

Company Registration No. 00764323 (England and Wales)

**CARL KAMMERLING INTERNATIONAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**



# CARL KAMMERLING INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A H C G Kammerling Mrs H D Halpin Ms C M Skinner Mr T W Meyerratken Mr B Heim
<b>Secretary</b>	Mrs H D Halpin
<b>Company number</b>	00764323
<b>Registered office</b>	CK House Glan Y Don Industrial Estate Pwllheli Gwynedd LL53 5LH
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 5th Floor One City Place Queens Road Chester CH1 3BQ

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# CARL KAMMERLING INTERNATIONAL LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present the strategic report for the year ended 31 December 2018.

### Fair review of the business

The 2018 turnover was £18.1 million with an increase of 1.1% in comparison with 2017. The Group has seen an increase in its operating profit from £1,645,846 in 2017 (9.2%) to £1,701,318 (10.3%) in 2018.

The group balance sheet shows a satisfactory position at the year end with a total group equity amounting to £9,440,047 (2017: £8,180,778), reflecting principally an increase in cash at the year end of £1,885,693.

### Financial Risk Management Objectives and Policies

The principal financial risks to which the group is exposed are those of raw material pricing, foreign currency, credit and the future of the UK's trading relationship with the EU. Each of these risks is managed in accordance with Board approved policies.

### Financial Risks and Uncertainties

The essential risks associated with the group's cash, trade receivables and trade payables (financial instruments) are currency and credit. The board reviews and agrees policies for the prudent management of these risks as follows:

#### Currency Risk

The group's foreign turnover is mainly in Europe (31%) and conducted in Euros. Input costs for some key materials are also in Euros and hence the transaction risk is limited. Other significant input costs are in US dollars which are subject to currency market fluctuations. Some of this risk is mitigated by buying forward currency contracts. Variances affecting operational activities in this regard are reflected in operating costs or in the cost of sales in the profit and loss account in the years in which they arise.

#### Credit Risk

The group has no significant concentration of credit risk. Customers who wish to trade on credit terms are subject to a strict verification procedure in advance of credit being awarded and subsequently credit limits are continually monitored.

#### Trading Relationship with the EU

An ongoing risk facing the group is the future trading relationship with the EU and the potential impact on the ease of trade with customers and suppliers in Europe.

### Key Performance Indicators

The group has established key performance indicators to measure the progress of the group in achieving both its business objectives and strategy. The Board reviews performance against these at monthly meetings. The principal performance measures are sales turnover, sales margin and cash generation as noted above.

On behalf of the board



Mr A H C G Kammerling  
Director

Date: 16 May 2019

# CARL KAMMERLING INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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

#### Principal activities

The principal activity of the group during the year under review was the manufacture and distribution of tools, security products and hardware and property investment activities.

#### Directors

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

Mr A H C G Kammerling  
Mrs H D Halpin  
Ms C M Skinner  
Mr T W Meyerratken  
Mr B Heim

#### Results and dividends

The development and performance of the group during the financial year and the position of the group at the year end was acceptable to the directors in the current economic climate.

The group profit for the year after tax amounted to £1,375,837 (2017: £1,094,946).

#### Dividends

No interim dividend was paid during the year.

The total dividends in the year 31 December 2018 was £500,000 (2017: £450,000) relating to the 2017 year results.

#### Matters of Strategic Importance

The matters of strategic importance required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (II) of the Companies Act 2006.

#### Future Developments

Future developments in the business of the group are to be in line with the Business plan.

#### Defined Benefit Pension Scheme

A contribution of £111,000 (2017: £111,000) was made in accordance with the agreed contribution schedule.

#### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at a 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.

**CARL KAMMERLING INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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On behalf of the board



Mr A H C G Kammerling  
Director

Date: 16 May 2019

# **CARL KAMMERLING INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 CARL KAMMERLING INTERNATIONAL LIMITED

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## Opinion

We have audited the financial statements of Carl Kammerling International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 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 Flow, 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 31 December 2018 and of the group's 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 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARL KAMMERLING INTERNATIONAL LIMITED (CONTINUED)

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### **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 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.

