

Company Registration No. 00764323 (England and Wales)

CARL KAMMERLING INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

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CARL KAMMERLING INTERNATIONAL LIMITED

COMPANY INFORMATION

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

CARL KAMMERLING INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The 2020 turnover was £18.6 million a decrease of 1% in comparison with 2019. The Group has seen an increase in its operating profit from £1,482,387 in 2019 to £3,242,986 in 2020 due to an improvement in margin, reduction in costs and grants received.

The group balance sheet shows a satisfactory position at the year end with a total group equity amounting to £10,858,931 (2019: £9,626,104), stock holding has decreased in the year from £4.2m to £3.6m and cash balances increased significantly year on year at £8.3m compared to £5.3m in the prior year.

Principal risks and uncertainties

The principal financial risks to which the group is exposed are those of raw material pricing, foreign currency, reliability of the supply chain and differing trading relationships 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 (29%) 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 trading relationship with the EU and the impact of additional administration and longer timescales on trade with customers and suppliers in Europe.

Covid 19

Covid 19 emerged in 2020 as an issue that caused disruption and deterioration in our supply chain and customer network. From March 2020 our sector was considered to be an essential supplier and we continued to trade. For the second quarter of 2020 our sales were reduced and we managed our costs in line by taking advantage of government schemes and other measures. From July 2020 our sales met or exceeded targeted levels and the 2020 profitability exceeded our annual target. In 2021 the main impact of covid is on extended lead times from some of our suppliers which are being managed.

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.

CARL KAMMERLING INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

On behalf of the board

HD Halpin

Mrs H D Halpin
Director

Date: *19 August 2021*

CARL KAMMERLING INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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.

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 £2,651,754 (2019: £1,141,000).

Dividends

No interim dividend was paid during the year.

The total dividends paid in the year 31 December 2020 was £500,000 (2019: £500,000) relating to the 2019 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 £500,000 (2019: £500,000) was made in accordance with the agreed contribution schedule.

Directors

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

Mr B Heim

Mrs H D Halpin

Ms C M Skinner

Mr A H C G Kammerling

(Retired 31 December 2020)

Mr T W Meyerratken

Mr J G Britton

(Appointed 1 January 2021)

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 2020

On behalf of the board

H D Halpin

Mrs H D Halpin
Director

Date: *19 August 2021*

CARL KAMMERLING INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this gives rise to 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 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)

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 or 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 5, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal tax advisors.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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.

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.

RSM UK Audit LLP

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

24 August 2021

CARL KAMMERLING INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	18,587,911	18,779,715
Cost of sales		(9,534,444)	(10,741,023)
Gross profit		9,053,467	8,038,692
Distribution costs		(2,511,946)	(2,711,631)
Administrative expenses		(3,517,997)	(3,844,674)
Other operating income		219,462	-
Operating profit	6	3,242,986	1,482,387
Interest receivable and similar income	8	49,625	40,756
Interest payable and similar expenses	9	(54,000)	(68,000)
Other gains and losses	10	24,679	2,236
Fair value gains and losses on foreign exchange contracts		(44,668)	(42,564)
Profit before taxation		3,218,622	1,414,815
Tax on profit	11	(566,868)	(273,815)
Profit for the financial year		2,651,754	1,141,000
Other comprehensive income net of taxation			
Actuarial loss on defined benefit pension schemes		(1,123,000)	(560,000)
Currency translation differences		(9,297)	9,857
Tax relating to other comprehensive income		213,370	95,200
Total comprehensive income for the year		1,732,827	686,057
Profit for the financial year is attributable to:			
- Owners of the parent company		2,653,364	1,142,415
- Non-controlling interests		(1,610)	(1,415)
		2,651,754	1,141,000
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,734,437	687,472
- Non-controlling interests		(1,610)	(1,415)
		1,732,827	686,057

