

Registered number: 3228477

BENTELER AUTOMOTIVE UK LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



BENTELER AUTOMOTIVE UK LIMITED

COMPANY INFORMATION

Directors	Darren Jackson Uwe Henny
Company secretary	Stewart Abraham
Registered number	3228477
Registered office	Benteler Automotive UK Limited Balrd Road Willowbrook North Industrial Estate Corby Northamptonshire NN175BB
Independent auditors	Mazars Harcourt Centre Block 3 Harcourt Road Dublin 2
Bankers	<p>NatWest Bank 104-110 Fore Street Edmonton London United Kingdom N18 2XA</p> <p>Deutsche Bank Bahnhofstraße 1 33102 Paderborn Germany</p> <p>Commerzbank 30 Gresham Street London United Kingdom EC2V 7PG</p>

BENTELER AUTOMOTIVE UK LIMITED

CONTENTS

	Page
Strategic Report	3 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11 - 12
Statement of Changes in Equity	13
Statement of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 40

BENTELER AUTOMOTIVE UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Business review and principal activities

The Company is a wholly owned subsidiary of Benteler International AG and operates as part of its automotive division.

The Company's principal activity during the year continues to be the manufacture and sale of welded automotive components to the automotive manufacturing industry in the UK. The Directors are not, at the date of this report, aware of any likely changes in the Company's activities in the next year.

The automotive division, of which the Company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as part of the division, in the medium to long-term future. This research and development activity has resulted in a number of updates to existing products.

As shown in the Company's statement of comprehensive income on page 10, the Company's revenue has doubled compared with the prior year. However, due to fluctuations in the price and supply of key raw materials, the Company operated at a loss before taxation of £1,130,323 in 2022 (2021: operating profit before taxation £714,085).

The outlook for the business in 2023 is positive, it is anticipated that sales will further improve due volume increase on a new project started in 2022. Profit levels will increase due to positive sales impact, lower overheads, recovery of material prices and inflation adjustment.

The statement of financial position on pages 11 and 12 of the financial statements shows that the Company's financial position at the year-end has decreased due to a negative impact of the trading profits and a negative impact from the valuation of cash flow hedges.

Due to the current situation concerning improving semi-conductor supply and the war in Ukraine, a short-term outlook is subject to a high degree of uncertainty. On the basis of the company's market position, management expects a positive development on the demand side in the medium and long term.

Key performance indicators

Benteler Automotive UK Limited manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Automotive Division of Benteler AG, which includes the company, is discussed in Benteler AG's Annual Report which does not form part of this Report.

BENTELER AUTOMOTIVE UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

The company meets its day to day working capital requirements through an overdraft facility from Group. In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings.

The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. The Company occupies a strategic location in the UK in relation to all the car manufacturing sites.

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company sells products into the UK market in Euros and it is therefore exposed to currency movements on such sales. Where appropriate, the Company manages this risk in line with Benteler AG's treasury policies.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Group risks to which Benteler AG is exposed are discussed in Benteler AG's Annual Report which does not form part of this Report.

The Company has reviewed the potential issues associated with inflation. Current automotive volumes in the UK are improving compared to last year, and inflation has caused uncertainty in the market. The management have in place actions to minimise the effect of inflation both the purchasing and sales side.

The impact of the current situation concerning semi-conductors and the war in Ukraine on the financial performance in 2023 cannot be determined reliably at this point. Management expects fluctuations in demand in the short term but better volumes than 2022.

Going Concern

By assessing the responses of the directors of the Company's ultimate parent, Benteler International AG, there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of an assessment of the Company's financial position, the Company has sufficient resources and a positive future prospect, with new additional business won, commencing in 2023, and of the enquiries made of the directors of Benteler International AG, there is a reasonable expectation that the Company will be able to continue in operational existence in the foreseeable future.

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



Stewart Abraham
Secretary

Date: 29 March 2023

BENTELER AUTOMOTIVE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Results & proposed dividend

The loss for the year, after taxation, amounted to £1,016,294 (2021 - profit £363,881).

