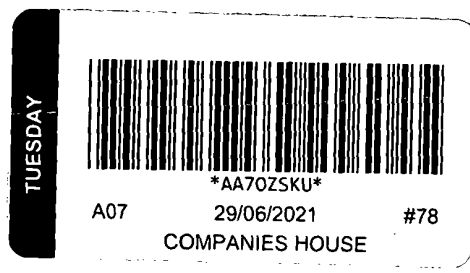


Registered number 202224.

Stedall (Vehicle Fittings) Limited

Report and Financial Statements

31 December 2020



Stedall (Vehicle Fittings) Limited

Company Information

Directors

B R Horth

D M Pearce

Secretary

D M Pearce

Auditors

Ernst & Young LLP

The Paragon, Counterslip

Bristol BS1 6BX

United Kingdom

Bankers

The Royal Bank of Scotland plc

Abbey Gardens

4 Abbey Street

Reading

Berkshire RG1 3BA

United Kingdom

Registered Office

Unit 1A

Badminton Road Trading Estate

Yate

Bristol BS37 5JS

United Kingdom

Registered No. 202224

Directors' report

The directors present their report and financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year after taxation amounted to £1,094,000 (2019 – profit of £1,644,000). During the year no dividends were declared or paid (2019 – £3,000,000).

Going concern

The company's business activities and financial position are described in the strategic report.

In assessing the going concern of the company for the period ended 31 December 2020 the directors have considered the company's cashflows, liquidity and business activities through to December 2022.

The directors have adopted the going concern basis in preparing the company's financial statements based on their assessment of the company's plan (authorised annually by the Board) and an 18-month rolling forecast to December 2022. The directors have made this assessment after consideration of the potential impact of the Covid-19 pandemic and BREXIT on the operating performance of the company over the next 18-month period. This assessment has taken into account actual business performance achieved to May 2021 and forecasts from June 2021 onwards based on the average sales of 2020. The company has not needed to utilise external funding facilities or rely on the ultimate parent company, Citadel Enterprises B.V ('parent company') for funding support for at least the last 10 years. The 18-month assessment prepared to December 2022 indicates that the company can continue to operate without requiring external funding, or the support of its parent company, through this 18-month assessment period. The company has not applied for any loans under the government backed scheme and does not envisage the need to do so.

The company's financial modelling for the remainder of the year and into 2022 recognises performance to date and shows a recovery towards pre pandemic volumes, with turnover remaining in line with that achieved during Quarter 1 of 2021.

In arriving at their going concern assessment, the directors have also modelled the impact of more severe trading conditions and considered downside scenarios in respect of unanticipated reductions in business activity and volumes to stress test the resilience of the company including zero sales while paying all the fixed costs. The financial impact of the more severe trading scenario indicates that the Company would continue to operate without requiring funding through to August 2022.

Events after the balance sheet

Subsequent to the year end, a fresh lockdown came into effect in January 2021 due to the ongoing COVID-19 outbreak. Our production and warehouse facilities have remained fully operational, with appropriate social distancing restrictions in place. In February 2021 the UK government issued a roadmap out of the lockdown, which has seen restrictions start to lift from March 2021. The results post reporting date have delivered an operating profit in line with budgeted levels.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

D M Pearce
B R Horth

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' report (continued)

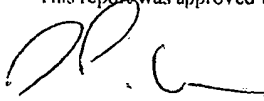
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24/06/2021 and signed on its behalf



D M Pearce
Director



B R Horth
Director

Strategic Report

Principal activity and review of the business

The company's principal activity is the sale of commercial vehicle body fittings and associated products in the United Kingdom, Europe and other overseas markets.