Michael Fairhurst FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
5th Floor  
One City Place  
Queens Road  
Chester  
CH1 3BQ  
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# CARL KAMMERLING INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	18,078,194	17,874,593
Cost of sales		(9,876,943)	(9,858,713)
<b>Gross profit</b>		<b>8,201,251</b>	<b>8,015,880</b>
Distribution costs		(2,658,931)	(2,685,250)
Administrative expenses		(3,841,002)	(3,284,784)
Exceptional item	4	-	(400,000)
<b>Operating profit</b>	<b>10</b>	<b>1,701,318</b>	<b>1,645,846</b>
Share of results of associates and joint ventures		(13,097)	(110,428)
Interest receivable and similar income	8	44,772	76,214
Interest payable and similar expenses	9	(72,000)	(79,000)
Other gains and losses		(76,032)	19,177
Fair value gains and losses on foreign exchange contracts		50,644	(53,513)
<b>Profit before taxation</b>		<b>1,635,605</b>	<b>1,498,296</b>
Tax on profit	11	(259,768)	(403,350)
<b>Profit for the financial year</b>		<b>1,375,837</b>	<b>1,094,946</b>
<b>Other comprehensive income net of taxation</b>			
Actuarial gain on defined benefit pension schemes		545,000	67,000
Currency translation differences		(1,905)	(3,167)
Tax relating to other comprehensive income		(92,650)	(11,390)
<b>Total comprehensive income for the year</b>		<b>1,826,282</b>	<b>1,147,389</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		1,348,776	1,089,341
- Non-controlling interests		27,061	5,605
		<b>1,375,837</b>	<b>1,094,946</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,799,221	1,141,784
- Non-controlling interests		27,061	5,605
		<b>1,826,282</b>	<b>1,147,389</b>

**CARL KAMMERLING INTERNATIONAL LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	13		30,686		33,508
Other intangible assets	13		19,551		33,114
			<u>50,237</u>		<u>66,622</u>
Total intangible assets			50,237		66,622
Tangible assets	14		847,821		870,399
Investment properties	15		270,000		329,573
			<u>1,168,058</u>		<u>1,266,594</u>
<b>Current assets</b>					
Stocks	19	3,866,403		3,690,820	
Debtors falling due after more than one year	20	443,360		1,094,530	
Debtors falling due within one year	20	3,596,252		3,793,678	
Investments	21	36,681		53,141	
Cash at bank and in hand		5,867,457		3,981,764	
			<u>13,810,153</u>		<u>12,613,933</u>
<b>Creditors: amounts falling due within one year</b>	22	(2,880,691)		(2,528,796)	
<b>Net current assets</b>			<u>10,929,462</u>		<u>10,085,137</u>
<b>Total assets less current liabilities</b>			12,097,520		11,351,731
<b>Provisions for liabilities</b>	25		(49,473)		(261,953)
<b>Net assets excluding pension liability</b>			12,048,047		11,089,778
<b>Defined benefit pension liability</b>	27		(2,608,000)		(2,909,000)
<b>Net assets</b>			<u>9,440,047</u>		<u>8,180,778</u>
<b>Capital and reserves</b>					
Called up share capital	26		25,000		25,000
Profit and loss reserves	28		9,376,271		8,144,063
<b>Equity attributable to owners of the parent company</b>			9,401,271		8,169,063
<b>Non-controlling interests</b>			38,776		11,715
			<u>9,440,047</u>		<u>8,180,778</u>

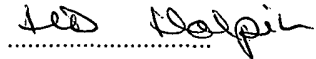
**CARL KAMMERLING INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2018**

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The financial statements were approved by the board of directors and authorised for issue on 16 May 2019  
and are signed on its behalf by:



Mrs H D Halpin  
Director

**CARL KAMMERLING INTERNATIONAL LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		803,785		813,888
Investments	16		83,012		63,013
			<u>886,797</u>		<u>876,901</u>
<b>Current assets</b>					
Stocks	19	3,348,650		3,493,863	
Debtors falling due after more than one year	20	443,360		1,094,530	
Debtors falling due within one year	20	4,875,011		4,403,159	
Investments	21	36,681		53,141	
Cash at bank and in hand		5,671,679		3,906,244	
			<u>14,375,381</u>		<u>12,950,937</u>
<b>Creditors: amounts falling due within one year</b>	22	(2,820,777)		(2,505,691)	
<b>Net current assets</b>			<u>11,554,604</u>		<u>10,445,246</u>
<b>Total assets less current liabilities</b>			<u>12,441,401</u>		<u>11,322,147</u>
<b>Provisions for liabilities</b>	24		(49,473)		(44,910)
<b>Net assets excluding pension liability</b>			<u>12,391,928</u>		<u>11,277,237</u>
<b>Defined benefit pension liability</b>	27		(2,608,000)		(2,909,000)
<b>Net assets</b>			<u><u>9,783,928</u></u>		<u><u>8,368,237</u></u>
<b>Capital and reserves</b>					
Called up share capital	26		25,000		25,000
Profit and loss reserves	28		9,758,928		8,343,237
<b>Total equity</b>			<u><u>9,783,928</u></u>		<u><u>8,368,237</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,463,341 (2017 - £965,806 profit).