No dividends were paid in the year (2021: £Nil). The directors do not propose the payment of a final ordinary dividend.

Directors

The directors who served during the year were:

Darren Jackson
Uwe Henny

Political and charitable contributions

The Company made no political contributions during the year (2021: £Nil). No donations were made to UK charities during the year (2021: £Nil).

BENTELER AUTOMOTIVE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

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's auditors are 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's auditors are aware of that information.

Auditors

The auditors, Mazars, will continue in office in accordance with section 485 of the Companies Act 2006.

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



Darren Jackson
Director

Date: 29 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER AUTOMOTIVE UK LIMITED

Opinion

We have audited the financial statements of Benteler Automotive UK Limited (the 'company') for the year ended 31 December 2022 which comprise of the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

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

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

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER AUTOMOTIVE UK LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on pages 5 to 6, 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 the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER AUTOMOTIVE UK LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

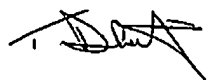
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Tommy Doherty (Senior Statutory Auditor)

29 March 2023

for and on behalf of Mazars

Chartered Accountants & Statutory Audit Firm

Harcourt Centre, Block 3

Harcourt Road

Dublin

BENTELER AUTOMOTIVE UK LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Revenue	3	44,843,982	22,272,647
Cost of sales		(31,412,155)	(9,482,512)
Gross profit		13,431,827	12,790,135
Other operating income		197,630	688,451
Administrative expenses		(13,129,764)	(11,357,392)
Profit from operations		499,693	2,121,194
Finance expense	8	(1,630,016)	(1,407,109)
(Loss)/profit before tax		(1,130,323)	714,085
Tax credit/(expense)	9	114,029	(350,204)
(Loss)/profit for the year		(1,016,294)	363,881
Other comprehensive (loss)/income:			
Items that will or may be reclassified to profit or loss:			
Cashflow hedges		(253,120)	(72,456)
Tax relating to items that may be reclassified		63,278	13,660
		(189,842)	(58,796)
Other comprehensive loss for the year, net of tax		(189,842)	(58,796)
Total comprehensive (loss)/income		(1,206,136)	305,085

The notes on pages 16 to 40 form part of these financial statements.

BENTELER AUTOMOTIVE UK LIMITED
REGISTERED NUMBER: 3228477

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	10	8,689,327	7,682,520
Intangible assets	11	10,962	14,526
		<u>8,700,289</u>	<u>7,697,046</u>
Current assets			
Inventories	13	2,525,521	5,188,412
Trade and other receivables		14,915,027	20,361,916
Derivative financial assets	20	-	96,690
Cash and cash equivalents	15	25,000	25,000
		<u>17,465,548</u>	<u>25,672,018</u>
Total assets		<u>26,165,837</u>	<u>33,369,064</u>

BENTELER AUTOMOTIVE UK LIMITED
REGISTERED NUMBER: 3228477

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Liabilities			
Non-current liabilities			
Loans from group undertakings	19	13,311,435	12,604,195
Lease liability	21	347,564	664,177
Deferred tax liability	12	259,403	358,607
		<u>13,918,402</u>	<u>13,626,979</u>
Current liabilities			
Trade and other liabilities	16	9,731,794	16,025,056
Lease liability	21	178,716	384,855
Derivative financial liabilities	20	372,454	161,567
		<u>10,282,964</u>	<u>16,571,478</u>
Total liabilities		<u>24,201,366</u>	<u>30,198,457</u>
Net assets		<u>1,964,471</u>	<u>3,170,607</u>
Issued capital and reserves			
Share capital	18	100,000	100,000
Share premium reserve	18	3,163,050	3,163,050
Capital redemption reserve	18	3,000,000	3,000,000
Cash flow hedging reserve	18	(213,964)	24,123
Retained earnings		(4,084,615)	(3,116,566)
TOTAL EQUITY		<u>1,964,471</u>	<u>3,170,607</u>

The financial statements on pages 10 to 40 were approved and authorised for issue by the board of directors on 29 March 2023 and were signed on its behalf by:



Darren Jackson
Director

The notes on pages 16 to 40 form part of these financial statements.