The company's key performance indicators during the year were as follows:

	2020	2019	Change
	£000	£000	%
Turnover	7,102	8,617	-17.6%
Operating profit	1,249	1,893	-34.0%
Profit after tax excluding other comprehensive income	1,094	1,644	-33.5%
Shareholders' funds	6,219	6,351	-2.1%
Current ratio	504%	701%	197.0%

Turnover decreased against 2019 due to the effects of the Covid-19 pandemic and subsequent national lockdowns. The current ratio has decreased as a result of the 2 January 2020 renegotiation of the terms of the intercompany loan receivable due from the parent company, Citadel Enterprises B.V. No dividends were paid in 2020 and there was minimal capital expenditure due to the COVID-19 pandemic.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. The company has continued, and adapted its long-term strategies, which are:

- To maintain high levels of service to key customers and in doing so strengthen the Company Brand.
- To implement procedures to increase workforce resilience and ensure adequate protection for all employees.
- To strengthen relationships with key Suppliers.

The Directors believe that these ongoing strategies have strengthened the company's ability to withstand the economic downturn, that will inevitably follow resolution of the pandemic, and to take advantage of the recovery that will eventually follow.

Principal risks and uncertainties

The directors continually review and evaluate the risks that the company is facing.

Corona Virus

Last year's Strategic Report referenced that it was becoming increasingly apparent that the outbreak of COVID-19 would have a profound impact on the UK economy and that the company would have to adapt its ongoing strategy accordingly. This has proved to be the case. The key priority remains the health and safety of staff, customers and all business partners. All future planning continues with regard to COVID-19 safe working protocols and social distancing. The risk of further outbreaks of mutant viruses remains a concern but the company has shown that it has the ability to manage this risk.

Strategic Report (continued)

Brexit

In a national referendum on 23 June 2016, voters in the United Kingdom supported their country's exit ("Brexit") from the European Union (EU). After negotiations, the European Union granted the UK a further Brexit extension to 31 January 2020. The Withdrawal Agreement entered into force on that date. On 31 December 2020, the Trade and Cooperation Agreement ("the Agreement") was signed between the EU and the UK and given the particular urgency of its entry into force, its provisional application took place from 1 January 2021.

Whilst Brexit has resulted in 'non-tariff barriers to trade' such as increased bureaucracy, the company has been able to import products without delay since the end of the transition period. The company will continue to monitor the impact of Brexit as the full operational consequences of the Free Trade Agreement are understood and implemented across GB and EU supply chains.

Competitive risks

Due to the nature of the market in Europe and the rest of the world, the company has faced competition throughout the years. The company puts strong emphasis on its excellent service levels, quality of its products and competitive pricing to its customer base to maintain its position within the market.

Financial instruments risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on inventory purchases, but the company aims to minimise risk through effective management of inventory levels, monitoring stock turn and reviewing prices regularly.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 11 to the financial statements. The company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generated by its operation and applying cash collection targets. The company is focussed on reducing debtor and inventory days.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The company manages this risk by the use of short-term loan facilities.

This report was approved by the board on 24/06/2021 and signed on its behalf



D M Pearce
Director



B R Horth
Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report

to the members of Stedall (Vehicle Fittings) Limited

Opinion

We have audited the financial statements of Stedall (Vehicle Fittings) Limited for the year ended 31 December 2020 which comprise the Statement of Profit and loss account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period from when the financial statements are authorised for issue through until December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report (continued)

to the members of Stedall (Vehicle Fittings) Limited

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 contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)

to the members of Stedall (Vehicle Fittings) Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

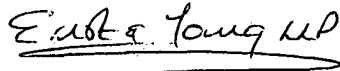
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how the company is complying with those frameworks by making inquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a fraud risk of management override associated with revenue recognition, and in particular the manual revenue journals around the year end. In relation to management override we used data analytics to sample from the entire population of journals, including manual journals to revenue, identifying specific transactions which did not meet our expectations based on specific criteria, to investigate to gain an understanding and agree to source documentation. We selected a sample of revenue transactions recorded before the year end and obtained documentation to verify the revenue recognition criteria had been met, we reviewed credit notes issued after the year end, including those relating to rebates, and obtained documentation to verify that revenue adjustments had been recorded in the appropriate period.
- Based on our understanding we designed our audit procedures to identify non-compliance with these laws and regulations and to respond to the assessed risks. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report (continued)
to the members of Stedall (Vehicle Fittings) Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Elizabeth Gray (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: 24 June 2021