**CARL KAMMERLING INTERNATIONAL LIMITED**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 DECEMBER 2018**

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

.....  
Mrs H D Halpin  
Director

# CARL KAMMERLING INTERNATIONAL LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 January 2017</b>		25,000	7,452,279	7,477,279	6,110	7,483,389
<b>Year ended 31 December 2017:</b>						
Profit for the year		-	1,089,341	1,089,341	5,605	1,094,946
Other comprehensive income net of taxation:						
Actuarial gains on defined benefit plans		-	67,000	67,000	-	67,000
Currency translation differences		-	(3,167)	(3,167)	-	(3,167)
Tax relating to other comprehensive income		-	(11,390)	(11,390)	-	(11,390)
Total comprehensive income for the year		-	1,141,784	1,141,784	5,605	1,147,389
Dividends	12	-	(450,000)	(450,000)	-	(450,000)
<b>Balance at 31 December 2017</b>		25,000	8,144,063	8,169,063	11,715	8,180,778
<b>Year ended 31 December 2018:</b>						
Profit for the year		-	1,348,776	1,348,776	27,061	1,375,837
Other comprehensive income net of taxation:						
Actuarial gains on defined benefit plans		-	545,000	545,000	-	545,000
Currency translation differences		-	(1,905)	(1,905)	-	(1,905)
Tax relating to other comprehensive income		-	(92,650)	(92,650)	-	(92,650)
Total comprehensive income for the year		-	1,799,221	1,799,221	27,061	1,826,282
Dividends	12	-	(500,000)	(500,000)	-	(500,000)
Adjustment on consolidation		-	(67,013)	(67,013)	-	(67,013)
<b>Balance at 31 December 2018</b>		25,000	9,376,271	9,401,271	38,776	9,440,047

# CARL KAMMERLING INTERNATIONAL LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>		25,000	7,771,821	7,796,821
<b>Year ended 31 December 2017:</b>				
Profit for the year		-	965,806	965,806
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans		-	67,000	67,000
Tax relating to other comprehensive income		-	(11,390)	(11,390)
Total comprehensive income for the year		-	1,021,416	1,021,416
Dividends	12	-	(450,000)	(450,000)
<b>Balance at 31 December 2017</b>		25,000	8,343,237	8,368,237
<b>Year ended 31 December 2018:</b>				
Profit for the year		-	1,463,341	1,463,341
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans		-	545,000	545,000
Tax relating to other comprehensive income		-	(92,650)	(92,650)
Total comprehensive income for the year		-	1,915,691	1,915,691
Dividends	12	-	(500,000)	(500,000)
<b>Balance at 31 December 2018</b>		25,000	9,758,928	9,783,928

# CARL KAMMERLING INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	2,711,603		1,291,406	
Income taxes paid		(320,147)		(278,206)	
<b>Net cash inflow from operating activities</b>		<u>2,391,456</u>		<u>1,013,200</u>	
<b>Investing activities</b>					
Purchase of business		38,967		-	
Purchase of tangible fixed assets		(89,502)		(62,911)	
Proceeds on disposal of tangible fixed assets		-		315	
Proceeds from other investments and loans		-		(477,000)	
Interest received		44,772		76,214	
<b>Net cash used in investing activities</b>			<u>(5,763)</u>		<u>(463,382)</u>
<b>Financing activities</b>					
Dividends paid to equity shareholders		(500,000)		(450,000)	
<b>Net cash used in financing activities</b>			<u>(500,000)</u>		<u>(450,000)</u>
<b>Net increase in cash and cash equivalents</b>		<u>1,885,693</u>		<u>99,818</u>	
Cash and cash equivalents at beginning of year		3,981,764		3,881,946	
<b>Cash and cash equivalents at end of year</b>		<u><u>5,867,457</u></u>		<u><u>3,981,764</u></u>	

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Carl Kammerling International Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is CK House, Glan Y Don Industrial Estate, Pwllheli, Gwynedd, LL53 5LH.

The group consists of Carl Kammerling International 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, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

#### Reduced Disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements.

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### True and Fair override

As described in note 18, on 8 March 2018 the group acquired the remaining 55% of Nerrad Ltd. The Companies Act 2006 and FRS 102 both require goodwill to be calculated as the difference between the fair value of the group's share of the identifiable net assets at the date control is achieved and the total acquisition cost of the interests held by the group. The group's investment previously held in Nerrad Ltd prior to obtaining control was accounting for using the equity method of accounting.

Applying the requirements of FRS 102 and Company law would result in the group's shares of the losses of £470,140 of Nerrad Ltd recognised prior to obtaining control being reclassified from retained earnings to goodwill.

Therefore, in a departure from the requirements of the Companies Act and FRS 102 the group has calculated goodwill on each acquisition of an interest in Nerrad Ltd. As a result, goodwill is reduced by £67,013 and there is a corresponding adjustment to retained earnings.

In the opinion of the directors, this departure from the requirements of Company law and FRS 102 is necessary in order for the accounts to show a true and fair view.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Carl Kammerling International Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Turnover**

Turnover represents net invoiced sales of goods net of rebates and settlements, excluding value added tax. Turnover is recognised on date of despatch of the goods.

##### **Research and development expenditure**

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.

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 years.

