

Company Registration No. 08365465 (England and Wales)

BERGSTROM HOLDINGS (EUROPE) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2016**



BERGSTROM HOLDINGS (EUROPE) LIMITED

COMPANY INFORMATION

Directors	D Rydell A Potter J Shaffer D Giovannetti
Company number	08365465
Registered office	41 Sycamore Close Dyffrn Business Park Ystrad Mynach Mid Glamorgan Wales CF82 7RJ
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

BERGSTROM HOLDINGS (EUROPE) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present the strategic report for the period ended 31 December 2016.

Review of the business

Trading was in line with expectations. Group turnover for the period was £18,428,534 (comparative period - £11,508,714) and the net cash inflow from operating activities was £1,488,282 (comparative period - £763,113). The group ended the year with cash of £810,821 (comparative period - £782,964).

The 2016 accounts include an adjustment of £362,554 related to a litigation outcome that occurred in mid-2017. The litigation is still in appellate stages; thus, uncertainty remains over future possible amendments. Further details are given in note 20.

Key performance indicators	Target	2016	2015	2014
Annualised sales growth	10%	60%	29%	-1%
Gross margin	20%	21%	17%	12%
Net profit	10%	9%	1%	-11%
Working capital	10%	10%	14%	21%

Annualised sales growth is measured as the annual increase in revenue as a % of revenue from the prior year. Gross margin is measured as gross profit as a % of turnover. Net margin is measured as net profit (being profit before tax and exceptional items) as a % of turnover. Working capital is measured as accounts receivable plus inventories less accounts payable, as a % of turnover.

Matters of strategic importance

The principal risks and uncertainties facing the group currently revolve around the future order book prospects, and the ability to balance income with expenditure. As such, all major manufacturers are forecasting a flat or modest upturn in 2018. We are in the middle stages of a prolonged recovery worldwide and there are still significant pressures on currency and commodities. Any order level stabilisation will be challenged by price inhibitors resulting in strained financial performance of the business.

On behalf of the board



A Potter

Director

12/12/17

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the period ended 31 December 2016.

Principal activities

The principal activity of the group during the period was the manufacture of other parts and accessories for motor vehicles. The principal activity of the company was that of a holding company.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

D Rydell

S Boyle

(Resigned 29 February 2016)

A Potter

J Shaffer

D Giovannetti

(Appointed 29 February 2016)

Results and dividends

The results for the period are set out on page 7. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

There are no plans to change the nature of the group's activities in the foreseeable future. Matters of relevance to future trading are noted in the Strategic Report.

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates and credit risk. The group's principal financial instruments comprise cash and bank deposits and group loans together with trade debtors and trade creditors that arise directly from its operations. The main risks arising from the group's financial instruments can be analysed as follows:

Foreign currency risk

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates and the impact on its presentational currency. As the group both buys and sells goods outside Europe it has an increased risk.

Credit risk

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

Cash flow interest rate risk

Interest-bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on any group loans is at market rate.

Directors' insurance

The group maintains professional indemnity insurance covering directors, officers and senior managerial staff.

Research and development

The group undertakes research and development. Costs of £547,388 (comparative period - £559,958) were expensed to profit or loss during the period.

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

Auditor

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A Potter

Director

12/12/17

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and 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). 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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERGSTROM HOLDINGS (EUROPE) LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the period 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.

Emphasis of matter - contingent liability

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 20 to the financial statements concerning the uncertain outcome of litigation over the amount to be paid for the acquisition by the group of the trade and assets of a business. The vendors are claiming that the purchase price is €277,000 more than the amount included in the financial statements. The ultimate outcome of the matter cannot presently be determined, and no provision in respect of any additional liability that may result has been made in these financial statements.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, 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 the light of the knowledge and understanding of the group and the parent 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 where 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 parent company 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 BERGSTROM HOLDINGS (EUROPE) LIMITED (CONTINUED)

