

Carbolite Holdings Limited

Annual report and financial statements

Registered number 06758930

For the year ended 31 December 2018

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Directors' report

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Principal activities

The company is an intermediate holding company. The entity holds investment in a trading company, Carbolite Gero Limited (Registered number 01371507). This activity will continue in the future.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Strategic report

The company was exempt by virtue of section 414B of the Companies Act 2006 from the requirements to prepare a Strategic Report.

Directors

The name of the Directors during the period are as follows:-

Dr J Pankratz
Verder International B.V.

The directors had no interests in the shares of the company.

The directors confirm that no third party indemnity provisions for their benefit have been in place, neither at the time this report was signed nor at any time during the financial year.

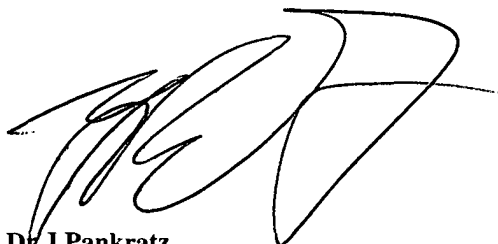
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Dr J Pankratz
Director

Parsons Lane,
Hope,
Hope Valley,
Derbyshire,
S33 6RB

20th September 2019

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Carbolite Holdings Ltd

Opinion

We have audited the financial statements of Carbolite Holdings Ltd ("the company") for the year ended 31 December 2018 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

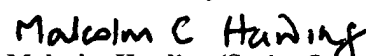
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.¹

The purpose of our audit work and to whom we owe our responsibilities

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


Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Date:

25/9/2019

Profit and loss account and Other comprehensive income
for the year ended 31 December 2018

	<i>Note</i>	2018 £	2017 £
Operating (loss) / profit	2	(362)	2,280
Interest receivable and similar income	4	515	14
Interest payable and similar expenses	5	(293,313)	(298,561)
Dividends received		2,228,382	11,905,739
Profit / (loss) before taxation		1,935,222	11,604,912
Tax credit on profit / (loss)	6	59,993	53,696
Profit / (loss) for the financial year		1,995,215	11,658,608
Total comprehensive income for the year		1,995,215	11,658,608

All of the activities of the company are classed as continuing.

The company has no other comprehensive income other than the results for the year as set out above, and therefore no separate statement of total comprehensive income has been presented.

The notes on pages 8 to 14 form an integral part of these financial statements.

Balance sheet
as at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments	7	15,976,365	15,976,365
Current assets			
Debtors	8	124,189	64,044
Cash at bank and in hand		-	-
		124,189	64,044
Creditors: amounts falling due within one year	9	-	-
Net current assets / (liabilities)		124,189	64,044
Total assets less current liabilities		16,100,554	16,040,409
Creditors: amounts falling due after more than one year	10	(3,031,991)	(4,967,061)
Net assets / (liabilities)		13,068,563	11,073,348
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		13,058,563	11,063,348
Shareholders' deficit		13,068,563	11,073,348

These financial statements were approved by the board of directors on 20th September 2019 and were signed on its behalf by:



Dr J Pankratz
Director

The notes on pages 8 to 14 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2018

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2017	10,000	(595,260)	(585,260)
Total comprehensive income for the period			
Profit for the year	-	11,658,608	11,658,608
Total comprehensive income for the period	-	11,658,608	11,658,608
Balance at 31 December 2017	10,000	11,063,348	11,073,348
Total comprehensive income for the period			
Profit for the year	-	1,995,215	1,995,215
Total comprehensive income for the period	-	1,995,215	1,995,215
Balance at 31 December 2018	10,000	13,058,563	13,068,563

The notes on pages 8 to 14 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Carbolite Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Verder International BV includes the Company in its consolidated financial statements. The consolidated financial statements of Verder International BV are available to the public and may be obtained from their registered office as disclosed in Note 13. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Verder International BV include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are wholly owned subsidiaries of Verder International B.V. and included by full consolidation in the consolidated financial statements of Verder International B.V. which are publicly available.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The directors have prepared and reviewed profit and cash flow forecasts. They are confident that expected cash flows from subsidiary undertakings show that the company is able to operate within its available facilities and meet its liabilities as they fall due for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

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

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

Accounting estimates and judgements

There are no significant estimates that affect the financial statements.

Critical accounting judgements in applying the Company's accounting policies

The main accounting judgement relates to the recoverability of investments in subsidiaries. The directors consider that the carrying value of the investment is supported by the underlying net assets and profitable trading of its subsidiary Carbolite Gero Limited. During the year to 31 December 2018 Carbolite Gero Limited generated a profit after tax of £1.6m (2017: £2.1m).