##### **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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Capitalised development expenditure	Straight line between 3-5 years
Customer relationships	Straight line over 5 years

##### **Tangible fixed assets**

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

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

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

Freehold property & improvements	over 50 years or useful economic life if shorter
Long leasehold buildings & improvements	3-6 years straight line
Plant, machinery and equipment	varying rates between 4% to 33%
Computer equipment	33% on cost
Motor vehicles	25% on cost

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.

#### Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities 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.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Associated undertakings

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 31 December.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. 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.

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.

#### **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.

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors 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.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### ***Other financial assets***

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of 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 group.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

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.

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.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 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 recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **Provisions**

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. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **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.

### 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Provision for slow moving and obsolete stock***

The provision is computed on a line by line basis to reduce the value of stock held where there is more than six months of estimated future sales held in stock.

#### ***True and Fair Override***

In a departure from the requirements of the Companies Act and FRS 102 the group has calculated goodwill on each step acquisition of an interest in Nerrad Ltd. In the opinion of the directors this departure from the requirements of Company Law and FRS 102 is a key judgement and necessary in order for the accounts to show a true and fair view.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sale of products	18,078,194	17,874,593
	<u>18,078,194</u>	<u>17,874,593</u>
	2018 £	2017 £
<b>Other revenue</b>		
Interest income	44,772	76,214
	<u>44,772</u>	<u>76,214</u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,453,318	13,217,007
Europe	5,560,018	5,565,336
Rest of the world	343,931	380,272
Rebates and settlements	(1,279,073)	(1,288,022)
	<u>18,078,194</u>	<u>17,874,593</u>

### 4 Exceptional costs/(income)

	2018 £	2017 £
Impairment of loan	-	400,000
	<u>-</u>	<u>400,000</u>

The exceptional item above relates to the impairment provision against the loan to the associate company Nerrad Limited of £Nil (2017: £400,000).

### 5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Management and administration	22	21	21	21
Sales and advertising	38	38	35	36
Warehouse and stock control	31	32	25	24
	<u>91</u>	<u>91</u>	<u>81</u>	<u>81</u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,926,221	2,826,186	2,671,346	2,647,306
Social security costs	284,831	268,553	238,338	230,241
Pension costs	77,333	72,390	75,910	72,390
	<u>3,288,385</u>	<u>3,167,129</u>	<u>2,985,594</u>	<u>2,949,937</u>

In addition to the above costs an amount of £333,000 (2017: £98,000) is payable to past and current employees in relation to the defined benefit pension scheme.

### 6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>476,979</u>	<u>455,117</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2017 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>154,108</u>	<u>160,999</u>

### 7 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	<u>22,600</u>	<u>21,500</u>
<b>For other services</b>		
Other taxation services	7,755	4,025
All other non-audit services	4,000	3,000
	<u>11,755</u>	<u>7,025</u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

<b>8</b>	<b>Interest receivable and similar income</b>	<b>2018</b>	<b>2017</b>
		£	£
	<b>Interest income</b>		
	Interest on bank deposits	30,315	18,749
	Other interest income	14,457	57,465
	<b>Total income</b>	<u>44,772</u>	<u>76,214</u>
<b>9</b>	<b>Interest payable and similar expenses</b>	<b>2018</b>	<b>2017</b>
		£	£
	Net interest on the net defined benefit liability	72,000	79,000
		<u>72,000</u>	<u>79,000</u>
<b>10</b>	<b>Operating profit</b>	<b>2018</b>	<b>2017</b>
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange gains	(22,327)	(71,330)
	Depreciation of owned tangible fixed assets	111,871	109,664
	Amortisation of intangible assets	(1,804)	16,682
	Cost of stocks recognised as an expense	9,839,158	9,824,366
	Stocks impairment losses recognised or reversed	60,364	113,654
	Operating lease charges	238,542	231,341
		<u>238,542</u>	<u>231,341</u>
<b>11</b>	<b>Taxation</b>	<b>2018</b>	<b>2017</b>
		£	£
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	372,995	402,707
	Adjustments in respect of prior periods	(76,786)	-
	<b>Total current tax</b>	<u>296,209</u>	<u>402,707</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(36,441)	884
	Other adjustments	-	(241)
	<b>Total deferred tax</b>	<u>(36,441)</u>	<u>643</u>
	<b>Total tax charge for the year</b>	<u>259,768</u>	<u>403,350</u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Taxation (Continued)

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

	2018 £	2017 £
Profit before taxation	1,635,605	1,498,296
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	310,765	288,422
Tax effect of expenses that are not deductible in determining taxable profit	24,280	114,969
Tax effect of income not taxable in determining taxable profit	(949)	(28,070)
Change in unrecognised deferred tax assets	1,935	-
Depreciation on assets not qualifying for tax allowances	6,691	6,653
Under/(over) provided in prior years	(76,786)	-
Adjustment in respect of share of associate losses	(3,041)	21,254
Other adjustments	(3,127)	122
Taxation charge for the year	259,768	403,350