BENTELER AUTOMOTIVE UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £	Share premium £	Capital reserves £	Cash flow hedging reserve £	Retained earnings £	Total equity £
At 1 January 2021	100,000	3,163,050	3,000,000	(34,673)	(3,480,447)	2,747,930
Comprehensive income for the year						
Profit for the year	-	-	-	-	363,881	363,881
	-	-	-	-	363,881	363,881
Other comprehensive income						
	-	-	-	58,796	-	58,796
	-	-	-	58,796	-	58,796
At 31 December 2021	100,000	3,163,050	3,000,000	24,123	(3,116,566)	3,170,607
At 1 January 2022	100,000	3,163,050	3,000,000	24,123	(3,116,566)	3,170,607
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(1,016,294)	(1,016,294)
	-	-	-	-	(1,016,294)	(1,016,294)
Transfers between reserves						
	-	-	-	(48,245)	48,245	-
Other comprehensive loss						
	-	-	-	(189,842)	-	(189,842)
	-	-	-	(238,087)	48,245	(189,842)
At 31 December 2022	100,000	3,163,050	3,000,000	(213,964)	(4,084,615)	1,964,471

The notes on pages 16 to 40 form part of these financial statements.

BENTELER AUTOMOTIVE UK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit for the year		(1,016,294)	363,881
Adjustments for			
Depreciation of property, plant and equipment	10	3,168,832	2,081,097
Amortisation of intangible fixed assets	11	16,719	25,568
Finance expense	8	1,025,853	548,115
Interest on lease liability	8	29,197	58,574
Net foreign exchange loss	8	574,965	800,420
Income tax expense	9	(114,029)	350,204
		<u>3,685,243</u>	<u>4,227,859</u>
Movements in working capital:			
Decrease/(increase) in trade and other receivables		5,483,141	(2,289,841)
Decrease/(increase) in inventories		2,662,889	(2,654,274)
Decrease in other assets		96,690	77,246
Decrease in trade and other payables		(6,329,512)	(10,123,261)
Increase in other liabilities		210,887	31,164
		<u>5,809,338</u>	<u>(10,731,107)</u>
Cash generated from operations			
Interest paid		(960,664)	(606,689)
		<u>4,848,674</u>	<u>(11,337,796)</u>
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(4,283,570)	(874,088)
Purchase of intangibles	11	(13,155)	-
		<u>(4,296,725)</u>	<u>(874,088)</u>
Net cash used in investing activities			

BENTELER AUTOMOTIVE UK LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from financing activities		
Proceeds from bank borrowings	-	12,879,000
Payment of lease liabilities	(551,949)	(667,116)
Net cash (used in)/from financing activities	(551,949)	12,211,884
 Cash and cash equivalents at the beginning of year	 25,000	 25,000
Cash and cash equivalents at the end of the year	25,000	25,000

The notes on pages 16 to 40 form part of these financial statements.

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

1.1 Basis of preparation

Benteler Automotive UK Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going Concern

Based on the responses of the directors of the Company's ultimate parent, Benteler International AG, there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current funding arrangements. On the basis of an assessment of the Company's financial position, the Company has sufficient resources and a positive future prospect, with new additional business won, commencing in 2023, and of the enquiries made of the directors of Benteler International AG, there is a reasonable expectation that the Company will be able to continue in operational existence in the foreseeable future.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value. Non-current asset and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.4 Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

1.5 Right of use asset and lease liabilities

IFRS 16 sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term greater than a year.

Under IFRS 16, leases are capitalised by recognising the present value of the lease payments. This has the effect of increased lease assets and financial liabilities for the Company.

