
CERATIZIT UK & IRELAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019



CERATIZIT UK & IRELAND LIMITED

COMPANY INFORMATION

Directors	A Pennington A Schwenninger (appointed 3 July 2018) T Wolter (appointed 3 July 2018)
Company secretary	A Pennington
Registered number	03772242
Registered office	Sheffield Business Park Europa Link Sheffield South Yorkshire S9 1XU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	BNP Paribas Fortis 5 Aldermanbury Street London EC2V 7HR The Royal Bank of Scotland 7th floor 135 Bishopsgate London EC2M 3UR
Solicitors	The Thomas Higgins Partnership Lloyd Chambers 19-21 Seaview Road Wallasey CH45 4TH

CERATIZIT UK & IRELAND LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019**

Business review

Profitability was healthy and the outlook going forward is extremely positive. The directors are pleased with the sales performance during the year and believe that CERATIZIT UK & Ireland Limited is in a strong position to continue to expand its market share profitably.

Summary of key performance indicators

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial key performance indicators.

	2018/2019	2017/2018
Sales	£33.45m	£28.66m
Gross profit margin	38.1%	36.6%
Operating profit margin	11.6%	8.4%

Strategy

The strategy adopted during the year has been to continually build on market position established by the company.

Turnover

The directors consider the results for the year to be above the overall performance of the market.

Future developments for the business/future outlook

The directors remain confident that we will improve on our current level of performance in the foreseeable future with the forecasted sales projecting the company will continue to increase its market share.

Principal risks and uncertainties

Financial risks

The Company uses various financial instruments. These include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's activities.

The existence of these financial instruments exposes the company to a number of financial risks that are described in more detail below.

The main risks arising from the company's financial instruments are foreign exchange risk and credit risk. The directors review and agree policies for managing these risks and they are summarised below. These policies have remained unchanged from previous years.

Foreign exchange risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible, the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using foreign currency bank accounts and forward foreign exchange currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

Credit risk

The Company's principal financial assets are stock held at customers premises, cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its stock and trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history, monthly stock usage and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Brexit risk

Management continually assess the risk of Brexit and its impact upon the operations of the company.

Additional premises have been leased off site on a year-by-year basis, to move current stored items and make available space for a logistics centre in the Sheffield facility, in case of Brexit driven need for local stock.

All warehouse equipment and packaging has been purchased and is in place if and when required to be assembled, and the logistics centre put into action.

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

A Pennington
Director

Date: 21 MAY 2019

Two handwritten signatures in black ink. The first signature is a large, stylized cursive signature, and the second is a smaller, more compact cursive signature.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019**

The directors present their report and the financial statements for the year ended 28 February 2019.

Principal activity

The principal activity of the company is the sale of tooling products.

Results and dividends

The profit for the year, after taxation, amounted to £3,128,652 (2018: £1,911,028).

Dividends declared and paid during the year amounted to £3,000,000 (2018: £1,350,000).

Directors

The directors who served during the year were:

A Pennington
A Schwenninger (appointed 3 July 2018)
T Wolter (appointed 3 July 2018)
J O'Hara (resigned 6 July 2018)
C Sun (resigned 6 July 2018)
G Knienieder (resigned 6 July 2018)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

CERATIZIT UK & IRELAND LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019**

Change of name

On the 3 July 2018 the company changed its name from Ceratizit WNT Limited to Ceratizit UK & Ireland Limited.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

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


A Pennington
Director

Date: 21 MAY 2019



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERATIZIT UK & IRELAND LIMITED

Opinion

We have audited the financial statements of Ceratizit UK & Ireland Limited (the 'Company') for the year ended 28 February 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERATIZIT UK & IRELAND LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 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 have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Strategic report or the Directors' report.

Matters on which we are required to report by exception

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERATIZIT UK & IRELAND LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the 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.