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	92,650	11,390

### 12 Dividends

Recognised as distributions to equity holders:

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
Ordinary shares				
Final paid	20.00	18.00	500,000	450,000
Total dividends				
Final paid			500,000	450,000

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Intangible fixed assets

Group	Goodwill	Negative goodwill	Capitalised development expenditure	Customer relationships	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2018	104,113	-	14,045	42,821	160,979
Additions - separately acquired	-	(18,649)	-	-	(18,649)
Exchange adjustments	368	-	(1)	92	459
At 31 December 2018	104,481	(18,649)	14,044	42,913	142,789
<b>Amortisation and impairment</b>					
At 1 January 2018	70,605	-	4,552	19,199	94,356
Amortisation charged for the year	3,190	(18,649)	2,832	10,823	(1,804)
At 31 December 2018	73,795	(18,649)	7,384	30,022	92,552
<b>Carrying amount</b>					
At 31 December 2018	30,686	-	6,660	12,891	50,237
At 31 December 2017	33,508	-	9,493	23,621	66,622

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 14 Tangible fixed assets

Group	Freehold property & improvements	Long leasehold buildings & improvements	Plant, machinery and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2018	957,545	161,981	1,566,275	2,685,801
Additions	4,060	-	85,442	89,502
Disposals	-	-	(138,839)	(138,839)
Exchange adjustments	-	-	(209)	(209)
At 31 December 2018	961,605	161,981	1,512,669	2,636,255
<b>Depreciation and impairment</b>				
At 1 January 2018	423,762	145,282	1,246,358	1,815,402
Depreciation charged in the year	25,761	9,455	76,655	111,871
Eliminated in respect of disposals	-	-	(138,839)	(138,839)
At 31 December 2018	449,523	154,737	1,184,174	1,788,434
<b>Carrying amount</b>				
At 31 December 2018	512,082	7,244	328,495	847,821
At 31 December 2017	533,783	16,699	319,917	870,399
<b>Company</b>				
	Freehold property & improvements	Long leasehold buildings & improvements	Plant, machinery and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2018	957,545	161,981	1,436,481	2,556,007
Additions	4,060	-	84,271	88,331
Disposals	-	-	(138,839)	(138,839)
At 31 December 2018	961,605	161,981	1,381,913	2,505,499
<b>Depreciation and impairment</b>				
At 1 January 2018	423,762	145,282	1,173,075	1,742,119
Depreciation charged in the year	25,761	9,455	63,218	98,434
Eliminated in respect of disposals	-	-	(138,839)	(138,839)
At 31 December 2018	449,523	154,737	1,097,454	1,701,714
<b>Carrying amount</b>				
At 31 December 2018	512,082	7,244	284,459	803,785
At 31 December 2017	533,783	16,699	263,406	813,888

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14 Tangible fixed assets (Continued)

The company created a legal charge dated 9 July 2010 for securing all monies due or becoming due from the company to the Carl Kammerling International Limited Life Assurance and Pension Plan. The charge is secured on the freehold property of the company known as CK House to a maximum of £500,000.

#### 15 Investment property

	Group 2018 £	Company 2018 £
<b>Fair value</b>		
At 1 January 2018 and 31 December 2018	329,573	-
Net gains or losses through fair value adjustments	(59,573)	-
	<u>          </u>	<u>          </u>
At 31 December 2018	270,000	-
	<u>          </u>	<u>          </u>

Investment properties, which are all freehold, were valued on an open market basis in December 2018 by Geoffrey Butterworth Chartered Surveyors, in accordance with the Statement of Assets Valuation Practice No.4 and Guidance Notes of the Royal Institution of Chartered Surveyors. No depreciation is provided in respect of investment properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	360,892	360,892	-	-
Accumulated depreciation	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Carrying amount	360,892	360,892	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 16 Fixed asset investments

		Group 2018 £	2017 £	Company 2018 £	2017 £
	Notes				
Investments in subsidiaries	17	-	-	83,012	23,013
Investments in associates		-	-	-	40,000
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		-	-	83,012	63,013
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 16 Fixed asset investments (Continued)

##### Movements in fixed asset investments Company

	Shares in group undertakings and participating interests £
<b>Cost or valuation</b>	
At 1 January 2018	297,851
Additions	19,999
	<hr/>
At 31 December 2018	317,850
	<hr/>
<b>Impairment</b>	
At 1 January 2018 and 31 December 2018	234,838
	<hr/>
<b>Carrying amount</b>	
At 31 December 2018	83,012
	<hr/> <hr/>
At 31 December 2017	63,013
	<hr/> <hr/>

During the year, the remaining 55% shareholding of Nerrad Limited was acquired. Nerrad Limited is a 100% owned subsidiary at 31 December 2018.

