

Rudolph & Hellmann Automotive Limited

Registered number: 03881895

Annual report and financial statements

For the year ended 31 December 2019

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RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

COMPANY INFORMATION

Directors	A Connor R Just T Rudolph P J H Wijnen
Company secretary	P Brown
Registered number	03881895
Registered office	Charter House Sandford Street Lichfield Staffordshire WS13 6QA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Yorkshire Bank 14 Broadway Bradford West Yorkshire BD1 1EZ

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 6
Independent Auditor's Report	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 29

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic Report and the financial statements for the year ended 31 December 2019.

Business review

The trading performance of the business improved from 2018 from continued efficiency of operational processes. 2020 is expected to be challenging from global demand in the automotive sector and the impact of COVID-19 which currently is uncertain.

Principal risks and uncertainties

Operational risk management - Rudolph and Hellmann Automotive Ltd remain committed to becoming the leading automotive logistics provider within the United Kingdom. The Company is fully aware that the automotive sector remains vulnerable to the ever changing customer demand in new vehicles. We believe that we can continue to react and adjust our business model accordingly to match our customers' demands quickly, thus minimising any risk to our own business. The Company endeavours to maintain adequate insurance levels for all appropriate insurable risks.

Financial risk management - financial risk are managed through strict internal management controls and accurate timely management information. Individual contracts are closely monitored to identify potential issues and ensure that contracts are delivered at a margin that is acceptable to the directors.

Cash flow risk management - cash flow risk is managed through regular cashflow forecasting to ensure the business can proceed with its planned trading operations within its available finance facilities.

Brexit

The Company has been largely unaffected by Brexit due to careful contingency planning.

Outside of the risks associated with the Company's major customer, the Company's reliance on employment agencies continues to reduce, with more reliance placed on an employed direct labour force. The directors feel that any impact of Brexit on the UK labour supply will have limited impact on the day to day operations of the business.

The Company has minimal exposure to foreign currency fluctuations.

COVID-19

The Directors' are currently assessing the business risks and uncertainties that could emerge from COVID-19. Currently these cannot be fully quantified as the magnitude of the impact due to the whole pandemic is yet to fully unfold. Key risks across workforce resourcing and customer demand is under regular review and the business is assessing options as to how best to adequately respond, plan and execute these business challenges in the months ahead.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

	31 December 2019	31 December 2018
Turnover	£33,183,636	£35,725,150
Gross profit	£5,167,526	£5,211,896
Gross profit margin	15.57%	14.59%
Operating / profit	£2,080,699	£1,812,141
Employees	796	848

The business uses a range of operational KPI measures to monitor its overall contractual performance. These measures show continual consistent performance over the period reported.

This report was approved by the board on 02 July 2020 and signed on its behalf.



P Brown
Secretary

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is that of a provider of dedicated on-site production and reverse logistics for the automotive sector in the UK.

Results and dividends

The profit for the year, after taxation, amounted to £1,850,880 (2018 - £1,469,552).

The dividends for the year amounted to £1,606,000 (2018: £1,429,653)

Directors

The directors who served during the year were:

A Connor
P Weide (resigned 14 May 2019)
J Freese (resigned 14 May 2019)
R Just
J Hyde (resigned 31 January 2019)
R Bommers (appointed 11 February 2019, resigned 27 September 2019)
T Rudolph (appointed 14 May 2019)
P J H Wijnen (appointed 27 September 2019)

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Future developments

The directors continue to remain focused on growing the Company's portfolio, whilst ensuring it's current customers continue to receive the highest possible service. Rudolph & Hellmann Automotive continue to seek opportunities for growth with both existing and new customers.

Engagement with employees

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the Company's performance.

Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate for their aptitudes and abilities.

Qualifying third party indemnity provisions

The Company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Matters covered in the strategic report

Certain information is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414C(11). The Strategic Report includes a business review, information on principal risks & uncertainties as well as information on both financial & non-financial key performance indicators.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern

The directors have prepared financial projections which forecast growth and profitability, these forecasts show that the company should be able to operate within its facilities.

As a consequence, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting continues to be appropriate in preparing the financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making this assessment.

COVID-19

As a direct consequence of the COVID-19 pandemic, the next 12 month time horizon poses several challenges to the industry in which the company operates. The expectation is for an unprecedented lengthy recession worldwide but particularly to the UK and its European trading partners. Unemployment is expected to rise significantly as government furlough support is expected to conclude in the coming months.