Profit and loss account

for the year ended 31 December 2020

	<i>Notes</i>	2020 £000	2019 £000
Turnover	3	7,102	8,617
Cost of sales		<u>(3,759)</u>	<u>(4,566)</u>
Gross profit		3,343	4,051
Distribution costs		(584)	(573)
Administrative expenses		<u>(1,510)</u>	<u>(1,585)</u>
Operating profit	4	1,249	1,893
Interest receivable and similar income	7	82	102
Interest payable and similar charges	7	<u>(2)</u>	<u>(2)</u>
Profit on ordinary activities before taxation		1,329	1,993
Tax	8	<u>(235)</u>	<u>(349)</u>
Profit for the financial year		<u>1,094</u>	<u>1,644</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2020

		2020	2019
	Notes	£000	£000
Profit for the financial year		1,094	1,644
Remeasurement on defined benefit scheme loss	14	(1,504)	(680)
Movement on deferred tax relating to pension loss	8	278	116
Other comprehensive loss for the year		(1,226)	(564)
Total comprehensive (loss)/gain for the year		(132)	1,080

Balance sheet

at 31 December 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	48	69
		<u>48</u>	<u>69</u>
Current assets			
Stocks	10	1,421	1,441
Debtors:	11		
amounts falling due within one year		1,623	4,464
amounts falling due after one year		3,428	-
		<u>5,051</u>	<u>4,464</u>
Cash at bank and in hand		1,922	1,899
		<u>8,394</u>	<u>7,804</u>
Creditors: amounts falling due within one year	12	<u>(985)</u>	<u>(1,113)</u>
Net current assets		<u>7,409</u>	<u>6,691</u>
Total assets less current liabilities		<u>7,457</u>	<u>6,760</u>
Pension liability	14	(1,238)	(409)
Net assets		<u>6,219</u>	<u>6,351</u>
Capital and reserves			
Called up share capital	13	78	78
Share premium account		5	5
Profit and loss account	13	6,136	6,268
Shareholders' funds		<u>6,219</u>	<u>6,351</u>

The financial statements were approved and authorised for issue by the board on 24 June 2021 and were signed on its behalf by



B R Horth

Director

Date 24/06/21

Statement of changes in equity

for the year ended 31 December 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2019	78	5	8,188	8,271
Profit for the year	-	-	1,644	1,644
Other comprehensive loss for the year	-	-	(564)	(564)
Total comprehensive income for the year	-	-	1,080	1,080
Dividend paid in year	-	-	(3,000)	(3,000)
At 1 January 2020	78	5	6,268	6,351
Profit for the year	-	-	1,094	1,094
Other comprehensive loss for the year	-	-	(1,226)	(1,226)
Total comprehensive loss for the year	-	-	(132)	(132)
At 31 December 2020	78	5	6,136	6,219

Notes to the financial statements

at 31 December 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

Stedall (Vehicle Fittings) Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Unit 1A, Badminton Road Trading Estate, Yate, Bristol, BS37 5JS. The nature of the company's operations and its principal activities are set out in the strategic report on pages 4 to 5.

These financial statements were authorised for issue by the Board of Directors on 24/06/2021. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The company's financial statements are presented in sterling and all values rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Exemptions for qualifying entities under FRS 102:

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Stedall (Vehicle Fittings) Limited is a qualifying entity as its results are consolidated into the financial statements of Citadel Enterprises B.V. a company incorporated in The Netherlands, registration number 32039365. The consolidated financial statements of Citadel Enterprises B.V are publicly available from their registered office; Soestdijkerstraatweg 62, 1213 XE, Hilversum, The Netherlands.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of Citadel Enterprises B.V includes the Company's cash flows (FRS 102 paragraph 1.12(b))
- ii) not to disclose related party transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling party (FRS 102 paragraph 33.1(a))

1.2 Going concern

The company's business activities and financial position are described in the strategic report.

In assessing the going concern of the company for the period ended 31 December 2020 the directors have considered the company's cashflows, liquidity and business activities through to December 2022.