2 Expenses and auditor's remuneration

Auditor's remuneration

Audit fees are borne by another group company. If audit fees had been recharged, the fee for the audit of the company's annual accounts would have been £2,500 (2017: £2,500). There are no non-audit fees payable to the auditor (2017: £nil).

3 Staff numbers, costs and Directors' remuneration

The company has no employees in the period (2017: nil) other than the director.

The director is also a director of other group companies for whom their primary duties are discharged. The emoluments of the director are paid by Verder Scientific GmbH & Co KG and are disclosed in those financial statements. These emoluments do not include a specific allocation for the Company, and no re-charge to the Company is made. The value of services provided by the Director to the Company during the year is considered to be wholly immaterial.

4 Interest receivable and similar income

	2018 £	2017 £
Group interest receivable	515	14
	<u>515</u>	<u>14</u>

5 Interest payable and similar charges

	2018 £	2017 £
Group interest payable	(293,313)	(298,561)
	<u>(293,313)</u>	<u>(298,561)</u>

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2018 £	2017 £
<i>Current tax:</i>		
Current tax credit for the year	(55,700)	(53,606)
Adjustment in respect of previous periods	(4,293)	(90)
Total tax on profit/ (loss) on ordinary activities	(59,993)	(53,696)

The standard rate for the year, based on the UK standard rate of corporation tax is 19.0% (2017: 19.25%), the actual charge differs from the standard rate for the reasons set out in the following reconciliation.

	2018 £	2017 £
Profit / (loss) on ordinary activities before taxation	1,935,222	11,604,912
Tax at 19.00% (2017: 19.25%) thereon	367,692	2,233,548
Expenses not deductible for tax purposes	-	4,293
Income not taxable for tax purposes	(423,393)	(2,291,447)
Group relief surrendered	55,700	53,606
Receipt for group relief	(55,700)	(53,606)
Adjustments in respect of previous periods	(4,292)	90
Deferred tax not recognised	-	-
Adjust closing deferred tax to average rate of 19.00%	-	5,877
Adjust opening deferred tax to average rate of 19.00%	-	(5,877)
Total tax credit included in profit and loss	(59,993)	(53,696)

Explanation of applicable tax rates

The UK corporation tax rate will reduce from 19 per cent to 17 per cent on 1 April 2020. In accordance with accounting standards, the effect of these rate reductions on deferred tax balances has been reflected in these financial statements, dependent upon when temporary differences are expected to reverse. This will reduce the company's future current tax charge accordingly.

Deferred tax of £44,475 (2017: £44,475) in relation to taxable losses is not provided for on the basis of insufficient forecast profits against which to realise the asset.

Notes (continued)

7 Investments

Fixed Asset Investments - shares in group undertaking

£

Cost and net book value

As at 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018

15,976,365

The company owns 100% of the issued share capital of Carbolite Gero Limited (formerly Carbolite Limited). Carbolite Gero Limited is a trading company incorporated in the UK., with a registered office at:

Parsons Lane
Hope
Hope Valley
S33 6RB

8 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	124,189	64,044
	<u>124,189</u>	<u>64,044</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Cash pooling balances between the company and Verder International B.V are subject to between 1.1% and 2.5% interest dependant on currency.

9 Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts due to group undertakings (non interest bearing)	-	-
Amounts due to group undertakings (interest bearing)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The interest bearing amount is a loan, originally for £10,697,000 due to Verder Holdings U.K. Ltd. with a repayment date of 31st December 2020. It is interest bearing at a fixed rate of 6% for the entire loan period. Capital repayments are being made depending on available cash.

Notes (continued)

10 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to group undertakings	(3,031,991)	(4,967,061)
	<u>(3,031,991)</u>	<u>(4,967,061)</u>

The amount owed to group undertakings is interest bearing at a fixed rate of 6% and has a repayment date of 31st December 2020

11 Share capital

	2018 £	2017 £
<i>Allotted called up and fully paid</i>		
Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12 Contingent liabilities

During the current year the company guaranteed jointly with certain other group companies, the liabilities under various banking facilities. At 31 December 2018 the outstanding liabilities under these facilities amounted to £nil (2017: £nil).

13 Ultimate parent company

The immediate parent company is Verder Holdings UK Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party is Verder International B.V., a company registered in The Netherlands, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of the company can be obtained from their registered office:

Utrechtseweg 4A
NL 3450 AA Vleuten
The Netherlands