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD
13/12/17

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

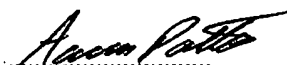
		Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
	Notes		
Turnover	3	18,428,534	11,508,714
Cost of sales		(14,623,603)	(9,566,498)
Gross profit		3,804,931	1,942,216
Administrative expenses		(1,995,643)	(1,690,643)
Exceptional item	20	(362,554)	-
Operating profit	4	1,446,734	251,573
Interest payable to group undertakings	7	(89,340)	(89,577)
Profit on ordinary activities before taxation		1,357,394	161,996
Taxation	8	(176,216)	-
Profit for the financial period	19	1,181,178	161,996
Other comprehensive income net of taxation			
Currency translation differences		(102,971)	74,203
Total comprehensive income for the period		1,078,207	236,199

Total comprehensive income for the period is all attributable to the owners of the parent company.

BERGSTROM HOLDINGS (EUROPE) LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	31 December 2016		2 January 2016	
		£	£	£	£
Fixed assets					
Negative goodwill	9		-		(96,441)
Other intangible assets	9		37,442		61,737
Total intangible assets			37,442		(34,704)
Tangible assets	10		796,973		801,885
			834,415		767,181
Current assets					
Stocks	12	2,658,679		2,169,354	
Debtors	13	1,750,631		1,615,200	
Cash at bank and in hand		810,821		782,964	
		5,220,131		4,567,518	
Creditors: amounts falling due within one year	14	(2,506,296)		(2,158,636)	
Net current assets			2,713,835		2,408,882
Total assets less current liabilities			3,548,250		3,176,063
Creditors: amounts falling due after more than one year	15		(3,580,318)		(4,314,796)
Provisions for liabilities	17		(54,308)		(25,850)
Net liabilities			(86,376)		(1,164,583)
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves	19		(87,376)		(1,165,583)
Equity attributable to owners of the parent company			(86,376)		(1,164,583)

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


A Potter
Director


12/12/17

BERGSTROM HOLDINGS (EUROPE) LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

		31 December 2016		2 January 2016	
	Notes	£	£	£	£
Fixed assets					
Investments	11		1,252,191		1,252,191
Current assets					
Debtors falling due after one year	13	2,304,191		3,210,651	
Debtors falling due within one year	13	120,246		145,014	
Cash at bank and in hand		49,175		195,884	
		2,473,612		3,551,549	
Creditors: amounts falling due within one year	14	(215,335)		(364,151)	
Net current assets			2,258,277		3,187,398
Total assets less current liabilities			3,510,468		4,439,589
Creditors: amounts falling due after more than one year	15		(3,580,318)		(4,314,796)
Net (liabilities)/assets			(69,850)		124,793
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves	19		(70,850)		123,793
Total equity			(69,850)		124,793

As permitted by s408 CA2006, the company has not presented its own statement of comprehensive income and related notes. The company's loss for the period was £18,241 (2016 - £4,422 loss).

The financial statements were approved by the board of directors and authorised for issue on 12/12/17 and are signed on its behalf by:



A Potter
Director

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share capital £	Profit and loss reserves £	Total £
Balance at 4 January 2015	1,000	(1,401,782)	(1,400,782)
Period ended 2 January 2016:			
Profit for the period	-	161,996	161,996
Other comprehensive income net of taxation:			
Currency translation differences	-	74,203	74,203
Total comprehensive income for the period	-	236,199	236,199
Balance at 2 January 2016	1,000	(1,165,583)	(1,164,583)
Period ended 31 December 2016:			
Profit for the period	-	1,181,178	1,181,178
Other comprehensive income net of taxation:			
Currency translation differences	-	(102,971)	(102,971)
Total comprehensive income for the period	-	1,078,207	1,078,207
Balance at 31 December 2016	1,000	(87,376)	(86,376)