CARL KAMMERLING INTERNATIONAL LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	13		24,139		25,477
Other intangible assets	13		5,704		7,815
			<u>29,843</u>		<u>33,292</u>
Total intangible assets			29,843		33,292
Tangible assets	14		824,122		841,263
Investment properties	15		302,714		285,903
			<u>1,156,679</u>		<u>1,160,458</u>
Current assets					
Stocks	18	3,653,183		4,240,111	
Debtors falling due after more than one year	19	710,220		486,710	
Debtors falling due within one year	19	4,893,479		3,739,250	
Investments	20	43,059		31,509	
Cash at bank and in hand		8,285,877		5,339,437	
		<u>17,585,818</u>		<u>13,837,017</u>	
Creditors: amounts falling due within one year	21	<u>(4,072,959)</u>		<u>(2,449,650)</u>	
Net current assets			<u>13,512,859</u>		<u>11,387,367</u>
Total assets less current liabilities			<u>14,669,538</u>		<u>12,547,825</u>
Provisions for liabilities	23		<u>(72,607)</u>		<u>(58,721)</u>
Net assets excluding pension liability			<u>14,596,931</u>		<u>12,489,104</u>
Defined benefit pension liability	25		<u>(3,738,000)</u>		<u>(2,863,000)</u>
Net assets			<u><u>10,858,931</u></u>		<u><u>9,626,104</u></u>
Capital and reserves					
Called up share capital	24		25,000		25,000
Profit and loss reserves	26		10,798,180		9,563,743
			<u>10,823,180</u>		<u>9,588,743</u>
Equity attributable to owners of the parent company			<u>10,823,180</u>		<u>9,588,743</u>
Non-controlling interests			<u>35,751</u>		<u>37,361</u>
			<u><u>10,858,931</u></u>		<u><u>9,626,104</u></u>

CARL KAMMERLING INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 19 Aug 21 and are signed on its behalf by:

H D Halpin
Mrs H D Halpin
Director

CARL KAMMERLING INTERNATIONAL LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	14		799,917		805,939
Investments	16		83,012		83,012
			<u>882,929</u>		<u>888,951</u>
Current assets					
Stocks	18	3,099,789		3,794,583	
Debtors falling due after more than one year	19	710,220		486,710	
Debtors falling due within one year	19	5,797,427		4,689,005	
Investments	20	43,059		31,509	
Cash at bank and in hand		8,014,252		5,073,279	
		<u>17,664,747</u>		<u>14,075,086</u>	
Creditors: amounts falling due within one year	21	<u>(3,864,785)</u>		<u>(2,379,256)</u>	
Net current assets			<u>13,799,962</u>		<u>11,695,830</u>
Total assets less current liabilities			<u>14,682,891</u>		<u>12,584,781</u>
Provisions for liabilities	23		<u>(72,607)</u>		<u>(58,721)</u>
Net assets excluding pension liability			<u>14,610,284</u>		<u>12,526,060</u>
Defined benefit pension liability	25		<u>(3,738,000)</u>		<u>(2,863,000)</u>
Net assets			<u><u>10,872,284</u></u>		<u><u>9,663,060</u></u>
Capital and reserves					
Called up share capital	24		25,000		25,000
Profit and loss reserves	26		10,847,284		9,638,060
Total equity			<u><u>10,872,284</u></u>		<u><u>9,663,060</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 £2,618,854 (2019 - £843,932 profit).

CARL KAMMERLING INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 19 Aug 20
and are signed on its behalf by:

H D Halpin

Mrs H D Halpin
Director

CARL KAMMERLING INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2019		25,000	9,376,271	9,401,271	38,776	9,440,047
Year ended 31 December 2019:						
Profit for the year		-	1,142,415	1,142,415	(1,415)	1,141,000
Other comprehensive income net of taxation:						
Actuarial gains on defined benefit plans		-	(560,000)	(560,000)	-	(560,000)
Currency translation differences		-	9,857	9,857	-	9,857
Tax relating to other comprehensive income		-	95,200	95,200	-	95,200
Total comprehensive income for the year		-	687,472	687,472	(1,415)	686,057
Dividends	12	-	(500,000)	(500,000)	-	(500,000)
Balance at 31 December 2019		25,000	9,563,743	9,588,743	37,361	9,626,104
Year ended 31 December 2020:						
Profit for the year		-	2,653,364	2,653,364	(1,610)	2,651,754
Other comprehensive income net of taxation:						
Actuarial gains on defined benefit plans		-	(1,123,000)	(1,123,000)	-	(1,123,000)
Currency translation differences		-	(9,297)	(9,297)	-	(9,297)
Tax relating to other comprehensive income		-	213,370	213,370	-	213,370
Total comprehensive income for the year		-	1,734,437	1,734,437	(1,610)	1,732,827
Dividends	12	-	(500,000)	(500,000)	-	(500,000)
Balance at 31 December 2020		25,000	10,798,180	10,823,180	35,751	10,858,931