Grant Thornton UK LLP

Jennifer Woods ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool

Date: 19/7/19

CERATIZIT UK & IRELAND LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Note	2019 £	2018 £
Turnover	4	33,445,484	28,656,653
Cost of sales		(20,689,383)	(18,171,282)
Gross profit		12,756,101	10,485,371
Administrative expenses		(8,818,481)	(8,044,740)
Gain from changes in fair value of investment property		(32,167)	(27,120)
Operating profit	5	3,905,453	2,413,511
Interest receivable and similar income	8	497	-
Interest payable and expenses	9	(26,021)	(7,393)
Profit before tax		3,879,929	2,406,118
Tax on profit	10	(751,277)	(495,090)
Profit after tax		3,128,652	1,911,028
Retained earnings at the beginning of the year		2,282,102	1,721,074
		2,282,102	1,721,074
Profit for the year		3,128,652	1,911,028
Dividends declared and paid		(3,000,000)	(1,350,000)
Retained earnings at the end of the year		2,410,754	2,282,102

The notes on pages 10 to 24 form part of these financial statements.

CERATIZIT UK & IRELAND LIMITED
REGISTERED NUMBER:03772242

BALANCE SHEET
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	923,413	861,019
		<u>923,413</u>	<u>861,019</u>
Current assets			
Stocks	13	4,457,880	3,243,770
Debtors: amounts falling due within one year	14	8,346,378	7,597,234
Cash at bank and in hand	15	94,032	51,487
		<u>12,898,290</u>	<u>10,892,491</u>
Creditors: amounts falling due within one year	16	(10,312,225)	(8,389,554)
Net current assets		<u>2,586,065</u>	<u>2,502,937</u>
Total assets less current liabilities		<u>3,509,478</u>	<u>3,363,956</u>
Provisions for liabilities			
Deferred tax	17	(98,724)	(81,854)
		<u>(98,724)</u>	<u>(81,854)</u>
Net assets		<u>3,410,754</u>	<u>3,282,102</u>
Capital and reserves			
Called up share capital	18	1,000,000	1,000,000
Profit and loss account	19	2,410,754	2,282,102
		<u>3,410,754</u>	<u>3,282,102</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 MAY 2019.

A Pennington
Director

The notes on pages 10 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

1. General information

Ceratizit UK & Ireland Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Sheffield Business Park, Europa Link, Sheffield, South Yorkshire, S9 1XU.

The company's principal activity is the sale of tooling products.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of section 33 Related Party Disclosures

This information is included in the consolidated financial statements of Ceratizit S.A. as at 28 February 2019 and these financial statements may be obtained from Ceratizit Group, A6600 Reutte, Tyrol, Austria.

2.3 Going concern

After reviewing the company's cash position, forecast and projections as well as facilities available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold property	- over the period of the lease
improvements	
Fixtures, fittings & equipment	- 10-33% straight line

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

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

2.7 Stocks

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

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

2.8 Debtors

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

2.9 Cash and cash equivalents

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

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties and.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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

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

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

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

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

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

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

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

Foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

2. Accounting policies (continued)

2.13 Interest payable

Interest payable is charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Pensions

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest receivable

Interest income is recognised in profit or loss using the effective interest method.

2.17 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

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

Preparation of the financial statements in accordance with generally accepted accounting principals requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the directors believe that the critical accounting policies where judgements or estimates are necessarily applied are summarised below:

The useful expected lives of fixed assets:

Management determine the useful life of an asset by considering several factors. These include; asset type, age, expected value in use and the useful lives of similar assets already held.

Bad debt provision and stock provision

Management review the recoverable amount of stock and debtors at each financial year and provide any assets which management believe are not recoverable in part or in full.