BERGSTROM HOLDINGS (EUROPE) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share capital £	Profit and loss reserves £	Total £
Balance at 4 January 2015	1,000	59,649	60,649
Period ended 2 January 2016:			
Loss for the period	-	(4,422)	(4,422)
Other comprehensive income net of taxation:			
Currency translation differences	-	68,566	68,566
Total comprehensive income for the period	-	64,144	64,144
Balance at 2 January 2016	1,000	123,793	124,793
Period ended 31 December 2016:			
Loss for the period	-	(18,241)	(18,241)
Other comprehensive income net of taxation:			
Currency translation differences	-	(176,402)	(176,402)
Total comprehensive income for the period	-	(194,643)	(194,643)
Balance at 31 December 2016	1,000	(70,850)	(69,850)

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2016

		Period from 3 Jan 2016 to 31 Dec 2016	Period from 4 Jan 2015 to 2 Jan 2016
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	23	1,883,232	763,113
Interest paid		(89,340)	-
Income taxes paid		(305,610)	-
Net cash inflow from operating activities		1,488,282	763,113
Investing activities			
Purchase of tangible fixed assets		(378,871)	(178,472)
Proceeds on disposal of tangible fixed assets		147,945	1,176
Net cash used in investing activities		(230,926)	(177,296)
Financing activities			
Repayment of loans from group undertakings		(1,347,489)	-
Net cash used in financing activities		(1,347,489)	-
Net (decrease)/increase in cash and cash equivalents		(90,133)	585,817
Cash and cash equivalents at beginning of period		782,964	199,110
Effect of foreign exchange rates		117,990	(1,963)
Cash and cash equivalents at end of period		810,821	782,964

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Bergstrom Holdings (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 41 Sycamore Close, Dyffrn Business Park, Ystrad Mynach, Mid Glamorgan, Wales, CF82 7RJ.

The group consists of Bergstrom Holdings (Europe) Limited and all of its subsidiaries. The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling. Monetary amounts in these financial statements are rounded to the nearest £. The functional currency of the group is the euro, which is the functional currency of the subsidiary through which it carries out its trade. The presentation currency is sterling because this is normal practice for companies incorporated in the United Kingdom. The basis on which amounts are translated into sterling is detailed below under the foreign exchange accounting policy.

As permitted under Section 390 of the Companies Act 2006, the financial statements each year are drawn up to a date not more than seven days before or after the company's accounting reference date of 31 December, reflecting the calendar periods used by management to monitor and control the business. The respective period lengths are indicated in the column headings on the statement of comprehensive income.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

For the purposes of its individual financial statements, the company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemption from the following disclosure requirement:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position include the financial statements of the company and its subsidiary undertaking made up to the reporting date. The results of subsidiaries sold or acquired are included in profit or loss up to or from the date control passes. All subsidiaries are accounted for using the purchase method. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Going concern

The group is reporting a net profit of £1,181,178 for the period ended 31 December 2016 but, at that date, had net liabilities of £86,376. The improving actual and forecast post year end trading, together with the receipt of a letter of support from its parent undertaking, Bergstrom Inc, means the directors are satisfied that there are appropriate grounds for preparing the financial statements on the going concern basis.

Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year. Turnover is recognised on despatch of the goods or provision of the services.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the fair values of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

Intangible fixed assets other than goodwill

Other intangible assets are initially recorded at cost.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Other intangibles	- Over 5-6 years on a straight line basis
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short Leasehold Improvements	- 4% to 10% straight line basis
Plant & Machinery	- 10% to 33% straight line basis
Office Equipment	- 10% to 33% straight line basis

Assets in the course of construction are not depreciated. Depreciation commences when the assets are ready for their intended use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provision is made for liabilities arising in respect of expected warranty claims on warranties provided in conjunction with the sale of goods and services.

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the reporting date. Results of overseas subsidiaries are translated at the average rate for the period. Exchange differences arising are dealt with through other comprehensive income.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2 Judgements and key sources of estimation uncertainty

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

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

The judgements made by the directors in adopting the going concern basis are detailed above within accounting policies. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are set out over the page.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Impairment of stocks

The company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. Management calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods and future usage or raw materials, overheads and labour.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit rating of debtors, the ageing profile, and historical experience.