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.6 Revenue

Benteler Automotive manufactures components for bodies and chassis. Services for acquiring tooling and the manufacture of prototypes are also offered. Revenue for standard goods is recognised dependent on the international commercial terms and tooling on the transfer of ownership to the customer. Pricing is carried out by the Central Department at Group with input from the Plant. All commercial decisions are made by the Central Departments of Sales and Purchasing.

Type of service – Standard goods

Nature and timing of satisfaction of performance obligations, including significant payment terms
Customers obtain control of standard products when the goods are collected and on their transport. Invoices are generated at that point in time. Invoices are usually payable within 60 days. No discounts are provided for standard products.

Revenue is recognised when the goods are collected and have been loaded onto the customers transport. The customer does not have the right to return the product unless it is faulty. A warrantee provision is estimated to be 0.15% of sales price. Revenue is recorded net of warranty provision.

Type of service – Tooling

Nature and timing of satisfaction of performance obligations, including significant payment terms
Customers obtain control of tooling when the service is invoiced and paid. Invoices are generated at the time when all quality and production capabilities are met. Invoices are usually payable within 60 days. No discounts are provided for tooling services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

1.7 Expenses

Finance income and expenses

Net financing costs comprise interest payable/ receivable on balance due from/to related parties, foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods which services are rendered by employees.

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Buildings	25 years
Plant and machinery	5-18 years
Fixtures and fittings	2-5 years
Right-of-use asset	lease term
Assets under construction (AUC)	not depreciated

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.11 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The Company only has one class of intangible assets. Amortisation is charged to the income statement on a straight line basis over its estimate useful life.

The estimated useful life for software is 5 years.

1.12 Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.15 Financial instruments

1. Classification and measurement

The financial instruments recognised in profit or loss at fair value are carried at fair value. Financial instruments in the loans and receivables category are held to collect cash flows and serve exclusively for the collection of interest and repayments. They are therefore measured at amortised cost.

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

Financial instruments (continued)

or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument. Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Intra group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

II. Impairments

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

III. Hedge accounting

In order to manage interest rate and foreign currency risks, the company has entered into derivative financial instruments (forward foreign exchange contracts). Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The carrying value of derivatives is fair value based on discounted future cash flows and adjusted for counterparty risk. Future floating rate cash flows are estimated based on future interest rates (from observable yield curves at the end of the reporting period). Fixed and floating rate cash flows are discounted at future interest rates and translated at period end foreign exchange rates.

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting estimates and judgments

Estimates and judgements made in the process of preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement and complexity and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.1 Estimates and assumptions

Impairment of trade receivables

The company trades on credit terms. The company uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis.

Useful economic lives of property, plant and equipment

The company depreciates the property, plant and equipment over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the company intends to derive future economic benefits from the use of the company's property, plant and equipment. The residual value reflects management's estimated amount that the company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic, useful lives and the residual values of these assets which could then consequently impact future depreciation charges. See note 10 for the carrying amount of property, plant and equipment.

Going concern

The 2022 financial statements have been prepared on a going concern basis. This assumes that the company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements.

The directors have given very careful consideration to the going concern basis of preparation at this time and are satisfied that it is appropriate for the 2022 financial statements to be prepared on this basis.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2022 £	2021 £
Sale of goods	44,843,982	22,272,647
	<u>44,843,982</u>	<u>22,272,647</u>

Analysis of revenue by country of destination:

	2022 £	2021 £
United Kingdom	43,070,884	19,731,253
Rest of Europe	1,773,098	2,541,394
	<u>44,843,982</u>	<u>22,272,647</u>

4. Other operating income

	2022 £	2021 £
Government grants receivable	-	634,799
Other operating income	197,630	53,652
	<u>197,630</u>	<u>688,451</u>

5. Expenses and auditors' remuneration

	2022 £	2021 £
Included in other operating expenses are the following:		
Depreciation of property, plant and equipment	3,168,832	2,081,097
Amortisation of intangible assets	16,719	25,569
	<u>3,185,551</u>	<u>2,106,666</u>

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Auditor's remuneration		
Audit of these financial statements	25,900	24,000
	<u>25,900</u>	<u>24,000</u>

6. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2022 £	2021 £
Average number of employees:		
Sales and logistics	10	10
Administration	27	32
Production	104	116
	<u>141</u>	<u>158</u>

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	5,036,045	5,227,679
Social security costs	558,792	522,894
Contributions to defined contribution plans	209,760	205,655
	<u>5,804,597</u>	<u>5,956,228</u>

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Directors' remuneration

The directors' remuneration were borne by another group company in 2022 and 2021, except for one of the directors employed in the year.

