,064
Adjustments in respect of prior periods	(20)	2,109
Total current tax	179 284	157,173
Deferred tax		
Origination & reversal of timing differences	15 018	(1,537)
Deferred tax adjustments in respect of prior periods	337	-
Effect of change in rate on opening balance	-	-
Total deferred tax	15 355	(1,537)
Tax on profit on ordinary activities	194 639	155,636

Notes *(continued)*

7. Tax on profit/(loss) on ordinary activities (continued)

The current tax charge for the year is higher than (2018: lower as) the standard rate of corporation tax in the UK for the financial year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below.

	2019	2018
	£	£
Profit on ordinary activities before taxation	1,023,895	804,051
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate in the UK 19.00% (2018: 19.00%) (excluding tax on timing difference)	194,540	152,770
Effects of:		
Expenses not deductible for tax purposes	1,548	570
Adjustments in respect of prior periods	(20)	
Adjustments to tax charge in respect of prior periods	337	2,109
Adjustments to deferred tax charge in respect of prior periods		6
Impact of change in tax rate	(1,766)	181
Total tax on profit/(loss)	194,639	155,636

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 19% being the rate substantively enacted at the balance sheet date. As part of the 2021 budget the UK Government announced that the UK corporation rate will increase to 19% for the financial year beginning 1st April 2022 and 25% for the financial year beginning 1st April 2023.

8 Tangible assets

	Plant and machinery	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	63,255	711,540	258,225	1,033,020
Additions	-	400	2,963	3,363
At 31 December 2019	63,255	711,940	261,188	1,036,383
Depreciation				
At 1 January 2019	41,857	709,429	240,386	991,672
Charge for year	2,593	855	12,261	15,719
At 31 December 2019	44,450	710,284	252,647	1,007,381
Net book value				
At 31 December 2019	18,805	1,656	8,541	29,002
At 31 December 2018	21,398	2,111	17,839	41,348

9 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	4,241,870	4,265,885

10 Debtors

	2019	2018
	£	£
Trade debtors	3,500,996	3,861,847
Amounts owed by group undertakings	0	6,297,168
Net claimable VAT	1,992	118,528
Net deferred tax assets (note 12)	7,122	22,477
Prepayments and accrued income	25,876	63,000
	3,535,986	10,363,021

Amounts owed by group undertakings are unsecured, bear no interest and are due on demand.

11 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	1,662,181	3,664,151
Amounts owed to group undertakings	1,362,925	5,222,296
Corporation tax	193,389	1,176,047
Other taxation and social security	814,848	987,308
Accruals and deferred income	135,437	261,729
	4,168,780	11,311,531

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

12 Deferred tax asset

Deferred tax assets recognised in the financial statements comprises:

	2019	2018
	£	£
Accelerated capital allowances	-	6,489
General provisions	7,122	15,988
	7,122	22,477

The elements of deferred taxation are as follows:

	Total
	£
At 1 January 2019	22 477
Deferred tax credited to the profit and loss	(15,355)
At 31 December 2019	7,122

Deferred tax assets and liabilities are measured at the rate substantially enacted at the balance sheet date (see note 7). As at 31 December 2019 deferred tax assets have therefore been recognised at the basis of 19% blended corporation tax rate, 20% came into effect on 1 April 2016 and 19% on 1 April 2017.

13 Called up share capital

	2019	2018
	£	£
Authorised, allotted, called-up and fully paid		
10,000 (2018: 10,000) ordinary Class A shares of £1 each	**10,000**	10,000
10,000 (2018: 10,000) ordinary Class B shares of £1 each	**10,000**	10,000
	20,000	20,000

The Company has two classes of ordinary shares which rank pari passu and carry no right to fixed income.

The Company's other reserves are as follows:
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

14 Financial commitments

At 31 December 2019 total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2019	Other 2019	Land and buildings 2018	Other 2018
	£	£	£	£
within one year	**336,207**	**79,802**	270,000	61,477
between one and five years	**1,131,631**	**218,643**	1,080,000	63,094
after five years	**-**	**-**	157,500	-
	1,467,838	**298,445**	1,507,500	124,571

15 Pension

The Company makes contributions into employees' personal pension plans. The pension cost charge for the year represents contributions payable by the Company and amounted to £32,668 (2018: £23,672). Contributions amounting to £13,430 (2018: £1,769) were payable to the personal pension plans and are included in creditors at the end of the year.

16 Post balance sheet event

On the 11th of March 2020 the World Health Organisation declared COVID-19 is a pandemic. The pandemic had a significant effect on demand from its major customer which resulted in a reduction in revenue and operating margin. The UK Government granted furlough in 2020 to the company upon Covid-19 situation. As a result the business remained profitable. In addition for cash purpose the company set up a factoring process with benefit of getting early cash that helped during the Covid lock down period.

17 Ultimate parent company and parent undertaking of the largest group of which the company is a member

Nedschroef Fasteners Limited is 100% owned by Koninklijke Nedschroef Holding BV.

Until May 2014, the Nedschroef group, including Nedschroef Fasteners Limited and Koninklijke Nedschroef Holding BV, was owned by Gilde Buy Out Partners via Nedfast Holding BV.

The Nedschroef Group was acquired in May 2014 by Shanghai Prime Machinery Company (PMC) which is one of the largest exporters of automotive fasteners in China and is a controlled subsidiary of Shanghai Electric Group.

The Nedschroef Group continued to operate independently under the Nedschroef brand name.
The directors consider Shanghai Electric (Group) Corporation to be the ultimate controlling party during the year. The Company is registered in China.

The smallest group in which the results of the company were consolidated in the year is that headed by Koninklijke Nedschroef Holding BV. The largest group in which the results of the company were consolidated in the year is that headed by Nedfast Holding BV. The consolidated financial statements of both these companies are available to the public and may be obtained at Kanaaldijk NW75, 5707 LC, Helmond, Netherlands. No other group financial statements included the results of the company.