The directors have adopted the going concern basis in preparing the company's financial statements based on their assessment of the company's plan (authorised annually by the Board) and an 18-month rolling forecast to December 2022. The directors have made this assessment after consideration of the potential impact of the Covid-19 pandemic and BREXIT on the operating performance of the company over the next 18-month period. This assessment has taken into account actual business performance achieved to May 2021 and forecasts from June 2021 onwards based on the average sales of 2020. The company has not needed to utilise external funding facilities or rely on the ultimate parent company, Citadel Enterprises B.V ('parent company') for funding support for at least the last 10 years. The 18-month assessment prepared to December 2022 indicates that the company can continue to operate without requiring external funding, or the support of its parent company, through this 18-month assessment period. The company has not applied for any loans under the government backed scheme and does not envisage the need to do so.

Notes to the financial statements (continued)

at 31 December 2020

1. Accounting policies (continued)

1.2 Going concern (continued)

The company's financial modelling for the remainder of the year and into 2022 recognises performance to date and shows a recovery towards pre pandemic volumes, with turnover remaining in line with that achieved during Quarter 1 of 2021.

In arriving at their going concern assessment, the directors have also modelled the impact of more severe trading conditions and considered downside scenarios in respect of unanticipated reductions in business activity and volumes to stress test the resilience of the company including zero sales while paying all the fixed costs. The financial impact of the more severe trading scenario indicates that the Company would continue to operate without requiring funding through to August 2022.

1.3 Turnover

Turnover which is stated net of value added tax, represents the invoiced amount of goods sold and services provided in the ordinary course of business in respect of continuing activities. The majority of revenue arose in the United Kingdom. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Tangible fixed assets

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

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of assets evenly over their expected useful lives, as follows:

Plant, machinery and equipment	-	10%-33% per annum
Fixtures and fittings	-	10% per annum

Notes to the financial statements (continued)

at 31 December 2020

1. Accounting policies (continued)

1.4 Tangible fixed assets (continued)

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

1.6 Debtors

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

1.7 Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash that are subject to a significant risk of changes in value.

1.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to/from related parties.

Debt instruments that are payable within one year, typically trade payables or receivable, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

1.9 Creditors

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

1.10 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

at 31 December 2020

1. Accounting policies (continued)

1.11 Foreign currency translation

Amounts denominated in foreign currency are included in the financial statements at rates ruling at the date of the transactions. At the balance sheet date assets and liabilities are stated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

1.12 Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

1.13 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The plan is closed to new members since 2001 and to future service accrual since 31 December 2014.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense', within interest payable & similar charges.

Defined contribution pension plan

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

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

Notes to the financial statements (continued)

at 31 December 2020

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The company engages suitably qualified actuaries to compile this information and engages investment managers to manage the assets of the scheme in the most effective manner.

Deferred tax asset

Management judgment is required to determine the amount of deferred tax assets that may be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Deferred tax has been recognised as it is anticipated that the company will have sufficient remeasurement losses on the account which these assets will reverse.

3. Turnover

Turnover is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2020	2019
	£000	£000
United Kingdom	6,029	7,284
Europe	936	1,226
Rest of the world	137	107
	<u>7,102</u>	<u>8,617</u>

4. Operating profit

This is stated after charging

	2020	2019
	£000	£000
Auditors' remuneration – audit services	35	26
– non audit services	12	13
Depreciation – owned assets	26	21
Operating lease payments – land and buildings	199	95
– plant and machinery	30	42
Foreign exchanges differences	(19)	(13)

Notes to the financial statements (continued)

at 31 December 2020

5. Directors' remuneration

	2020 £000	2019 £000
Aggregate remuneration in respect of qualifying services	<u>222</u>	<u>302</u>

There are no Retirement Benefits accruing to Directors under a defined benefit scheme (2019– 1).

Remuneration of the highest paid director is as follows:

	2020 £000	2019 £000
Aggregate remuneration excluding pension contributions	107	162
Pension contributions to defined benefit pension scheme	11	10
	<u>118</u>	<u>172</u>

Key management personnel

The parent company consider the directors of the company to be the key management personnel who have authority and responsibility for planning, directing and controlling the activities of the company.