CARL KAMMERLING INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		25,000	9,758,928	9,783,928
Year ended 31 December 2019:				
Profit for the year		-	843,932	843,932
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans		-	(560,000)	(560,000)
Tax relating to other comprehensive income		-	95,200	95,200
Total comprehensive income for the year		-	379,132	379,132
Dividends	12	-	(500,000)	(500,000)
Balance at 31 December 2019		25,000	9,638,060	9,663,060
Year ended 31 December 2020:				
Profit for the year		-	2,618,854	2,618,854
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans		-	(1,123,000)	(1,123,000)
Tax relating to other comprehensive income		-	213,370	213,370
Total comprehensive income for the year		-	1,709,224	1,709,224
Dividends	12	-	(500,000)	(500,000)
Balance at 31 December 2020		25,000	10,847,284	10,872,284

CARL KAMMERLING INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	3,853,744		370,832	
Income taxes paid		(340,019)		(328,388)	
Net cash inflow from operating activities		3,513,725		42,444	
Investing activities					
Purchase of tangible fixed assets		(100,223)		(93,375)	
Purchase of investment property		(3,683)		(8,494)	
Interest received		49,625		40,756	
Net cash used in investing activities		(54,281)		(61,113)	
Financing activities					
Dividends paid to equity shareholders		(500,000)		(500,000)	
Net cash used in financing activities		(500,000)		(500,000)	
Net increase/(decrease) in cash and cash equivalents		2,959,444		(518,669)	
Cash and cash equivalents at beginning of year		5,339,437		5,867,457	
Effect of foreign exchange rates		(13,004)		(9,351)	
Cash and cash equivalents at end of year		8,285,877		5,339,437	

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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, Gian 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.

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 2020. 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.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Going concern

The directors have forecast that the company will continue to trade profitably for a period of more than 12 months following the date of approving the financial statements. The forecasts take into account transactions that are anticipated to take place in the foreseeable future and indicate that no additional financial resources will be required should the trading performance differ from forecast. The directors have considered the impact of the current on-going Covid 19 pandemic, including its impact on the business currently and the expected impact on the business in the future. Whilst the onset of the pandemic resulted in a short term reduction in turnover, the directors feel that the business is well placed to continue in operation and meets its liabilities as they fall due, owing to the strong cash and net asset position at the year end and currently. On this basis the directors have concluded that adopting the going concern basis of accounting in preparing the annual financial statements is appropriate.

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; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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 2020

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	between 10-50 years
Long leasehold buildings & improvements	4 years straight line
Plant, machinery and equipment	varying rates between 4% to 33%
Computer equipment	25% 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. Changes in fair value are recognised in profit or loss.

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 2020

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 2020

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.

Other financial liabilities

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.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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 proceeds received, net of transaction 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.

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.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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.

Government grants

The company has received funding from the UK Government in relation to Covid-19. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Foreign exchange

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

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

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

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.