	2022 £	2021 £
Director's emoluments	145,086	150,253
Contributions to defined contribution plan	8,766	8,581
	<u>153,852</u>	<u>158,834</u>

8. Finance expense

	2022 £	2021 £
Net interest payable to group undertakings	1,011,188	546,441
Foreign exchange loss	574,965	800,420
Interest on lease liability	29,197	58,574
Other interest	14,666	1,674
Net financial expense	<u>1,630,016</u>	<u>1,407,109</u>

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Taxation

Recognised in the income statement:

	2022 £	2021 £
Current tax (credit) / charge		
Current year	-	260,283
Adjustment for prior years	(80,488)	47,417
	<u>(80,488)</u>	<u>307,700</u>
Deferred tax expense		
Origination and reversal of temporary differences	(99,306)	77,475
Adjustments for prior year	65,765	(34,971)
	<u>(33,541)</u>	<u>42,504</u>
Deferred tax (credit) / charge (note 12)		
Tax (credit) / charge in income statement	(114,029)	350,204
	<u>(114,029)</u>	<u>350,204</u>
Income tax recognised in other comprehensive income		
Tax (credit) / charge on effective portion of cash flow hedges	63,278	(13,660)
	<u>63,278</u>	<u>(13,660)</u>

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Taxation (continued)

Tax rate reconciliation

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year as follows:

	2022 £	2021 £
(Loss) / profit before tax	(1,130,324)	714,085
Tax using the UK corporation tax rate of 19% (2021: 19%)	(214,762)	135,676
Excess of depreciation over capital allowances	38,243	79,858
Non-deductible expenses	1,117	652
Adjustment in respect of previous years	(80,488)	47,417
Adjustments to tax charge in respect of previous periods - deferred tax	-	2,322
Deferred tax charge to other comprehensive income	63,876	(15,447)
Remeasurement of deferred tax for changes in tax rate	131,557	86,066
Temporary differences	(53,572)	13,660
Tax (credit) / charge	(114,029)	350,204

Factors that may affect future tax charges

In October 2022, the government announced changes to the Corporation Tax rate from 1 April 2023, increasing the main rate of Corporation Tax from 19% to 25%.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Right-of- use asset £	AUC £	Total £
Cost or valuation						
At 1 January 2021	6,289,413	12,369,761	1,925,164	3,189,532	1,202,220	24,976,090
Additions	45,128	52,047	30,337	76,412	670,165	874,089
At 31 December 2021	6,334,541	12,421,808	1,955,501	3,265,944	1,872,385	25,850,179
Additions	-	4,225,216	58,354	-	-	4,283,570
Disposals	-	-	-	(205,316)	-	(205,316)
Transfers between classes	-	1,872,385	-	-	(1,872,385)	-
At 31 December 2022	6,334,541	18,519,409	2,013,855	3,060,628	-	29,928,433
	Land and Buildings £	Plant and machinery £	Fixtures and fittings £	Right-of- use asset £	AUC £	Total £
Accumulated depreciation and impairment						
At 1 January 2021	3,161,082	10,060,690	1,402,631	1,391,239	-	16,015,642
Charge owned for the year	240,857	923,689	135,283	852,188	-	2,152,017
At 31 December 2021	3,401,939	10,984,379	1,537,914	2,243,427	-	18,167,659
Charge owned for the year	220,419	2,466,517	103,800	378,096	-	3,168,832
Disposals	-	-	-	(97,385)	-	(97,385)
At 31 December 2022	3,622,358	13,450,896	1,641,714	2,524,138	-	21,239,106
Net book value						
At 1 January 2021	3,128,331	2,309,071	522,533	1,798,293	1,202,220	8,960,448
At 31 December 2021	2,932,602	1,437,429	417,587	1,022,517	1,872,385	7,682,520
At 31 December 2022	2,712,183	5,068,513	372,141	536,490	-	8,689,327