The subsidiary companies, being Celtic Herbal Company Limited, West Coast Investments Limited and Nerrad Limited, have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirement in the Act for their individual accounts to be audited. The guarantee given by the Company under section 479A of the Act is disclosed in note 40.

#### 17 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Nerrad Limited	1.	Manufacture of tools	Ordinary	100.00	
Konig Werkzeugfabrik GmbH	2.	Manufacture of tools	Ordinary	100.00	
The Celtic Herbal Company Limited	1.	Manufacture and retail of herbal products	Ordinary	100.00	
West Coast Investments Limited	1.	Property investment activities	Ordinary	60.00	

1. Ck House, Glanydon Industrial Estate, Pwllheli, Gwynedd, Wales, LL53 5LH
2. Siechenrasen 13, 98574 Schmalkalden, Germany.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 18 Acquisitions

On 9 March 2018 Carl Kammerling International Limited acquired the remaining 55% of the issued share capital of Nerrad Limited for consideration of £19,999. It had previously acquired 45% of Nerrad Limited during 2014 for consideration of £240,000 when fair value of 45% of the net liabilities was £3,849 giving goodwill of £243,849. As a result of this transaction, Nerrad Limited is now wholly owned, and the non-controlling interest in Nerrad Limited at 9 March 2018 has been derecognised.

As disclosed in the accounting policies on page 16, applying the requirements of FRS 102 and Company law would result in the group's share of the losses of Nerrad Ltd being classified from retained earnings to goodwill. Therefore in a departure from the Companies Act and FRS 102 goodwill has been accounted for on a step acquisition basis.

Acquisition at 8 March 2018 of 55%	Book Value	Loan due to parent adjustments	Fair Value
	£	£	£
Inventories	389,208	-	389,208
Trade and other receivables	74,907	-	74,907
Cash and cash equivalents	58,966	-	58,966
Borrowings	(1,572,134)	1,572,134	-
Trade and other payables	(9,453)	-	(9,453)
<b>Total identifiable net assets</b>	<b>(1,058,506)</b>	<b>1,572,134</b>	<b>513,628</b>
55% of net assets acquired			282,496
Negative goodwill			(262,497)
Consideration for 55% share			19,999
Positive goodwill first acquisition of 45% of shares			243,848
Negative goodwill on second acquisition of 55% of shares			(262,497)
<b>Total net goodwill (negative)</b>			<b>(18,649)</b>
The consideration was satisfied by:			£
Cash			19,999
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			445,605
Loss after tax			(29,797)

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 19 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	151,115	133,755	-	-
Work in progress	72,763	54,833	-	-
Finished goods and goods for resale	3,642,525	3,502,232	3,348,650	3,493,863
	<u>3,866,403</u>	<u>3,690,820</u>	<u>3,348,650</u>	<u>3,493,863</u>

Finished goods with a carrying value of £3,866,403 (2017: £3,690,820) includes a provision for slow moving stock of £878,421 (2017: £818,057).

### 20 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	3,214,751	3,310,313	3,091,380	3,283,869
Amounts owed by group undertakings	-	-	1,449,743	650,236
Other debtors	235,074	338,372	191,592	327,622
Prepayments and accrued income	146,427	144,993	142,296	141,432
	<u>3,596,252</u>	<u>3,793,678</u>	<u>4,875,011</u>	<u>4,403,159</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by undertakings in which the company has a participating interest	-	600,000	-	600,000
Deferred tax asset (note 24)	443,360	494,530	443,360	494,530
	<u>443,360</u>	<u>1,094,530</u>	<u>443,360</u>	<u>1,094,530</u>
<b>Total debtors</b>	<u>4,039,612</u>	<u>4,888,208</u>	<u>5,318,371</u>	<u>5,497,689</u>

Trade debtors are stated after impairment loss of £27,500 (2017: £36,000).

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 21 Current asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Listed investments	36,681	53,141	36,681	53,141
Listed investments included above: Listed investments carrying amount	36,681	53,141	36,681	53,141

The fair value of the listed investments are based on quoted marked prices for the shares using the current bid price.

### 22 Creditors: amounts falling due within one year

	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade creditors	288,167	294,859	275,951	290,240
Amounts due to group undertakings	-	-	-	6,877
Corporation tax payable	181,472	204,934	179,760	203,003
Other taxation and social security	261,561	182,458	249,385	180,801
Other creditors	87,128	105,454	53,318	83,679
Accruals and deferred income	2,062,363	1,741,091	2,062,363	1,741,091
	2,880,691	2,528,796	2,820,777	2,505,691

In relation to the defined contribution scheme and included within other creditors, the Group had outstanding contributions of £14,131 (2017: 13,324).

