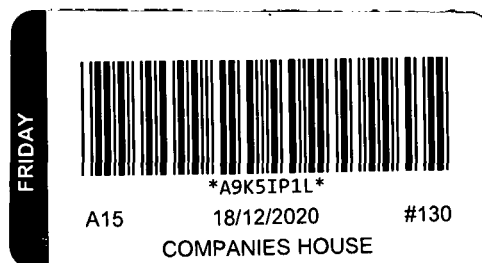


Company Registration No. 08365465 (England and Wales)

BERGSTROM HOLDINGS (EUROPE) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
28 DECEMBER 2019



BERGSTROM HOLDINGS (EUROPE) LIMITED

COMPANY INFORMATION

Directors	D Rydell A Potter D Giovannetti
Company number	08365465
Registered office	41 Sycamore Close Dyffryn 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 28 DECEMBER 2019

The directors present the strategic report for the period ended 28 December 2019.

Review of the business

Trading was in line with expectations. Group turnover for the period was £21,881,452 (2018 - £24,093,948) and the net cash inflow from operating activities was £1,448,331 (2018 - £2,394,750). The group ended the year with cash of £1,208,222 (2018 - £1,265,049). The improved trading performance reflects increased activity within the company's subsidiary and improved operating efficiencies within the holding company.

Key performance indicators	Target	2019	2018	2017
Annualised sales growth	10%	-9%	13%	16%
Gross margin	20%	18%	19%	21%
Net margin	10%	5%	9%	10%
Working capital	10%	8%	9%	9%

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 operating profit before 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 at the turn of the year, all major manufacturers are forecasting a flat or modest upturn in 2020. 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.

At the time of approval of these financial statements the outbreak and escalation of 'Covid-19' has given rise to additional risk and uncertainty.

COVID-19 and impact on going concern

At the time of approval of these financial statements the outbreak and escalation of 'COVID-19' has given rise to additional risk and uncertainty. The directors of Bergstrom Holdings (Europe) Limited have considered these risks and taken steps and actions they consider appropriate to minimise the associated impact. The majority of these relate to the main trading subsidiary Dima Bergstrom, S.L.U. These include, and are not limited to, preparation of business continuity plans, including risk assessment and readiness evaluations covering all business functions and securing €1m of new finance from the subsidiary's bankers. Regular communications have been made to staff to minimise disruption of business.

Having undertaken detailed forecasting for the period ending December 2021, the directors of Bergstrom Holdings (Europe) Limited are comfortable that there is sufficient liquidity of the group to continue to pay debts as they fall due during 2021.

As a result of these steps the financial statements are prepared on a going concern basis, and do not include any adjustments which would result from a failure of the company to trade within its available facilities.

On behalf of the board



A Potter

Director

Dec 16, 2020

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 28 December 2019.

Principal activities

The principal activity of the group during the period was the manufacture of 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

A Potter

J. Shaffer

D Giovannetti

(Resigned 16 January 2020)

Results and dividends

The results for the period are set out on page 7. Interim dividends were paid amounting to £877,812. 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 since it both buys and sells goods in foreign currencies. The reporting of the group's results and financial position is also affected by changes in exchange rates because the functional currency of the group is the euro but the presentational currency is sterling.

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 £1,076,376 (2018 - £739,253) were expensed to profit or loss during the period.

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

Auditor

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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

Date: *Dec 16, 2020*

BERGSTROM HOLDINGS (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 28 DECEMBER 2019

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

We have audited the financial statements of Bergstrom Holdings (Europe) Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 28 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 group's and the parent company's affairs as at 28 December 2019 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.

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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, 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.