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Intangible assets

	Computer software £
Cost	
At 1 January 2021	86,597
At 31 December 2021	86,597
Additions - external	13,155
At 31 December 2022	99,752
	Computer software £
Accumulated amortisation and impairment	
At 1 January 2021	46,502
Charge for the year - owned	25,569
At 31 December 2021	72,071
Charge for the year - owned	16,719
At 31 December 2022	88,790
Net book value	
At 1 January 2021	40,095
At 31 December 2021	14,526
At 31 December 2022	10,962

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Property, plant and equipment	-	-	338,366	388,062	338,366	388,062
Provisions	(18,727)	(36,900)	-	-	(18,727)	(36,900)
Financial instruments	71,321	7,445	-	-	71,321	7,445
Loss carryforward	(131,557)	-	-	-	(131,557)	-
Tax (assets)/ liabilities	(78,963)	(29,455)	338,366	388,062	259,403	358,607

Movement in deferred tax during the year

	1 January 2022 £	Recognised in the P&L £	Recognised in equity £	31 December 2022 £
Property, plant and equipment	388,062	(49,696)	-	338,366
Other timing differences	(36,900)	(113,384)	-	(150,284)
Financial instruments	7,445	-	63,876	71,321
Net tax liabilities	358,607	(163,080)	63,876	259,403

Movement in deferred tax during the prior year

	1 January 2021 £	Recognised in P&L £	Recognised in equity £	31 December 2021 £
Property, plant and equipment	447,258	(59,196)	-	388,062
Other timing differences	(109,493)	72,593	-	(36,900)
Financial instruments	(8,002)	-	15,447	7,445
Net tax liabilities	329,763	13,397	15,447	358,607

Deferred tax is calculated on timing differences using a tax rate of 25% (2021: 25%).

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Inventories

	2022 £	2021 £
Raw materials	2,084,467	1,628,478
Work in progress	50,252	2,873,036
Finished goods and goods for resale	390,802	686,898
	<u>2,525,521</u>	<u>5,188,412</u>

Inventories to the value of £23,979,575 were recognised as cost of sales in the year (2021: £7,967,021). The write-down of inventories to net realisable value amounted to £106,527 (2021: £103,937). The write-down is included in cost of sales.

14. Trade and other receivables

	2022 £	2021 £
Current portion		
Trade receivables	9,117,057	7,527,096
Trade receivables from group undertakings	3,637,256	1,937,902
Prepayments and other receivables	700,481	9,144,638
Advance paid to customer	1,460,233	1,752,280
	<u>14,915,027</u>	<u>20,361,916</u>

Advance paid to customer relates to an amount paid to secure a future contract with a customer and will be fully realised in 2027.

Included within trade receivable from group undertakings is £2,159,273 (2021: £1,937,901) in respect of the group cash pool, which generates interest at the rate of 1.9% per annum (2021: 1.9% per annum.) Included within trade receivables is £Nil (2021: £Nil) expected to be recovered in more than 12 months.

15. Cash and cash equivalents

	2022 £	2021 £
Cash and cash equivalents	<u>25,000</u>	<u>25,000</u>

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Trade and other payables

	2022 £	2021 £
Trade payables	3,531,107	2,260,224
Payables due to group undertakings	1,612,793	1,435,408
Other taxation and social security	2,314,846	1,314,377
Accruals and deferred income	2,273,048	11,015,047
	<u>9,731,794</u>	<u>16,025,056</u>

17. Employee benefits

The Company participates in a number of defined contribution pension plans. The assets of the schemes are held separately from those of the company in an independently administered funds. The pension charge represents contributions payable by the company to the funds which amounted to £209,760 (2021: £205,565). There were no pension contributions outstanding or prepaid at the balance sheet date (2021: £Nil).