### 23 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,425,699	4,248,685	n/a	n/a
Instruments measured at fair value through profit or loss	60,807	53,141	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss	-	26,518		
Measured at amortised cost	2,450,834	2,148,723	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 23 Financial instruments (Continued)

#### Foreign Exchange Forward Contracts

The Group uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

The contracts are valued based on available market data. The group does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the group has committed to are as follows:

	2018 \$	2017 \$
US Dollars	900,000	1,850,000

### 24 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
<b>Group</b>				
Accelerated capital allowances	49,473	44,910	-	-
Retirement benefit obligations	-	-	443,360	494,530
	<u>49,473</u>	<u>44,910</u>	<u>443,360</u>	<u>494,530</u>
	<u><u>49,473</u></u>	<u><u>44,910</u></u>	<u><u>443,360</u></u>	<u><u>494,530</u></u>
<b>Company</b>				
Accelerated capital allowances	49,473	44,910	-	-
Retirement benefit obligations	-	-	443,360	494,530
	<u>49,473</u>	<u>44,910</u>	<u>443,360</u>	<u>494,530</u>
	<u><u>49,473</u></u>	<u><u>44,910</u></u>	<u><u>443,360</u></u>	<u><u>494,530</u></u>
			<b>Group 2018 £</b>	<b>Company 2018 £</b>
<b>Movements in the year:</b>				
Liability/(asset) at 1 January 2018			(449,620)	(449,620)
Credit to profit or loss			(36,917)	(36,917)
Charge to other comprehensive income			92,650	92,650
			<u>(393,887)</u>	<u>(393,887)</u>
Liability/(asset) at 31 December 2018			<u><u>(393,887)</u></u>	<u><u>(393,887)</u></u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 24 Deferred taxation (Continued)

The provision for deferred tax liability consists of the tax effect of timing differences in respect of accelerated capital allowances. The deferred tax asset is in relating to the deferred tax charged on the defined benefit scheme.

### 25 Provisions for liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Losses in excess of investment in associate	16	-	217,043	-	-
Deferred tax liabilities	24	49,473	44,910	49,473	44,910
		<u>49,473</u>	<u>261,953</u>	<u>49,473</u>	<u>44,910</u>

Movements on provisions apart from deferred tax liabilities:

Group	£
At 1 January 2018	217,043
Reversal of provision	(217,043)
At 31 December 2018	<u>-</u>

### 26 Share capital

	Group and company	
	2018 £	2017 £
Ordinary share capital Issued and fully paid 25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

### 27 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>77,333</u>	<u>72,390</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 27 Retirement benefit schemes (Continued)

#### Defined benefit schemes

The company operates a defined benefit scheme in the UK which was closed to future accrual from 4 October 2009. The assets of the scheme are held separately from those of the company in an independently administered fund.

A full actuarial valuation was carried out at 30 June 2017 and updated to 31 December 2018 by a qualified actuary, independent of the scheme's sponsoring employer.

	2018	2017
<i>Key assumptions</i>	%	%
Discount rate	2.8	2.5
Expected rate of increase of pensions in payment	2.3	2.3
Inflation	2.3	2.3
Allowance for revaluation of deferred pension	2.3	2.3
	<u>          </u>	<u>          </u>
<i>Mortality assumptions</i>	2018	2017
Assumed life expectations on retirement at age 60:	Years	Years
Retiring today		
- Males	26.3	26.5
- Females	28.3	28.4
	<u>          </u>	<u>          </u>
Retiring in 20 years		
- Males	27.5	27.7
- Females	29.6	29.7
	<u>          </u>	<u>          </u>
	2018	2017
<i>Amounts recognised in the income statement</i>	£	£
Current service cost	124,000	98,000
Net interest on defined benefit liability/(asset)	72,000	79,000
Other costs and income	209,000	-
	<u>          </u>	<u>          </u>
Total costs	405,000	177,000
	<u>          </u>	<u>          </u>
	2018	2017
<i>Amounts taken to other comprehensive income</i>	£	£
Actual return on scheme assets	(901,000)	(346,000)
Less: calculated interest element	213,000	229,000
	<u>          </u>	<u>          </u>
Return on scheme assets excluding interest income	(688,000)	(117,000)
Actuarial changes related to obligations	143,000	50,000
	<u>          </u>	<u>          </u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 27 Retirement benefit schemes (Continued)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Present value of defined benefit obligations	11,847,000	11,608,000	11,847,000	11,608,000
Fair value of plan assets	(9,239,000)	(8,699,000)	(9,239,000)	(8,699,000)
Deficit in scheme	<u>2,608,000</u>	<u>2,909,000</u>	<u>2,608,000</u>	<u>2,909,000</u>
			Group 2018 £	Company 2018 £
<i>Movements in the present value of defined benefit obligations</i>				
Liabilities at 1 January 2018			11,608,000	11,608,000
Current service cost			124,000	124,000
Past service cost			209,000	209,000
Benefits paid			(522,000)	(522,000)
Actuarial gains and losses			143,000	143,000
Interest cost			285,000	285,000
At 31 December 2018			<u>11,847,000</u>	<u>11,847,000</u>
			Group 2018 £	Company 2018 £
<i>The defined benefit obligations arise from plans funded as follows:</i>				
Wholly unfunded obligations			-	-
Wholly or partly funded obligations			11,847,000	11,847,000
			<u>11,847,000</u>	<u>11,847,000</u>
			Group 2018 £	Company 2018 £
<i>Movements in the fair value of plan assets</i>				
Fair value of assets at 1 January 2018			8,699,000	8,699,000
Interest income			213,000	213,000
Return on plan assets (excluding amounts included in net interest)			688,000	688,000
Benefits paid			(522,000)	(522,000)
Contributions by the employer			161,000	161,000
At 31 December 2018			<u>9,239,000</u>	<u>9,239,000</u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 27 Retirement benefit schemes (Continued)