6. Staff costs

	2020 £000	2019 £000
Wages and salaries	869	965
Social security costs	102	119
Pension costs	<u>238</u>	<u>196</u>
	<u>1,209</u>	<u>1,280</u>

The monthly average number of employees during the year was 23 (2019 – 23).

7. Interest receivable and interest payable

	2020 £000	2019 £000
Interest from group undertakings	82	102
Interest receivable and similar income	<u>82</u>	<u>102</u>
Other interest payable	2	2
Interest payable and similar charges	<u>2</u>	<u>2</u>

Notes to the financial statements (continued)

at 31 December 2020

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2020	2019
	£000	£000
Current tax:		
UK corporation tax on the profit for the year at 19% (2019: 19%)	254	257
Adjustment in respect of previous period	-	(22)
	<u>254</u>	<u>235</u>
Deferred tax:		
Origination and reversal of timing differences	(3)	129
Effect of changes in tax rate	(16)	(13)
Total deferred tax (note 8(d))	<u>(19)</u>	<u>116</u>
Total taxation on profit on ordinary activities	<u><u>235</u></u>	<u><u>349</u></u>

(b) Tax included in statement of other comprehensive income

	2020	2019
	£000	£000
Deferred tax credit in respect of pension scheme (note 8 (d))	<u>(151)</u>	<u>(115)</u>
Current tax credit in respect of pension scheme	<u>(127)</u>	<u>-</u>
Total tax expense	<u><u>(278)</u></u>	<u><u>(115)</u></u>

(c) Factors affecting tax charge for the year

The tax charge for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019- 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	<u>1,315</u>	<u>1,994</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	250	379
<i>Effects of:</i>		
Disallowed expenses	1	7
Adjustment from previous periods	-	(23)
Tax rate changes	<u>(16)</u>	<u>(14)</u>
Total tax charge for the year (note 8(a))	<u><u>235</u></u>	<u><u>349</u></u>

Notes to the financial statements (continued)

at 31 December 2020

8. Tax (continued)

(d) Deferred tax

The deferred tax asset is made up as follows

	2020	2019
	£000	£000
Fixed asset timing differences	(1)	(3)
Retirement benefit obligations	235	71
Other timing differences	13	9
	<u>247</u>	<u>77</u>

The company expects deferred tax assets of £247,000 to reverse in 2021.

	£000
At 1 January 2020	77
Current year charge to the profit and loss account	19
Deferred tax credit to other comprehensive income	151
At 31 December 2020 (note 11)	<u>247</u>

(e) Factors that may affect future tax charges

The UK Budget 2021 announcements on March 3rd 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

Notes to the financial statements (continued)

at 31 December 2020

9. Tangible fixed assets

	<i>Plant, machinery and equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£000	£000	£000
Cost:			
At 1 January 2020	406	100	506
Additions	5	-	5
At 31 December 2020	<u>411</u>	<u>100</u>	<u>511</u>
Depreciation:			
At 1 January 2020	369	68	437
Charge for year	18	8	26
At 31 December 2020	<u>387</u>	<u>76</u>	<u>463</u>
Net book value:			
At 31 December 2020	<u>24</u>	<u>24</u>	<u>48</u>
At 1 January 2020	<u>37</u>	<u>32</u>	<u>69</u>

10. Stocks

	2020	2019
	£000	£000
Finished goods and goods for resale	<u>1,421</u>	<u>1,441</u>

In the directors opinion there were no significant differences between replacement cost and the amount at which goods for resale were stated in the financial statements. Stock recognised in cost of sales during the period as an expense was £3,667,000 (2019 £4,498,000)

11. Debtors

	2020	2019
	£000	£000
Trade debtors	1,322	1,403
Amounts owed by group undertakings	3,428	2,949
Prepayments	54	35
Deferred tax asset (note 8 (d))	247	77
	<u>5,051</u>	<u>4,464</u>

The amounts owed by group undertakings comprises a loan which is repayable in one instalment and is subject to an agreement that provides for interest at an arm's length variable rate, currently 2.66% pa. Interest income earned on this balance during the year was £82,000 (2019: £102,000). On 2nd January 2020, the terms of the loan agreement were renegotiated between the company its parent, Citadel Enterprises B.V, the loan is now repayable after more than one year, on 31 December 2025.