The key risks the directors see in the coming months and how they are being addressed are listed below:

Demand for cars and flexed resources

Given uncertain times within the context of the UK and European automobile industry, a view could be taken of the risk of households curbing discretionary spending, of which car purchases may be included. If that were to be the case, then the Company would be able to balance the revised resource requirements to match against the reduced revenue expectation. This would be well planned to allow the Company to flex its temporary labour quota to align with customers' demand requirements.

Alternatively, for those households with more security of finance, then the inability to travel overseas without current quarantine restrictions could necessitate a requirement for more UK travel. This coupled with current nervousness around the health and safety of air travel associated with COVID-19 could bring about an increase in car purchases. Families may conclude that to travel in a secure unit such as a car within the UK is an option to consider as things move forward.

Should there be a second wave of the virus then the Company will maximise all available Government furlough arrangements to minimise its cost base. As labour cost forms most of the Company's expenditure this would allow for the continued protection of jobs and lower labour costs through a further possible lockdown period. In addition, the Company would look to reduce/defer other costs where available to lessen any impact of the loss of revenue.

Resource supply and availability

In the current COVID-19 surroundings the business is fully aware of the responsibilities to its workforce in terms of keeping its people safe as well as secure in tenure of employment. The Company strives to keep its employees safe in their working environment and will continue to do so as the current situation around the virus develops. The business knows it is vital to secure its workforce and ensure staff retention to required levels to meet its customers' current and flexible future needs.

To strengthen this further the business is also working with its associates and customers on proposed shift changes which will lower the overall level of employee numbers, mainly through natural attrition and temporary labour flexing whilst increasing the hours worked for those remaining. This move will allow for increased flexibility for any changes in production volumes whilst providing more security for retained staff.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Liquidity and Balance Sheet strength

The business recognises the uncertain times ahead within the COVID-19 challenge. By ensuring the business takes the appropriate steps above to secure its resources against its cost base and by minimising working capital by effective credit and supplier management, the Company can have a reasonable expectation of future cash flows.

It has also considered contingencies around changing its dividend profile should profitability be more challenging to achieve. This could require the consideration of increased retained earnings to weather any potential downturns in the future. The Company has a good relationship with its banking partner who works together with the business to manage any short term need for available funds if circumstances require.

Disclosure of information to auditor

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

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

Post balance sheet events

COVID-19 - post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the entity. Due to the uncertainties surrounding the potential implications to the entity, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entity's ability to continue as a going concern has been included within this report.

Auditor

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

This report was approved by the board on 02 July 2020 and signed on its behalf.



P Brown
Secretary

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

Opinion

We have audited the financial statements of Rudolph & Hellmann Automotive Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 United Kingdom Accounting Standards, including FRS 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 31 December 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.

Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 as disclosed on page 1, consideration in the going concern basis of preparation on pages 15 & 16 and non-adjusting post balance sheet events on page 29.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

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.

Other information

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

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

We have nothing to report in 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.

Matters on which we are required to report by exception

In 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.

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.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

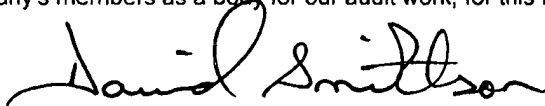
Auditor's responsibilities for the audit of the financial statements

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 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.



David Smithson (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date:

6 July 2020

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	33,183,636	35,725,150
Cost of sales		(28,016,110)	(30,513,254)
Gross profit		5,167,526	5,211,896
Administrative expenses		(3,086,827)	(3,399,755)
Operating profit	5	2,080,699	1,812,141
Interest receivable and similar income	9	10,640	6,884
Interest payable and expenses	10	(14,961)	(6,406)
Profit before tax		2,076,378	1,812,619
Tax on profit	11	(225,498)	(343,067)
Profit for the financial year		1,850,880	1,469,552

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED
REGISTERED NUMBER: 03881895

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	175,212	257,492
		<u>175,212</u>	<u>257,492</u>
Current assets			
Debtors: amounts falling due within one year	14	5,220,108	6,096,029
Cash at bank and in hand	15	529	2,476
		<u>5,220,637</u>	<u>6,098,505</u>
Creditors: amounts falling due within one year	16	(3,773,055)	(4,970,388)
Net current assets		<u>1,447,582</u>	<u>1,128,117</u>
Total assets less current liabilities		<u>1,622,794</u>	<u>1,385,609</u>
Provisions for liabilities			
Deferred tax	18	(6,578)	(14,273)
		<u>(6,578)</u>	<u>(14,273)</u>
Net assets		<u><u>1,616,216</u></u>	<u><u>1,371,336</u></u>
Capital and reserves			
Called up share capital	19	50,004	50,004
Profit and loss account	20	1,566,212	1,321,332
		<u>1,616,216</u>	<u>1,371,336</u>

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


R. Just
 Director

02 July 2020

The notes on pages 14 to 29 form part of these financial statements.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	50,004	1,321,332	1,371,336
Comprehensive income for the year			
Profit for the year	-	1,850,880	1,850,880
Dividends: Equity capital	-	(1,606,000)	(1,606,000)
At 31 December 2019	<u>50,004</u>	<u>1,566,212</u>	<u>1,616,216</u>

The notes on pages 14 to 29 form part of these financial statements.