Responsibilities of directors

As explained more fully 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, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 6AP
18 DECEMBER 2020

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 DECEMBER 2019

		Period ended 28 December 2019 £	Period ended 29 December 2018 £
	Notes		
Turnover	3	21,881,452	24,093,948
Cost of sales		(17,928,721)	(19,494,165)
Gross profit		3,952,731	4,599,783
Administrative expenses		(2,800,321)	(2,493,928)
Operating profit	5	1,152,410	2,105,855
Interest receivable and similar income	7	3,734	-
Interest payable and similar expenses	8	(12,802)	(42,773)
Profit before taxation		1,143,342	2,063,082
Tax on profit	9	(289,347)	(447,402)
Profit for the financial period		853,995	1,615,680
Other comprehensive income net of taxation			
Currency translation differences		(155,589)	46,541
Total comprehensive income for the period		698,406	1,662,221

Profit for the financial period is all attributable to the owners of the parent company.

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

BERGSTROM HOLDINGS (EUROPE) LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 28 DECEMBER 2019**

		Group		Company	
		28 December	29 December	28 December	29 December
		2019	2018	2019	2018
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	599,478	708,887	-	-
Investments	13	-	-	1,252,191	1,252,191
		<u>599,478</u>	<u>708,887</u>	<u>1,252,191</u>	<u>1,252,191</u>
Current assets					
Stocks	14	3,054,386	2,568,481	-	-
Debtors	15	1,171,516	3,375,485	94,075	172,423
Cash at bank and in hand		1,208,222	1,265,049	39,902	45,693
		<u>5,434,124</u>	<u>7,209,015</u>	<u>133,977</u>	<u>218,116</u>
Creditors: amounts falling due within one year	16	(3,035,732)	(4,730,071)	(263,049)	(770,447)
Net current assets/(liabilities)		<u>2,398,392</u>	<u>2,478,944</u>	<u>(129,072)</u>	<u>(552,331)</u>
Total assets less current liabilities		<u>2,997,870</u>	<u>3,187,831</u>	<u>1,123,119</u>	<u>699,860</u>
Provisions for liabilities	18	(104,530)	(115,085)	-	-
Net assets		<u><u>2,893,340</u></u>	<u><u>3,072,746</u></u>	<u><u>1,123,119</u></u>	<u><u>699,860</u></u>
Capital and reserves					
Called up share capital	19	1,000	1,000	1,000	1,000
Profit and loss reserves	20	2,892,340	3,071,746	1,122,119	698,860
Total equity		<u><u>2,893,340</u></u>	<u><u>3,072,746</u></u>	<u><u>1,123,119</u></u>	<u><u>699,860</u></u>

As permitted by s408 CA2006, the company has not presented its own statement of comprehensive income and related notes. The company's profit for the period was £1,283,853 (2018 - £831,902 profit).

The financial statements were approved by the board of directors and authorised for issue on *Dec 16, 2020* and are signed on its behalf by:



A Potter
Director

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 31 December 2017		1,000	1,409,525	1,410,525
Period ended 29 December 2018:				
Profit for the period		-	1,615,680	1,615,680
Other comprehensive income net of taxation:				
Currency translation differences on overseas subsidiaries		-	46,541	46,541
Total comprehensive income for the period		-	1,662,221	1,662,221
Balance at 29 December 2018		1,000	3,071,746	3,072,746
Period ended 28 December 2019:				
Profit for the period		-	853,995	853,995
Other comprehensive income net of taxation:				
Currency translation differences on overseas subsidiaries		-	(155,589)	(155,589)
Total comprehensive income for the period		-	698,406	698,406
Dividends	10	-	(877,812)	(877,812)
Balance at 28 December 2019		1,000	2,892,340	2,893,340

BERGSTROM HOLDINGS (EUROPE) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 31 December 2017		1,000	(129,139)	(128,139)
Period ended 29 December 2018:				
Profit for the period		-	831,902	831,902
Other comprehensive income net of taxation:				
Currency translation differences		-	(3,903)	(3,903)
Total comprehensive income for the period		-	827,999	827,999
Balance at 29 December 2018		1,000	698,860	699,860
Period ended 28 December 2019:				
Profit for the period		-	1,283,853	1,283,853
Other comprehensive income net of taxation:				
Currency translation differences		-	17,218	17,218
Total comprehensive income for the period		-	1,301,071	1,301,071
Dividends	10	-	(877,812)	(877,812)
Balance at 28 December 2019		1,000	1,122,119	1,123,119