Warranty provisions

Amounts provided in respect of warranty provisions reflect management's best estimate of expected future cash outflows relating to items on which the warranty period has not expired by the year end. The estimate is based on past experience and costs incurred during the year which are monitored on a regular basis.

3 Turnover and other revenue

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

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Turnover analysed by class of business		
Manufacture of other parts and accessories for motor vehicles	18,428,534	11,508,714

Turnover analysed by geographical market

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Europe	18,428,534	11,508,714

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

4 Operating profit

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses	18,524	14,248
Research and development costs	547,388	559,958
Depreciation of owned tangible fixed assets	370,861	460,549
Amortisation of other intangible assets	33,911	29,341
Amortisation of negative goodwill	(96,441)	(48,221)
Cost of stocks recognised as an expense	13,024,163	8,415,670
Operating lease charges	243,647	216,256

5 Auditor's remuneration

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,000	7,500
Fees paid to auditor of subsidiary	18,375	16,330
	<u>25,375</u>	<u>23,830</u>

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

6 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

	Period from 3 Jan 2016 to 31 Dec 2016 Number	Period from 4 Jan 2015 to 2 Jan 2016 Number
Production staff	56	37
Distribution staff	7	7
Administrative staff	27	24
	<u>90</u>	<u>68</u>

Their aggregate remuneration comprised:

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Wages and salaries	2,138,132	1,637,958
Social security costs	568,737	418,300
	<u>2,706,869</u>	<u>2,056,258</u>

The key management personnel (comprising the directors of the company and other senior management in the worldwide group) receive no specific remuneration in relation to their services for this group.

7 Interest payable and similar expenses

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	<u>89,340</u>	<u>89,577</u>

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

8 Taxation

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Foreign current tax on profits for the current period	176,216	-

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Profit before taxation	1,357,394	161,996
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.25%)	271,479	32,804
Tax effect of expenses that are not deductible in determining taxable profit	72,511	-
Utilisation of tax losses	(152,134)	(23,935)
Group relief	-	895
Sundry tax adjusting items	(15,640)	(9,764)
Tax expense for the period	176,216	-

Factors that may affect future tax charges

Under legislation substantively enacted on 26 October 2015, the main rate of corporation tax will be reduced to 19% from 1 April 2017 and to 17% from 1 April 2020 in the UK.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

9 Intangible fixed assets

Group	Negative goodwill £	Other intangibles £	Total £
Cost			
At 3 January 2016	(577,770)	146,705	(431,065)
Exchange adjustments	-	22,851	22,851
At 31 December 2016	(577,770)	169,556	(408,214)
Amortisation and impairment			
At 3 January 2016	(481,329)	84,968	(396,361)
Amortisation charged for the period	(96,441)	33,911	(62,530)
Exchange adjustments	-	13,235	13,235
At 31 December 2016	(577,770)	132,114	(445,656)
Carrying amount			
At 31 December 2016	-	37,442	37,442
At 2 January 2016	(96,441)	61,737	(34,704)

The company had no intangible fixed assets at 31 December 2016 or 2 January 2016.

Negative goodwill arose on the acquisition of the trade and assets of Dirna, S.A. by the group's subsidiary, Dirna Bergstrom, S.L.U. on 7 February 2013.

In the Statement of Comprehensive Income, amortisation charged in the period is included wholly within administrative expenses.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

10 Tangible fixed assets

Group	Short Leasehold Improvements	Assets Under Construction	Plant & Machinery	Office Equipment	Total
	£	£	£	£	£
Cost					
At 3 January 2016	445,970	51,300	1,438,681	83,396	2,019,347
Additions	23,905	-	320,039	51,534	395,478
Disposals	-	(59,290)	(121,245)	-	(180,535)
Exchange adjustments	69,464	7,990	224,090	12,990	314,534
At 31 December 2016	539,339	-	1,861,565	147,920	2,548,824
Depreciation and impairment					
At 3 January 2016	257,172	-	933,652	26,638	1,217,462
Depreciation charged in the period	104,366	-	247,864	18,631	370,861
Eliminated in respect of disposals	-	-	(26,105)	-	(26,105)
Exchange adjustments	40,057	-	145,427	4,149	189,633
At 31 December 2016	401,595	-	1,300,838	49,418	1,751,851
Carrying amount					
At 31 December 2016	137,744	-	560,727	98,502	796,973
At 2 January 2016	188,798	51,300	505,029	56,758	801,885