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of products	18,587,911	18,779,715

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Other revenue		
Interest income	47,572	40,756
Dividends received	2,053	-
Grants received	219,462	-
	<u>219,462</u>	<u>-</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	14,340,737	14,642,215
Europe	5,355,748	5,322,789
Rest of the world	302,467	329,239
Rebates and settlements	(1,411,041)	(1,514,528)
	<u>18,587,911</u>	<u>18,779,715</u>

4 Employees

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

	Group 2020	2019	Company 2020	2019
	Number	Number	Number	Number
Management and administration	21	22	20	21
Sales and advertising	38	37	33	34
Warehouse and stock control	29	31	24	25
Total	<u>88</u>	<u>90</u>	<u>77</u>	<u>80</u>

Their aggregate remuneration comprised:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Wages and salaries	3,019,940	2,988,293	2,749,653	2,723,026
Social security costs	353,234	342,346	308,328	293,662
Pension costs	126,855	129,250	124,209	127,195
	<u>3,500,029</u>	<u>3,459,889</u>	<u>3,182,190</u>	<u>3,143,883</u>

In addition to the above costs an amount of £198,000 (2019: £127,000) was charged to income and expenditure in relation to the defined benefit pension scheme.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	557,178	457,310

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

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

	2020	2019
	£	£
Remuneration for qualifying services	199,165	152,981

6 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(68,576)	100,251
Government grants	(219,462)	-
Depreciation of owned tangible fixed assets	119,091	102,883
Amortisation of intangible assets	5,429	14,501
Operating lease charges	196,932	175,374

7 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	24,800	23,200
For other services		
Other taxation services	8,375	7,985
All other non-audit services	3,795	3,800

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest receivable and similar income	2020	2019
	£	£
Interest income		
Interest on bank deposits	47,942	40,756
Other interest income	(370)	-
Total interest revenue	47,572	40,756
Income from fixed asset investments		
Income from shares in group undertakings	2,053	-
Total income	49,625	40,756
9 Interest payable and similar expenses	2020	2019
	£	£
Net interest on the net defined benefit liability	54,000	68,000
10 Other gains and losses	2020	2019
	£	£
Changes in the fair value of investment properties	13,128	7,409
Amounts written back to/(written off) investments held at fair value	11,551	(5,173)
	24,679	2,236
11 Taxation	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	562,140	213,508
Adjustments in respect of prior periods	977	(747)
Total current tax	563,117	212,761
Deferred tax		
Origination and reversal of timing differences	3,751	61,054
Total tax charge	566,868	273,815

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	2020 £	2019 £
Profit before taxation	3,218,622	1,414,815
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	611,538	268,815
Tax effect of expenses that are not deductible in determining taxable profit	11,882	14,941
Tax effect of income not taxable in determining taxable profit	(54,721)	(70,870)
Unutilised tax losses carried forward	3,346	-
Change in unrecognised deferred tax assets	-	(38)
Effect of change in corporation tax rate	-	(1,092)
Depreciation on assets not qualifying for tax allowances	-	7,271
Under/(over) provided in prior years	977	(747)
Dividend income	(390)	-
Remeasurement of deferred tax for changes in tax rates	(72,135)	-
Adjustment in respect of share of associate losses	5,003	-
Deferred tax on pension liability	47,120	51,806
Deferred tax not recognised	7,651	3,729
Chargeable gains/ (losses)	6,697	-
Taxation charge	566,868	273,815

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

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(213,370)	(95,200)

12 Dividends

	2020 Per share £	2019 Per share £	2020 Total £	2019 Total £
Recognised as distributions to equity holders:				
Ordinary shares				
Final paid	20.00	20.00	500,000	500,000

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Intangible fixed assets

Group	Goodwill	Negative goodwill	Capitalised development expenditure	Customer relationships	Total
	£	£	£	£	£
Cost					
At 1 January 2020	102,435	(18,649)	14,022	42,537	140,345
Exchange adjustments	1,869	-	-	111	1,980
At 31 December 2020	104,304	(18,649)	14,022	42,648	142,325
Amortisation and impairment					
At 1 January 2020	76,958	(18,649)	8,318	40,426	107,053
Amortisation charged for the year	3,207	-	-	2,222	5,429
At 31 December 2020	80,165	(18,649)	8,318	42,648	112,482
Carrying amount					
At 31 December 2020	24,139	-	5,704	-	29,843
At 31 December 2019	25,477	-	5,704	2,111	33,292