18. Share capital and reserves

	2022 £	2021 £
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net charge in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital Reserves

Represents a capital contribution from the parent company.

Share Premium

Represents the amount paid by shareholders to acquire ordinary share capital in excess of nominal value.

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Loans from related parties

	2022 £	2021 £
Benteler International AG	13,311,435	12,604,195
	-	-
	<u>13,311,435</u>	<u>12,604,195</u>
Current portion		
Benteler International AG	535,685	467,940
	<u>535,685</u>	<u>467,940</u>

The loan bears interest at 8.86% and is repayable on maturity as at 31/12/2024. Interest is repayable annually commencing in 30/06/2022.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Financial instruments

The Company has exposure to currency, interest rate, credit and liquidity risk that arises in the normal course of the Company's business. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Fair value of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The following table shows the carrying value of financial instruments on the balance sheet. The carrying value of financial instruments closely approximates their fair value.

	2022 £	2021 £
Financial assets		
Trade receivables	9,117,057	7,527,096
Receivables due from group undertakings	3,637,256	1,937,902
Derivative financial assets	-	96,690
Prepayments and other receivables	700,481	9,144,638
Total financial assets	13,454,794	18,706,326

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial instruments (continued)

The following table shows the carrying value of financial instruments on the balance sheet. The carrying value of financial instruments closely approximates their fair value.

	2022 £	2021 £
Financial liabilities		
Loans from group undertakings	13,311,435	12,604,195
Payables due to group undertakings	1,612,793	1,435,407
Trade payables	3,531,108	2,260,223
Other payables	2,314,846	1,314,377
Derivative financial liability	372,454	161,567
Total financial liabilities	21,142,636	17,775,769

Foreign currency risk

The Company is exposed to foreign currency risk for transactions that are denominated in a currency other than the Great British Pound (GBP). The Company's exposure to foreign currency risk, based on notional amounts is summarised as follows:

Foreign currency risk - 2022

	Foreign currency amount	GBP equivalent £
Assets		
Trade receivables - EUR	6,601,781	7,657,911
Liabilities		
Trade payables - EUR	4,337,632	3,747,184
Trade payables - CZK	14,636	459
Trade payables - NOK	21,966	1,672
	4,374,234	3,749,315

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial instruments (continued)

Foreign currency risk - 2021

	Foreign currency amount	GBP equivalent £
Assets		
Trade receivables - EUR	5,219,111	4,384,153
Liabilities		
Trade payables - EUR	1,518,974	1,276,014
Trade payables - CZK	4,578	434
	<u>1,523,552</u>	<u>1,276,448</u>

Sensitivity analysis

A 10% strengthening of the pound sterling against the foreign currencies at year end would have decreased the Company's equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GBP	
	2022 £	2021 £
Assets in foreign currency		
Trade receivables	(765,791)	(438,415)
Liability in foreign currency		
Trade payables	374,932	127,644
Net effect	<u>(390,859)</u>	<u>(310,771)</u>

A 10% weakening of the pound sterling against the currencies above at year end would have had the equal but opposite effect on the reported profit and equity to the amounts shown above, on the basis that all other variables remain constant.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial instruments (continued)

Interest risk

Financial instruments subject to interest rate risk consist of the balances due to/from group undertakings relating to the Group's cash pool scheme to finance short term capital requirements. Interest rates applicable to these balances are floating rates of interest linked to LIBOR. The Company's variable interest rate instruments are analysed as follows:

	2022 £	(2 - < 5 years) £
Effective interest rate 8.86%		
Due to group undertakings (2 > 5 years)	13,311,435	13,311,435
	<u>13,311,435</u>	<u>13,311,435</u>
	2022 £	(0 - < 1 year) £
Effective interest rate 3.47%		
Due from group undertakings (0 > 1 year)	2,159,273	2,159,273
	<u>2,159,273</u>	<u>2,159,273</u>

Sensitivity analysis

A change of 1% in interest at the balance sheet date would have changed profit and loss by £6,750 (2021: £4,608). This calculation assumes that the change occurred at the balance sheet date and has been applied to risk exposures existing at that date.