The company had no tangible fixed assets at 31 December 2016 or 2 January 2016.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

11 Fixed asset investments

	Group		Company	
	31 December	2 January	31 December	2 January
	2016	2016	2016	2016
	£	£	£	£
Investments in subsidiaries	-	-	1,252,191	1,252,191

Investments in subsidiaries reflect the company's interest in the entire ordinary issued share capital of Dirna Bergstrom, S.L.U., a company incorporated in Spain. The principal activity of Dirna Bergstrom, S.L.U. is the manufacture of parts and accessories for motor vehicles. The address of the registered office of Dirna Bergstrom, S.L.U. is Francisco Alonso, 6, E - 28806 Alcalá de Henares, Madrid, Spain.

Movements in fixed asset investments

Company	Shares £
Cost or valuation	
At 3 January 2016 & 31 December 2016	1,252,191
Carrying amount	
At 31 December 2016	1,252,191
At 02 January 2016	1,252,191

12 Stocks

	Group		Company	
	31 December	2 January	31 December	2 January
	2016	2016	2016	2016
	£	£	£	£
Finished goods and goods for resale	2,658,679	2,169,354	-	-

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

13 Debtors

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Amounts falling due within one year:				
Trade debtors	1,313,763	1,060,112	-	-
Corporation tax recoverable	135,069	-	-	-
Amounts due from group undertakings	36,443	30,610	120,246	145,014
Other debtors	214,498	413,977	-	-
Prepayments and accrued income	50,858	110,501	-	-
	<u>1,750,631</u>	<u>1,615,200</u>	<u>120,246</u>	<u>145,014</u>
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	2,304,191	3,210,651
	<u>-</u>	<u>-</u>	<u>2,304,191</u>	<u>3,210,651</u>
Total debtors	<u>1,750,631</u>	<u>1,615,200</u>	<u>2,424,437</u>	<u>3,355,665</u>

14 Creditors: amounts falling due within one year

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Trade creditors	1,728,553	1,276,817	-	-
Amounts due to group undertakings	402,770	623,833	215,335	364,151
Accruals and deferred income	374,973	257,986	-	-
	<u>2,506,296</u>	<u>2,158,636</u>	<u>215,335</u>	<u>364,151</u>

15 Creditors: amounts falling due after more than one year

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Amounts owed to group undertakings	<u>3,580,318</u>	<u>4,314,796</u>	<u>3,580,318</u>	<u>4,314,796</u>

Amounts owed to group undertakings due after more than one year reflect finance provided by the parent company to finance the acquisition of the trade and assets of Dirna, S.A. The loan bears interest at 2% above LIBOR. It is repayable, subject to the company's cash availability, from 7 February 2014 onwards and is fully repayable within five years of this date.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

16 Financial instruments

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,564,704	1,504,699	2,424,437	3,355,665
Carrying amount of financial liabilities				
Measured at amortised cost	6,086,614	6,473,432	3,795,653	4,678,947

17 Provisions for liabilities

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Warranty provision	54,308	25,850	-	-

Movements on provisions:

Group	£
At 3 January 2016	25,850
Additional provisions in the year	24,431
Exchange difference	4,027
At 31 December 2016	54,308

The warranty provision is recognised for expected warranty claims on products sold during the last two years. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the balance sheet date.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

18 Share capital

	Group and company	
	31 December 2016	2 January 2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

The company has one class of ordinary shares. The shares carry no right to fixed income. Each carries the right to one vote at general meetings of the company.