Notes to the financial statements (continued)

at 31 December 2020

12. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	581	510
Corporation tax	59	108
Other taxes and social security costs	187	263
Accruals	158	232
	<u>985</u>	<u>1,113</u>

13. Capital and Reserves

Issued share capital

	2020		2019	
<i>Allotted, called up and fully paid</i>	No.	£	No.	£
Ordinary shares of £1 each	78,150	<u>78,150</u>	78,150	<u>78,150</u>

Profit and loss account

Profit and loss account represents the cumulative profit and loss attributable to the Company to the end of the year.

14. Pension commitments

The Company operates a defined benefit pension scheme.

Throughout the year certain employees of the company were members of the Stokvis Pension and Life Assurance Scheme, a defined benefit scheme. This is a group scheme in which other group companies also participate. Approximately half of the scheme's membership consists of the Company's past or present employees. Under adoption of FRS 102, effective 1 January 2014, the deficit and ongoing costs and actuarial gains/losses have been split equally between the two participating employers and charged to reserves. There is no contractual agreement to the allocation of actuarial gains/losses between the employers other than a consensus based on the membership numbers and consistent with prior years treatment of service costs and recovery plan payments. The directors have provided details below of the assets, liabilities, main assumptions and movements in the total scheme during the year, under FRS 102, for the purposes of providing information for shareholders. In the event of either employer leaving the scheme they are obliged to secure the accrued benefits for their members on a buyout basis. If this is not possible, responsibility for the total liabilities of the scheme will rest with the remaining employer.

Contributions to the scheme were determined using the actuarial valuation as at 1 January 2018 performed by independent actuaries using the attained age method. Contributions are based on pension costs across the group of companies participating in the scheme. The principal actuarial assumptions adopted were a rate of return on investments of 4.95% per annum prior to retirement and 2.95% per annum after retirement, salary increases no longer apply and retail price inflation of 3.6 per annum.

A valuation of the scheme in accordance with FRS102 as at 31 December 2020 showed a total market value of assets of £28.4 million (2019 – £27.1 million) and a deficit of £2,476,000 (2019 – £818,000). In order to eliminate the deficit, a new recovery plan was agreed in December 2018. Each employer will pay £29,909

Notes to the financial statements (continued)

at 31 December 2020

14. Pension commitments (continued)

per month which will increase by 3% per annum. In addition, each employer will make additional payments depending on the profitability of the businesses and these payments, where appropriate, may be paid to the scheme in October each year. The scheme was closed to future service accrual as at 31 December 2014. As the scheme is closed to new members and future accrual, under the projected unit method the current service cost will increase as the scheme members approach retirement.

FRS 102 information on the total defined benefit scheme

The valuation used for FRS 102 disclosures has been based on an approximate adjustment to the results of the actuarial valuation as at 1 January 2019 and updated by the actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2020. Scheme assets are stated at their market value as at 31 December 2020.

On 20 November 2020, the High Court handed down a judgment in relation to the treatment of GMP within historic transfers out of affected defined benefit schemes as this was not addressed in the previous 2018 ruling. A consequence of this judgment is that the Trustees owed to affected members who transferred out after 1990 a payment of a transfer value that reflected the members' rights to equalised benefits (i.e. members are entitled to a top-up to their transfer value to ensure that the effect of unequal GMPs has been fully allowed for). As a result of the ruling an additional liability of £22,000 arising from the GMP equalization of past transfer values has been reflected as at 31 December 2020.