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. Management has a credit risk policy and exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £13,304,895 (2021: £9,464,997) being the total of the carrying amount of the trade receivables, accrued income and receivables from group undertakings.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial Instruments continued

Exposure to credit risk continued

Trade receivable balances at year end are aged as follows:

	2022 Gross £	2021 Gross £
Current	3,725,325	7,487,410
30-90 days	5,391,732	38,118
90-365 days	-	1,568
	<u>9,117,057</u>	<u>7,527,096</u>

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing its liquidity is to ensure, as far as possible, that it has sufficient liquidity available to meet its liabilities when due, both under normal and adverse economic conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company ensures that it has sufficient cash on demand to meet its expected operational expenses for a period of 60 days, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted, for example, natural disasters.

Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and are expected to affect the profit and loss account:

	Carrying amount £	Expected cash flows £	1 year or less £
2022 Forward exchange contracts:			
Assets	420,187	420,187	378,694
	<u>420,187</u>	<u>420,187</u>	<u>378,694</u>
2021 Forward exchange contracts:			
Assets	90,471	90,471	90,471
	<u>90,471</u>	<u>90,471</u>	<u>90,471</u>

BENTELER AUTOMOTIVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Commitments and contingencies

Capital commitments

At the year end the company had capital commitments for the acquisition of plant and equipment for £4,071 (2021: £63,079).

Contingent liabilities

At the year end the company had no contingent liabilities.

Lease commitments

The company has total future minimum lease payments under non-cancellable operating lease commitments as follows:

	2022 £	2021 £
Due within one year	178,716	384,855
Due within two to five years	347,564	664,177
Due after 5 years	-	-
	<u>526,280</u>	<u>1,049,032</u>

During the year £29,197 was recognised as an expense in the income statement in respect of operating leases (2021: £58,574).

The company leases various vehicles, equipment and buildings under these operating leases.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Related party transactions

Details of transactions between the Company and its related parties are disclosed below.

22.1 Other related party transactions

During the year, the Company entered into the following trading transactions with related parties:

	Sales of goods		Purchases of goods	
	2022	2021	2022	2021
	£	£	£	£
Other group undertakings	145	1,617	18,857,084	5,670,054
	<u>145</u>	<u>1,617</u>	<u>18,857,084</u>	<u>5,670,054</u>

22.2 Balances due from related parties

	2022	2021
	£	£
Holding company	3,637,256	1,937,901
	<u>3,637,256</u>	<u>1,937,901</u>

22.3 Balances due to related parties

	2022	2021
	£	£
Holding company	14,924,228	14,039,603
	<u>14,924,228</u>	<u>14,039,603</u>

During the year, the company paid personal expenses of Mr. Benteler, ultimate owner, amounting to £1,664 (2021: £14,928). At the year end, a balance of £Nil was receivable (2021: £Nil).

The company has a cross-guarantee with the following UK group companies; Benteler (UK) Limited and Benteler Holdings Limited, in respect of security for liabilities.

BENTELER AUTOMOTIVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Management of capital

The Company is financed through a combination of its ordinary share capital and shareholder loans.

24. Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of Benteler International Aktiengesellschaft ("parent company") incorporated in Austria.

The consolidated financial statements of the group are available to the public and may be obtained from Benteler International Ag, Schillerstrasse 25 – 27, 5070 Salzburg, Austria.

25. Subsequent events

There are no subsequent events that affected the company.

26. Comparative figures

Comparative amounts have been regrouped where necessary, on a basis consistent with the current year.

27. Approval of financial statements

The board of directors approved these financial statements for issue on 29 March 2023.