4. Turnover

The whole of the turnover is attributable to the sale of metal tooling products.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	29,759,301	25,371,179
Rest of Europe	3,686,183	3,285,474
	<u>33,445,484</u>	<u>28,656,653</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	199,250	130,486
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	20,000	21,500
Fees payable to the Company's auditor for other services to the group		
-Advisory services - reorganisation	-	10,250
-Advisory services - payroll	4,125	3,950
-Taxation compliance services	7,650	6,910
Exchange (gain) / loss	(21,432)	(358,303)
Other operating lease rentals	438,205	415,309
Defined contribution pension cost	234,577	258,647
	<u>234,577</u>	<u>258,647</u>

CERATIZIT UK & IRELAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

6. Employees

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

	2019 £	2018 £
Wages and salaries	4,132,185	3,808,921
Social security costs	524,268	444,364
Cost of defined contribution scheme	234,577	258,647
	<u>4,891,030</u>	<u>4,511,932</u>

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

	2019 No.	2018 No.
Selling and distribution staff	60	58
Administrative staff	3	4
	<u>63</u>	<u>62</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	213,282	207,013
Company contributions to defined contribution pension schemes	13,018	12,556
	<u>226,300</u>	<u>219,569</u>

During the year retirement benefits were accruing to one directors (2018: one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £213,282 (2018: £207,013).

Key management personnel are considered to be directors only. Remuneration received by key management personnel totals £254,683 (2018: £247,102).

CERATIZIT UK & IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

8. Interest receivable and similar income

	2019 £	2018 £
Inter-group interest receivable	497	-

9. Interest payable and expenses

	2019 £	2018 £
Inter-group interest payable	26,021	7,393

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	734,407	476,430
Adjustments in respect of previous periods	-	(562)
	734,407	475,868
Deferred tax		
Origination and reversal of timing differences	16,870	19,222
Taxation on profit on ordinary activities	751,277	495,090

CERATIZIT UK & IRELAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2018: 19.08%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,879,929</u>	<u>2,406,118</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.08%)	737,187	459,206
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,277	37,327
Capital allowances for year in excess of depreciation	1,798	1,477
Adjustments to tax charge in respect of prior periods	-	(562)
Adjust closing deferred tax to average rate of 19.00%	(11,615)	(10,039)
Adjust opening deferred tax to average rate of 19.00%	9,630	7,681
Total tax charge for the year	<u><u>751,277</u></u>	<u><u>495,090</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2019 £	2018 £
Dividends on equity capital of £3.00 (2018: £1.35) per Ordinary Share	<u><u>3,000,000</u></u>	<u><u>1,350,000</u></u>

CERATIZIT UK & IRELAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

12. Tangible fixed assets

	Leasehold Property improvement £	Fixtures & fittings £	Total £
Cost			
At 1 March 2018	165,252	2,391,693	2,556,945
Additions	2,700	258,944	261,644
At 28 February 2019	<u>167,952</u>	<u>2,650,637</u>	<u>2,818,589</u>
Depreciation			
At 1 March 2018	88,655	1,607,271	1,695,926
Charge for the year	9,462	189,788	199,250
At 28 February 2019	<u>98,117</u>	<u>1,797,059</u>	<u>1,895,176</u>
Net book value			
At 28 February 2019	<u>69,835</u>	<u>853,578</u>	<u>923,413</u>
At 28 February 2018	<u>76,597</u>	<u>784,422</u>	<u>861,019</u>

13. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>4,457,880</u>	<u>3,243,770</u>

Stock recognised in cost of sales during the year as an expense was £21,903,492 (2018: £19,218,544).

An impairment loss of £287,316 (2018: £238,602) was recognised in cost of sales against stock during the year.

CERATIZIT UK & IRELAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Debtors

	2019 £	2018 £
Trade debtors	7,377,874	6,563,234
Amounts owed by group undertakings	305,303	367,867
Prepayments and accrued income	663,201	666,133
	<u>8,346,378</u>	<u>7,597,234</u>

An impairment loss of £45,744 (2018: £41,902) was recognised against trade debtors.