Profit for the year has all arisen from continuing operations.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	50,004	1,281,433	1,331,437
Comprehensive income for the year			
Profit for the year	-	1,469,552	1,469,552
Dividends: Equity capital	-	(1,429,653)	(1,429,653)
At 31 December 2018	<u>50,004</u>	<u>1,321,332</u>	<u>1,371,336</u>

The notes on pages 14 to 29 form part of these financial statements.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,850,880	1,469,552
Adjustments for:		
Depreciation of tangible assets	89,499	96,299
Interest paid	14,961	6,406
Interest received	(10,640)	(6,884)
Taxation charge	225,498	343,067
Decrease in debtors	875,922	1,086,265
(Decrease) in creditors	(195,350)	(998,869)
Increase/(decrease) in amounts owed to groups	-	(84,419)
Corporation tax (paid)/received	(170,322)	78,988
Net cash generated from operating activities	<u>2,680,448</u>	<u>1,990,405</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,219)	(34,963)
Interest received	10,640	6,884
Net cash from investing activities	<u>3,421</u>	<u>(28,079)</u>
Cash flows from financing activities		
Dividends paid	(1,436,000)	(1,429,653)
Interest paid	(14,961)	(6,406)
Net cash used in financing activities	<u>(1,450,961)</u>	<u>(1,436,059)</u>
Net increase in cash and cash equivalents	<u>1,232,908</u>	<u>526,267</u>
Cash and cash equivalents at beginning of year	<u>(1,518,378)</u>	<u>(2,044,644)</u>
Cash and cash equivalents at the end of year	<u><u>(285,470)</u></u>	<u><u>(1,518,377)</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	529	2,476
Bank overdrafts	(285,999)	(1,520,853)
	<u><u>(285,470)</u></u>	<u><u>(1,518,377)</u></u>

The notes on pages 14 to 29 form part of these financial statements.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General Information

The legal form of the company is that of a private company limited by shares.

The Company is incorporated in England and Wales.

The registered office of the Company is Charter House, Sandford Street, Lichfield, Staffordshire, WS13 6QA.

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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied (see overleaf):

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Going concern

The directors have prepared financial projections which forecast growth and profitability, these forecasts show that the company should be able to operate within its facilities.

As a consequence, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis of accounting continues to be appropriate in preparing the financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making this assessment.

COVID-19

As a direct consequence of the COVID-19 pandemic, the next 12 month time horizon poses several challenges to the industry in which the company operates. The expectation is for an unprecedented lengthy recession worldwide but particularly to the UK and its European trading partners. Unemployment is expected to rise significantly as government furlough support is expected to conclude in the coming months.

The key risks the directors see in the coming months and how they are being addressed are listed below:

Demand for cars and flexed resources

Given uncertain times within the context of the UK and European automobile industry, a view could be taken of the risk of households curbing discretionary spending, of which car purchases may be included. If that were to be the case, then the Company would be able to balance the revised resource requirements to match against the reduced revenue expectation. This would be well planned to allow the Company to flex its temporary labour quota to align with customers' demand requirements.

Alternatively, for those households with more security of finance, then the inability to travel overseas without current quarantine restrictions could necessitate a requirement for more UK travel. This coupled with current nervousness around the health and safety of air travel associated with COVID-19 could bring about an increase in car purchases. Families may conclude that to travel in a secure unit such as a car within the UK is an option to consider as things move forward.

Should there be a second wave of the virus then the Company will maximise all available Government furlough arrangements to minimise its cost base. As labour cost forms most of the Company's expenditure this would allow for the continued protection of jobs and lower labour costs through a further possible lockdown period. In addition, the Company would look to reduce/defer other costs where available to lessen any impact of the loss of revenue.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Going concern (continued)

Resource supply and availability

In the current COVID-19 surroundings the business is fully aware of the responsibilities to its workforce in terms of keeping its people safe as well as secure in tenure of employment. The Company strives to keep its employees safe in their working environment and will continue to do so as the current situation around the virus develops. The business knows it is vital to secure its workforce and ensure staff retention to required levels to meet its customers' current and flexible future needs.