BERGSTROM HOLDINGS (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash generated from operations	23		1,855,784		2,653,378
Interest paid			(12,802)		(42,773)
Income taxes paid			(394,651)		(215,855)
Net cash inflow from operating activities			1,448,331		2,394,750
Investing activities					
Purchase of tangible fixed assets		(130,284)		(282,734)	
Interest received		3,732		-	
Net cash used in investing activities			(126,552)		(282,734)
Financing activities					
Repayment of borrowings		(436,273)		(1,576,309)	
Dividends paid to equity shareholders		(877,812)		-	
Net cash used in financing activities			(1,314,085)		(1,576,309)
Net increase in cash and cash equivalents			7,694		535,707
Cash and cash equivalents at beginning of period			1,265,049		710,695
Effect of foreign exchange rates			(64,521)		18,647
Cash and cash equivalents at end of period			1,208,222		1,265,049

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 DECEMBER 2019

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, Dyffryn 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 by s390(3) 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 (31 December) since this reflects the calendar week basis on which management monitor the business. The length of the current and comparative accounting periods are therefore slightly different. The column headings of the notes to the financial statements referenced as "2019" represents the period from 30 December 2018 to 28 December 2019. The column headings of the notes to the financial statements referenced as "2018" represents the period from 31 December 2017 to 29 December 2018.

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 consolidated 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.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The group ended the period with net current assets of £2.4m (2018: £2.5m), including cash of £1.2m (2018: £1.3m), and in the period ended December 2019 generated profit after tax of £0.9m (2018: £1.6m).

The group and company may be adversely affected by the growing impact of the COVID-19 outbreak. At the time of approving the financial statements, based on approved forecasts, confirmed bank facilities and existing contractual arrangements, the directors have a reasonable expectation that the group will have adequate resources to support the group and company's operational existence for the foreseeable future and to enable the group and company to meet any liabilities as and when they fall due.

In common with all companies, in making this assessment, FRS 102 requires the directors to consider a period of not less than twelve months from the date when the financial statements are authorised for issue. The directors are satisfied that this is the case. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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.

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

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Technical certification costs	- Over 5-6 years on a straight line basis
-------------------------------	---

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 and 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.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

1 Accounting policies (Continued)

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.

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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Provisions for obsolete and slow moving stock are recognised when management considers the anticipated saleability of the goods has reduced.

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.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

1 Accounting policies (Continued)

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.

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.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

1 Accounting policies (Continued)

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.

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 and of the parent company (functional currency to presentational currency) are translated at the rate ruling at the reporting date. Results of overseas subsidiaries and of the parent company (functional currency to presentational currency) 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.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

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:

	2019 £	2018 £
Turnover analysed by class of business		
Manufacture of parts and accessories for motor vehicles	21,881,452	24,093,948
	<u>21,881,452</u>	<u>24,093,948</u>
	2019 £	2018 £
Turnover analysed by geographical market		
Europe	21,881,452	24,093,948
	<u>21,881,452</u>	<u>24,093,948</u>

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production staff	65	72	-	-
Distribution staff	11	10	-	-
Administrative staff	41	31	-	-
	<u>117</u>	<u>113</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	2,822,387	2,741,736	-	-
Social security costs	797,309	793,055	-	-
	<u>3,619,696</u>	<u>3,534,791</u>	<u>-</u>	<u>-</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.

5 Operating profit

	2019 £	2018 £
Operating profit for the period is stated after charging:		
Exchange losses	14,437	22,764
Research and development costs	1,076,376	739,253
Depreciation of owned tangible fixed assets	200,168	280,685
Amortisation of other intangible assets	-	3,728
Cost of stocks recognised as an expense	15,627,956	17,349,724
Operating lease charges	<u>277,828</u>	<u>269,993</u>