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>94,032</u>	<u>51,487</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	315,130	173,950
Amounts owed to group undertakings	7,660,771	6,164,579
Corporation tax	383,924	196,862
Other taxation and social security	1,040,495	1,053,644
Other creditors	41,966	34,197
Accruals and deferred income	869,939	766,322
	<u>10,312,225</u>	<u>8,389,554</u>

17. Deferred taxation

	2019 £
At beginning of year	(81,854)
Charged to the profit or loss	(16,870)
At end of year	<u><u>(98,724)</u></u>

CERATIZIT UK & IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	(103,672)	(86,802)
Short term timing differences	4,948	4,948
	<u>(98,724)</u>	<u>(81,854)</u>

CERATIZIT UK & IRELAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

19. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

20. Contingent liabilities

There were no contingent liabilities at 28 February 2019 and 28 February 2018.

21. Capital commitments

There were no capital commitments at 28 February 2019 or 28 February 2018.

22. Pension commitments

The company operates a defined contributions 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 and amounted to £234,577 (2018: £246,091).

23. Commitments under operating leases

At 28 February 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	297,556	338,258
Later than 1 year and not later than 5 years	567,017	438,763
Later than 5 years	192,525	260,475
	1,057,098	1,037,496

CERATIZIT UK & IRELAND LIMITED

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24. Related party transactions

28 February 2019

During the year the company has undertaken the following transactions with other group companies. They are related parties of the company by virtue of common shareholders and directorships:

	Debtor/ (creditor) balance at 28 February 2019 £	Sales / (purchases) for the year £	Other operating income/ (expenditure) for the year £
Ceratizit Luxembourg	48,022	(13,343)	306,883
Plansee Group Service SA	-	-	(278)
WNT Deutschland GmbH	(5,471,578)	(20,547,521)	(67,501)
Ceratizit Austria GmbH	60,341	(516,376)	1,279,967
Ceratizit SA	(1,453)	-	(1,694,924)
Ceratizit Bulgaria AG	(711)	(25,475)	(7)
Klenk GmbH & Co	-	-	13,486
Ceratizit USA	(15,625)	-	-
CERATIZIT Balzheim GmbH & Co.KG.	(5,138)	(173,349)	76,183
CT Italia	-	-	(1,710)
Ceratizit	-	(15,658)	-
Komet (UK)	(24,710)	(122,213)	-
Ceratizit Iberica Htas de Precision, S.L.	-	-	(713)
	<u>(5,410,852)</u>	<u>(21,413,935)</u>	<u>(88,614)</u>

CERATIZIT UK & IRELAND LIMITED

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FOR THE YEAR ENDED 28 FEBRUARY 2019**

28 February 2018

During the prior year, the company had undertaken the following transactions with related parties:

	Debtor / (creditor) balance at 28 February 2018 £	Sales / (purchases) for the year £	Other operating income / (expenditure) for the year £
Ceratizit UK Limited	202,962	213,925	1,564,822
Ceratizit Luxembourg	16,429	-	105,937
Plansee Group Service SA	301	(1,767)	-
WNT Deutschland GmbH	(4,272,490)	(18,067,541)	166,193
Ceratizit Austria GmbH	(194,680)	(566,683)	-
Ceratizit SA	(28,428)	(284,217)	(1,114,393)
Ceratizit Bulgaria AG	(10,709)	(24,753)	-
Klenk GmbH & Co	13,245	-	75,261
Gunther Wirth Hartmetallwerkzeuge Betriebs-GmbH	(8,302)	(19,083)	-
	<u>(4,281,672)</u>	<u>(18,750,119)</u>	<u>797,820</u>

25. Ultimate parent undertaking and controlling party

The company is a subsidiary of Ceratizit UK Holding Company Limited, which is registered in England and Wales.

The directors consider that the ultimate parent undertaking of this company is Ceratizit S.A., a company incorporated in Luxembourg. Ceratizit S.S. is also the company's ultimate controlling related party.

The largest group in which the results of the company are consolidated is that headed by Ceratizit S.A. Copies of the group financial statements are available from Ceratizit Group, A6600 Reutte, Tyrol, Austria.