The analysis of the scheme assets at the reporting date were as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Liability driven investments	1,733,000	1,852,000	1,733,000	1,852,000
Cash	123,000	61,000	123,000	61,000
Insure assets	4,917,000	4,009,000	4,917,000	4,009,000
Diversified growth funds	2,466,000	2,777,000	2,466,000	2,777,000
	<u>9,239,000</u>	<u>8,699,000</u>	<u>9,239,000</u>	<u>8,699,000</u>

#### Expected long term rate of return

The long term expected return on cash is determined by reference to the long term view of bank base rates at the balance sheet dates. The long term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

### 28 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distribution to owners.

#### Fair value reserves

The cumulative gains and losses in respect of land and buildings.

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 29 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	1,375,837	1,094,946
Adjustments for:		
Share of results of associates and joint ventures	13,097	110,428
Taxation charged	259,768	403,350
Finance costs	72,000	79,000
Investment income	(44,772)	(76,214)
Fair value of gains and losses on listed investments and investment properties	76,032	(19,177)
Amortisation and impairment of intangible assets	(1,804)	16,682
Depreciation and impairment of tangible fixed assets	111,871	109,664
Foreign exchange gains on cash equivalents	(50,644)	-
Non-cash item due to consolidation adjustments	14,036	(8,061)
Pension scheme non-cash movement	172,000	(80,000)
Impairment of associate loan	-	400,000
Movements in working capital:		
Decrease/(increase) in stocks	213,625	(491,376)
Decrease in debtors	134,653	186,093
Increase/(decrease) in creditors	365,904	(433,929)
<b>Cash generated from operations</b>	<b>2,711,603</b>	<b>1,291,406</b>

### 30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	30,016	56,050	30,016	56,050

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 31 Operating lease commitments

##### Lessee

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:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	195,700	194,722	195,700	194,722
Between one and five years	422,441	447,088	422,441	447,088
In over five years	625,917	679,566	625,917	679,566
	<u>1,244,058</u>	<u>1,321,376</u>	<u>1,244,058</u>	<u>1,321,376</u>

# CARL KAMMERLING INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 32 Related party transactions

##### Transactions with related parties Carl Kammerling GmbH & Co K.G.

Carl Kammerling GmbH & Co K.G is a related party due to common control by certain directors.

During the year Carl Kammerling GmbH & Co K.G provided services to Carl Kammerling International Limited amounting to £925,725 (2017: £890,894). As at 31 December 2018 Carl Kammerling International Limited owed £81,506 to Carl Kammerling GmbH & Co K.G (2017: £77,242) which is included within Trade Creditors.

##### West Coast Investment Limited

West Coast Investments Limited is a subsidiary being 60% owned by Carl Kammerling International Limited. At the reporting date an unsecured loan of £346,100 (2017: £346,100) was owed to Carl Kammerling International Limited. The loan has no fixed repayment date and interest is paid at 1% above Bank of England base rate. Total interest paid during the year was £5,522 (2017: £4,468).

##### Small Self Administered Pension Scheme

The pension scheme charged the company £53,650 for rental of property during the year (2017: £53,650) and the company paid professional fees amounting to £2,000 on behalf of the pension scheme (2017: £1,935).

##### Key Management Personnel

The total remuneration of the directors, who are considered to be the key management personnel of the Group, was £543,488 (2017: £513,024), which included £66,510 (2017: £57,908) relating to employers NI contributions.

#### 33 Controlling party

The ultimate controlling party is Mr A H C G Kammerling (director).

#### 34 Directors' transactions

Certain directors are the shareholders of the company. Dividends paid during the year to the directors of the company were Mr A.H.C.G Kammerling £315,000 (2017: £351,000), Mr T.W. Meyerratken £100,000 (2017: £90,000). Mrs H D Halpin £50,000 (2017: £Nil) and Ms C M Skinner £25,000 (2017: £Nil).

Included within other creditors is an amount of £10,711 (2017: £10,648) owed to the director Mr A.H.C.G Kammerling.

#### 35 Non-Controlling Interest

Minority interest reflects the amounts of the group profit and net assets attributable to the shareholders of West Coast Investment Limited who do not possess a controlling interest.