19 Reserves

Profit and loss reserves

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

20 Financial commitments, guarantees and contingent liabilities

The group's subsidiary, Dirna Bergstrom, S.L.U., acquired the trade and assets of Dirna, S.A. on 8 February 2013. The amount payable under the agreement was subject to adjustment by the amount that the assets acquired were greater or less than those assets as shown in the financial statements of Dirna, S.A. as at 30 September 2012, using the same accounting policies at both dates to value the assets and liabilities acquired.

Dirna Bergstrom, S.L.U. paid €5,200,000 when the agreement was signed but believed that the adjusted purchase price should be €4,840,000. This lower figure was used as the cost of acquisition and the amount that has been overpaid of €360,000 had been included in receivables and accrued income. The valuation of the assets and liabilities at 8 February 2013 was disputed by the vendors, Dirna, S.A., who claim that the amount payable under the agreement should have been approximately €5,548,000.

The matter is subject to litigation. Whilst the directors were confident that the matter would be decided in their favour, the ultimate outcome previously could not be determined and no provision against the amount due from the vendors of €360,000 nor for any liability of the difference of €708,000 between the lower figure and the amount wanted by the vendor had been included in these financial statements.

Post year end, the case was heard. The conclusion has resulted in the overpayment claimed by Dirna Bergstrom, S.L.U. being denied and the courts determining Dirna Bergstrom, S.L.U. owe the vendors an additional €70,798. Based on this conclusion the previous debtor for accrued income has been derecognised and a creditor of £60,352 has been provided. After adjusting for sundry related accruals, the net charge of £362,554 has been taken to profit or loss for the period (on the grounds that the majority of the original negative goodwill had previously been amortised to profit or loss) and is disclosed as an exceptional charge. The remaining negative goodwill relating to the purchase has been written off.

Subsequent to the court ruling, both parties have appealed the decision. Should the purchase price be determined by any future hearing to be different to the price ruled in the original hearing, an adjustment will be necessary. However, the directors consider the current court ruling to be the best determination of the current position at this time, and are using this to account for the most probable estimate. The directors note that although their claim would result in a reduction in the price paid, the vendor is claiming an additional €277,000 which the directors consider to be the maximum exposure of the group which is not provided at this time.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

21 Operating lease commitments

Lessee

Operating lease commitments reflect rentals payable by the group for leased property and other equipment rented by the group's subsidiary, Dirna Bergstrom, S.L.U. At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 31 December 2016 £	2 January 2016 £	Company 31 December 2016 £	2 January 2016 £
Within one year	258,376	233,109	-	-
Between two and five years	77,792	243,669	-	-
	<u>336,168</u>	<u>476,778</u>	<u>-</u>	<u>-</u>

22 Ultimate parent company and controlling party

The directors regard Bergstrom Inc of 2390 Blackhawk Road, PO BOX 6007, Rockford, Illinois, 61125, a company registered in the United States of America, as the immediate and ultimate parent company. According to the register kept by the company, Bergstrom Inc has a 100% interest in the equity capital of Bergstrom Holdings (Europe) Limited at the reporting date. Bergstrom Inc heads the largest and smallest group in which the results of the company are consolidated. The financial statements of Bergstrom Inc are not publicly available. Bergstrom Inc is controlled by Mr D Rydell, who owns 100% of the issued share capital of that company.

23 Cash generated from group operations

	Period from 3 Jan 2016 to 31 Dec 2016 £	Period from 4 Jan 2015 to 2 Jan 2016 £
Profit/(loss) for the year after tax	1,181,178	161,996
Adjustments for:		
Taxation charged	176,216	-
Finance costs	89,340	89,577
Amortisation of intangible assets	(62,530)	(18,880)
Depreciation of tangible fixed assets	370,861	460,549
Increase in provisions	23,405	8,383
Movements in working capital:		
(Increase) in stocks	(145,065)	(418,127)
Decrease/(increase) in debtors	240,828	(417,802)
Increase in creditors	8,999	897,417
Cash generated from operations	<u>1,883,232</u>	<u>763,113</u>