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

6 Auditor's remuneration	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	8,000	7,750
Audit of the financial statements of the company's subsidiaries	25,000	19,909
	<u>33,000</u>	<u>27,659</u>
7 Interest receivable and similar income	2019	2018
	£	£
Interest income		
Interest receivable from group companies	3,734	-
	<u>3,734</u>	<u>-</u>
8 Interest payable and similar expenses	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,620	14,802
Interest payable to group undertakings	1,182	27,971
	<u>12,802</u>	<u>42,773</u>
9 Taxation	2019	2018
	£	£
Current tax		
Foreign current tax on profits for the current period	289,347	447,402
	<u>289,347</u>	<u>447,402</u>

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

9 Taxation (Continued)

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:

	2019 £	2018 £
Profit before taxation	1,143,342	2,063,082
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	217,235	391,986
Group relief	6,245	10,054
Effect of overseas tax rates	65,867	45,362
Taxation charge	289,347	447,402

10 Dividends

	2019 £	2018 £
Interim paid	877,812	-

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

11 Intangible fixed assets

Group	Negative goodwill	Technical certification costs	Total
	£	£	£
Cost			
At 30 December 2018	(577,770)	179,032	(398,738)
Exchange adjustments	-	(9,102)	(9,102)
At 28 December 2019	(577,770)	169,930	(407,840)
Amortisation and impairment			
At 30 December 2018	(577,770)	179,032	(398,738)
Exchange adjustments	-	(9,102)	(9,102)
At 28 December 2019	(577,770)	169,930	(407,840)
Carrying amount			
At 28 December 2019	-	-	-
At 29 December 2018	-	-	-

The company had no intangible fixed assets at 28 December 2019 or 29 December 2018.

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. in 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 28 DECEMBER 2019

12 Tangible fixed assets

Group	Short leasehold improvements	Assets Under Construction	Plant and machinery	Office equipment	Total
	£	£	£	£	£
Cost					
At 30 December 2018	645,478	-	2,208,196	320,709	3,174,383
Additions	1,747	25,553	39,157	60,342	126,799
Disposals	-	-	(4,518)	-	(4,518)
Exchange adjustments	(32,816)	-	(112,266)	(16,305)	(161,387)
At 28 December 2019	614,409	25,553	2,130,569	364,746	3,135,277
Depreciation and impairment					
At 30 December 2018	558,065	-	1,770,375	137,056	2,465,496
Depreciation charged in the period	17,905	-	125,245	57,018	200,168
Eliminated in respect of disposals	-	-	(4,517)	-	(4,517)
Exchange adjustments	(28,372)	-	(90,007)	(6,969)	(125,348)
At 28 December 2019	547,598	-	1,801,096	187,105	2,535,799
Carrying amount					
At 28 December 2019	66,811	25,553	329,473	177,641	599,478
At 29 December 2018	87,413	-	437,821	183,653	708,887

The company had no tangible fixed assets at 28 December 2019 or 29 December 2018.

13 Fixed asset investments

	Group 2019	2018	Company 2019	2018
	£	£	£	£
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 Dima Bergstrom, S.L.U., a company incorporated in Spain. The principal activity of Dima Bergstrom, S.L.U. is the manufacture of parts and accessories for motor vehicles. The address of the registered office of Dima Bergstrom, S.L.U. is Francisco Alonso, 6, E - 28806 Alcalá de Henares, Madrid, Spain.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost

At 30 December 2018 and 28 December 2019

1,252,191

Carrying amount

At 28 December 2019

1,252,191

At 29 December 2018

1,252,191

14 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	3,054,386	2,568,481	-	-

Stocks are stated after impairment provisions of £177,060 (2018 - £208,929). Movements in these impairment provisions are recognised in cost of sales.