Reconciliation of the company's share of the present value of plan liabilities

	2020	2019
	£000	£000
At the beginning of the year	13,984	12,593
Interest cost	264	338
Past service cost	22	-
Actuarial gains	2,058	2,082
Benefits paid	(901)	(1,029)
At the end of the year	15,427	13,984

Reconciliation of the company's share of the present value of plan assets

	2020	2019
	£000	£000
At the beginning of the year	13,575	12,166
Interest income	263	336
Actuarial losses	554	1,402
Contributions	698	700
Benefits paid	(901)	(1,029)
At the end of the year	14,189	13,575

	2020	2019
	£000	£000
Fair value of plan assets	14,189	13,575
Present value of plan liabilities	(15,427)	(13,984)
Company's share of the net pension scheme liability	(1,238)	(409)

Notes to the financial statements (continued)

at 31 December 2020

14. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020	2019
	£000	£000
Interest on net defined pension liability	(2)	(2)
Past service costs	(22)	-
Total	(24)	(2)

The amounts recognised in other comprehensive income are as follows:

	2020	2019
	£000	£000
Actual return on scheme assets	817	1,738
Less: amounts included in net interest on the net defined benefit liability	(263)	(336)
Remeasurement gain – return on plan assets excluding interest	554	1,402
Remeasurement loss – actuarial loss	(2,058)	(2,082)
Remeasurement loss recognised in other comprehensive income	(1504)	(680)

The Company expects to contribute £575,000 to its Defined benefit pension scheme deficit in 2021.

Notes to the financial statements (continued)

at 31 December 2020

14. Pensions (continued)

	2020	2019
	%	%
Rate of increase to pensions in payments accrued pre 31 December 2004	5.00	5.00
Rate of increase to pensions in payments accrued post 31 December 2004	3.12	3.15
Rate of increase to pensions in payments accrued post 31 March 2008	2.16	2.17
Discount rate	1.23	1.95
Inflation assumption	3.23	3.27
Revaluation of pensions in deferment (CPI)	2.33	2.27
Post retirement mortality (in years)	in years	in years
Current pensioners at 65 - male	22.3	22.1
Current pensioners at 65 - female	24.6	23.5
Future pensioners at 65 - male	23.6	24.4
Future pensioners at 65 - female	26.0	25.8

The post-mortality mortality assumptions allow for expected increases in longevity. The 'current' disclosure above relate to assumptions based on longevity (in years) following retirements at the balance sheet date, with 'future' being that relating to an employee retiring in 2035.

The assets and liabilities of the scheme and the expected rate of return at 31 December 2020 are:

	2020	2019
	£000	£000
Equities, Bonds & Gilts	4,707	24,218
Annuities	2,724	2,661
Liability Driven Investments	5,111	-
Diversified Growth Fund	15,670	-
Cash	165	271
Total market value of assets	28,377	27,150
Present value of scheme liabilities	(30,853)	(27,968)
Net pension deficit	(2,476)	(818)

The company's share of the above mentioned asset and liability amounts is 50%.

Notes to the financial statements (continued)

at 31 December 2020

15. Other financial commitments

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases as set out below:

	2020		2019	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Lease payments due:				
Within one year	117	18	95	29
In two to five years	494	18	380	17
Over five years	-	-	116	-
	<u>611</u>	<u>36</u>	<u>591</u>	<u>46</u>

16. Ultimate parent undertaking and controlling party

In the opinion of the directors, Kroymans Holding B.V., a company incorporated in The Netherlands, is the ultimate parent undertaking and controlling party.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Kroymans Holding B.V., and the parent undertaking of the smallest such group is Defiance Tools, a company incorporated in The United Kingdom. Copies of group financial statements can be obtained from Kroymans Holding B.V., Soestdijkerstraatweg 66A, 1213 XE, Hilversum, The Netherlands.

17. Events since the balance sheet date

Subsequent to the year end, a fresh lockdown came into effect in January 2021 due to the ongoing COVID-19 outbreak. Our production and warehouse facilities have remained fully operational, with appropriate social distancing restrictions in place. In February 2021 the UK government issued a roadmap out of the lockdown, has seen restrictions start to lift from March 2021. The results post reporting date have delivered an operating profit in line with budgeted levels.