To strengthen this further the business is also working with its associates and customers on proposed shift changes which will lower the overall level of employee numbers, mainly through natural attrition and temporary labour flexing whilst increasing the hours worked for those remaining. This move will allow for increased flexibility for any changes in production volumes whilst providing more security for retained staff.

Liquidity and Balance Sheet strength

The business recognises the uncertain times ahead within the COVID-19 challenge. By ensuring the business takes the appropriate steps above to secure its resources against its cost base and by minimising working capital by effective credit and supplier management, the Company can have a reasonable expectation of future cash flows.

It has also considered contingencies around changing its dividend profile should profitability be more challenging to achieve. This could require the consideration of increased retained earnings to weather any potential downturns in the future. The Company has a good relationship with its banking partner who works together with the business to manage any short term need for available funds if circumstances require.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

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. The following criteria must also be met before revenue is recognised: is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Operating leases: the Company as lessee

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

2.6 Interest income

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

2.7 Finance costs

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

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Borrowing costs

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

2.9 Pensions

Defined contribution pension plan

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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Termination benefits

The Company recognises the cost of termination payments at the time the decision is made by the business, which can be different to the timing payments being made.

2.11 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 reporting date.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 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.

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

Depreciation is provided on the following basis:

Plant & machinery	- 1-4 years straight line
Fixtures & fittings	- 3-5 years straight line

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

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

2.13 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.

2.14 Cash and cash equivalents

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

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

2.15 Creditors

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

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Provisions for liabilities

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

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

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

2.17 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, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

2.18 Dividends

Equity dividends are recognised when they become legally payable.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

Critical judgements in applying the accounting policies

The directors have considered whether they have had to make any critical judgements in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. The directors do not consider any judgements made to be of such significance that they would be deemed critical.

Key sources of estimation uncertainty***(i) Provisions***

Where a provision is required the directors have estimated the amount the Company will be required to pay in order to settle any forthcoming liability. When estimating the amount that will be due in settlement of the liability the directors have taken into consideration past experience of similar situations, information and opinions received from external advisors, and the outcome of any similar settlements that have been experienced by third parties.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Provision of logistics services	33,183,636	35,725,150

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	33,183,636	35,640,324
Rest of the world	-	84,826
	33,183,636	35,725,150

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	89,499	96,299
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,100	11,000
Exchange differences	-	(637)
Other operating lease rentals	43,000	53,066
Operating lease rentals - plant and machinery	165,180	179,639
Defined contribution pension cost	423,259	397,606

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,100	11,000
Fees payable to the Company's auditor in respect of:		
All other services	5,745	5,250

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

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

	2019 £	2018 £
Wages and salaries	18,990,801	20,209,420
Social security costs	1,620,621	1,643,723
Cost of defined contribution scheme	423,398	397,606
	<u>21,034,820</u>	<u>22,250,749</u>

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

	2019 No.	2018 No.
Operational Staff	710	759
Administrative Staff	86	89
	<u>796</u>	<u>848</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	8,530	110,293
Company contributions to defined contribution pension schemes	1,705	29,182
	<u>10,235</u>	<u>139,475</u>

During the year retirement benefits were accruing to 1 director (2018 - 2) in respect of defined contribution pension schemes.

The directors of the business are also considered to be the key management personnel for the purposes of the FRS 102 required disclosure.

9. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>10,640</u>	<u>6,884</u>

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	14,961	6,406

11. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	406,974	344,103
Adjustments in respect of previous periods	(173,781)	(2,009)
Total current tax	233,193	342,094
Deferred tax		
Origination and reversal of timing differences	(7,695)	973
Total deferred tax	(7,695)	973
Taxation on profit on ordinary activities	225,498	343,067

Factors affecting tax charge for the year

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

	2019	2018
	£	£
Profit on ordinary activities before tax	2,076,378	1,812,619
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	394,512	344,398
Effects of:		
Permanent timing differences	893	756
Adjustments to tax charge in respect of prior periods	(173,781)	(2,009)
Adjustment to deferred tax charge in respect of prior periods	2,656	-
Adjustment to deferred tax to average rate of 19%	1,218	(78)
Total tax charge for the year	225,498	343,067