15 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	735,321	2,799,178	-	-
Corporation tax recoverable	80,138	-	-	-
Amounts owed by group undertakings	129,032	81,966	94,075	172,423
Other debtors	183,684	391,284	-	-
Prepayments and accrued income	43,341	103,057	-	-
	1,171,516	3,375,485	94,075	172,423

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

16 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	1,952,389	3,085,399	-	-
Amounts owed to group undertakings	833,356	1,296,245	252,797	759,646
Corporation tax payable	-	23,547	-	-
Accruals and deferred income	249,987	324,880	10,252	10,801
	<u>3,035,732</u>	<u>4,730,071</u>	<u>263,049</u>	<u>770,447</u>

17 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>1,048,037</u>	<u>3,272,428</u>	<u>94,075</u>	<u>172,423</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>3,035,732</u>	<u>4,706,524</u>	<u>263,049</u>	<u>770,447</u>

18 Provisions for liabilities

	Group 2019 £	2018 £	Company 2019 £	2018 £
Warranty provision	<u>104,530</u>	<u>115,085</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	Warranty provision £
At 30 December 2018	115,085
Utilisation of provision	(4,704)
Exchange difference	(5,851)
At 28 December 2019	<u>104,530</u>

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 28 DECEMBER 2019

19 Share capital

	Group and company	
	2019	2018
	£	£
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.

20 Reserves

Profit and loss reserves

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

21 Financial commitments, guarantees and contingent liabilities

The group's subsidiary, Dima Bergstrom, S.L.U., acquired the trade and assets of Dima, S.A. in 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 Dima, S.A. as at 30 September 2012, using the same accounting policies at both dates to value the assets and liabilities acquired.

Dima 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, Dima, 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.

During the period ended 30 December 2017, the case was heard. The conclusion resulted in the overpayment claimed by Dima Bergstrom, S.L.U. being denied and the courts determining Dima Bergstrom, S.L.U. owed the vendors an additional €70,798. Based on this conclusion, in the financial statements for the period ended 31 December 2016 the previous debtor for accrued income was derecognised and a creditor of £60,352 was provided. After adjusting for sundry related accruals, the net charge of £362,554 was taken to profit or loss for the period ended 31 December 2016 (on the grounds that the majority of the original negative goodwill had previously been amortised to profit or loss) and was disclosed as an exceptional charge. The remaining negative goodwill relating to the purchase was written off.

Subsequent to the court ruling, both parties appealed the decision and the vendor claimed an additional €277,000. In relation to this matter, a charge of £247,474 was taken to profit or loss in the period ended 30 December 2017 and was disclosed as an exceptional charge with a provision held in accruals and deferred income. At the reporting year end, the appeal is awaiting to be reviewed.

There has been no further charges taken to the profit and loss account with the years ending December 2018 or December 2019.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

22 Operating lease commitments

Operating lease commitments reflect rentals payable by the group for leased property and other equipment rented by the group's subsidiary, Dima 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 2019 £	2018 £	Company 2019 £	2018 £
Within one year	230,368	248,559	-	-
Between one and five years	1,082,701	740,082	-	-
	<u>1,313,069</u>	<u>988,641</u>	<u>-</u>	<u>-</u>

23 Cash generated from group operations

	2019 £	2018 £
Profit for the period after tax	853,995	1,615,680
Adjustments for:		
Taxation charged	289,347	447,402
Finance costs	12,802	42,773
Investment income	(3,734)	-
Amortisation of intangible assets	-	3,728
Depreciation of tangible fixed assets	200,168	280,685
(Decrease)/increase in provisions	(4,833)	36,887
Movements in working capital:		
(Increase) in stocks	(633,431)	(129,410)
Decrease/(increase) in debtors	2,173,297	(1,091,241)
(Decrease)/increase in creditors	(1,031,794)	1,446,874
Cash generated from operations	<u>1,855,817</u>	<u>2,653,378</u>

24 Events after the reporting date

In early 2020, the existence of the new COVID-19 outbreak was confirmed which has since spread across a significant number of countries, leading to disruption to businesses and economic activity. The group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Since the period end, the directors have considered the carrying value of assets and liabilities in light of the COVID-19 outbreak. Given the time that has elapsed since the reporting date they do not consider there to be any material changes in the value of assets and liabilities.

BERGSTROM HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 DECEMBER 2019

25 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 group in which the results and financial position of the company are consolidated. The consolidated financial statements of Bergstrom Inc are not publicly available. The smallest group in which the results and financial position of the company are consolidated is that headed by the company itself. Bergstrom Inc is controlled by Mr D Rydell, who owns 100% of the issued share capital of that company.