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Dividends

	2019 £	2018 £
Dividends paid on ordinary share capital	1,606,000	1,429,653

13. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2019	46,000	663,659	709,659
Additions	-	7,219	7,219
At 31 December 2019	46,000	670,878	716,878
Depreciation			
At 1 January 2019	46,000	406,167	452,167
Charge for the year on owned assets	-	89,499	89,499
At 31 December 2019	46,000	495,666	541,666
Net book value			
At 31 December 2019	-	175,212	175,212
At 31 December 2018	-	257,492	257,492

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Debtors

	2019 £	2018 £
Trade debtors	4,821,943	4,374,223
Prepayments and accrued income	398,165	1,721,806
	<u>5,220,108</u>	<u>6,096,029</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	529	2,476
Less: bank overdrafts	(285,999)	(1,520,853)
	<u>(285,470)</u>	<u>(1,518,377)</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 restated £
Bank overdrafts	285,999	1,520,853
Trade creditors	697,242	744,330
Amounts owed to group undertakings	2,000	2,000
Corporation tax	406,974	344,103
Other taxation and social security	1,551,481	1,434,669
Other creditors	257,472	91,970
Accruals and deferred income	571,887	832,463
	<u>3,773,055</u>	<u>4,970,388</u>

The Company has a bank overdraft facility in place which was in use as at 31 December 2019. This is secured by a debenture creating a fixed & floating charge over all the assets of the Company.

The 2018 figures have been marked as 'restated' as there has been a reclassification between 'Other creditors' and 'Other taxation and social security'.

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	529	2,476
Financial assets that are debt instruments measured at amortised cost	5,038,623	5,910,311
	<u>5,039,152</u>	<u>5,912,787</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,992,134)</u>	<u>(3,191,616)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and accrued income.

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

18. Deferred taxation

	2019 £	2018 £
At beginning of year	(14,273)	(13,300)
Charged to profit or loss	7,695	(973)
At end of year	<u>(6,578)</u>	<u>(14,273)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(12,886)	(20,939)
Pension surplus	6,308	6,666
	<u>(6,578)</u>	<u>(14,273)</u>

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
25,000 (2018 - 25,000) Ordinary A shares of £1.000 each	25,000	25,000
25,000 (2018 - 25,000) Ordinary B shares of £1.000 each	25,000	25,000
2 (2018 - 2) Ordinary C shares of £1.000 each	2	2
2 (2018 - 2) Ordinary D shares of £1.000 each	2	2
	<hr/>	<hr/>
	50,004	50,004

The A shares and B shares have equal voting rights and can participate in any distributions declared on that particular class of share.

The C shares and D shares carry no voting rights and can participate in any distributions declared on that particular class of share.

20. Reserves**Profit & loss account**

This reserve represents historic cumulative profits and losses less historic cumulative dividend declarations.

21. 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 £423,259 (2018: £397,606). Contributions totalling £75,512 (2018: £74,210) were payable to the fund at the reporting date.

22. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	128,872	145,082
Later than 1 year and not later than 5 years	9,320	134,858
	<hr/>	<hr/>
	138,192	279,940

RUDOLPH & HELLMANN AUTOMOTIVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Related party transactions

The shareholders of the Company are Rudolph Holdings GmbH, a company incorporated in Germany and Hellmann Worldwide Logistics Limited, a company incorporated in England. These companies are both shareholders of the Company and each own 50% of the voting rights of the Company.

During the year, the Company paid dividends of £nil (2018: £49,996) to the directors of the Company.

Hellmann Worldwide Logistics Limited and Rudolph Holdings GmbH have collectively charged the Company management fees of £100,000 (2018: £100,000) during the year.

During the year, the Company has purchased services from Hellmann Worldwide Logistics Limited of £nil (2018: £43,066).

During the year, the Company was recharged head office support costs from Rudolph Holdings GmbH of £268,271 (2018: £282,583). The Company itself recharged staff costs to Rudolph Holdings GmbH of £5,321 (2018: £16,348).

Amounts owed to related parties as at 31 December 2019 are £2,000 (2018: £2,000) to Hellmann Worldwide Logistics Limited and £42,688 (2018: £44,303) owed to Rudolph Holdings GmbH.

24. Post balance sheet events

COVID-19 - post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the entity. Due to the uncertainties surrounding the potential implications to the entity, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entity's ability to continue as a going concern has been included in note 2.2 to these financial statements.

25. Controlling party

In the opinion of the directors there is no controlling party.

The shareholders of the Company are Rudolph Holdings GmbH, a company incorporated in Germany and Hellmann Worldwide Logistics Limited, a company incorporated in England and Wales. These companies are both shareholders of the Company and each own 50% of the voting rights of the Company.