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Tangible fixed assets

Group	Freehold property & improvements	Long leasehold buildings & improvements	Plant, machinery and equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	961,605	131,274	1,608,994	2,701,873
Additions	3,893	-	96,330	100,223
Exchange adjustments	-	-	1,727	1,727
At 31 December 2020	965,498	131,274	1,707,051	2,803,823
Depreciation and impairment				
At 1 January 2020	475,511	127,147	1,267,952	1,860,610
Depreciation charged in the year	26,119	210	92,762	119,091
At 31 December 2020	501,630	127,357	1,350,714	1,979,701
Carrying amount				
At 31 December 2020	463,868	3,917	356,337	824,122
At 31 December 2019	486,094	4,127	351,042	841,263
Company				
Cost				
At 1 January 2020	961,605	131,274	1,474,127	2,567,006
Additions	3,893	-	93,418	97,311
At 31 December 2020	965,498	131,274	1,567,545	2,664,317
Depreciation and impairment				
At 1 January 2020	475,511	127,147	1,158,409	1,761,067
Depreciation charged in the year	26,119	210	77,004	103,333
At 31 December 2020	501,630	127,357	1,235,413	1,864,400
Carrying amount				
At 31 December 2020	463,868	3,917	332,132	799,917
At 31 December 2019	486,094	4,127	315,718	805,939

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 January 2020 and 31 December 2020	285,903	-
Additions through external acquisition	3,683	-
Net gains or losses through fair value adjustments	13,128	-
At 31 December 2020	<u>302,714</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. For the year ended 31 December 2020 the Director used the Land Registry House Price Index statistics for the county to amend the value from the last valuation.

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 2020 £	2019 £	Company 2020 £	2019 £
Cost	375,744	372,061	-	-
Accumulated depreciation	-	-	-	-
Carrying amount	<u>375,744</u>	<u>372,061</u>	<u>-</u>	<u>-</u>

16 Fixed asset investments

		Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	17	-	-	83,012	83,012

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020	317,850
Disposals	(34,838)
At 31 December 2020	<u>283,012</u>
Impairment	
At 1 January 2020	234,838
Disposals	(34,838)
At 31 December 2020	<u>200,000</u>
Carrying amount	
At 31 December 2020	<u>83,012</u>
At 31 December 2019	<u><u>83,012</u></u>

The subsidiary companies, being 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.

In order for the subsidiary companies to take the audit exemption in section 479A of the Act, Carl Kammerling International Limited has guaranteed all outstanding liabilities of these subsidiary companies at 31 December 2019 until those liabilities are satisfied in full.

17 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Nerrad Limited	1.	Manufacture of tools	Ordinary	100
Konig Werkzeugfabrik GmbH	2.	Manufacture of tools	Ordinary	100
West Coast Investments Limited	1.	Property investment activities	Ordinary	60

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 2020

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	146,575	138,581	-	-
Work in progress	65,603	68,915	-	-
Finished goods and goods for resale	3,441,005	4,032,615	3,099,789	3,794,583
	<u>3,653,183</u>	<u>4,240,111</u>	<u>3,099,789</u>	<u>3,794,583</u>

Finished goods with a carrying value of £3,653,183 (2019: £4,240,111) includes a provision for slow moving stock of £999,651 (2019: £1,429,831).

19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	4,332,251	3,359,508	4,120,241	3,209,942
Amounts owed by group undertakings	-	-	1,225,845	1,153,242
Other debtors	401,253	243,639	293,339	191,581
Prepayments and accrued income	159,975	136,103	158,002	134,240
	<u>4,893,479</u>	<u>3,739,250</u>	<u>5,797,427</u>	<u>4,689,005</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 23)	710,220	486,710	710,220	486,710
	<u>710,220</u>	<u>486,710</u>	<u>710,220</u>	<u>486,710</u>
Total debtors	<u>5,603,699</u>	<u>4,225,960</u>	<u>6,507,647</u>	<u>5,175,715</u>

Trade debtors are stated after impairment loss of £36,500 (2019: £44,000).

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Current asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Listed investments	43,059	31,509	43,059	31,509
Listed investments included above: Listed investments carrying amount	43,059	31,509	43,059	31,509

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

21 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	497,727	301,320	476,278	280,121
Corporation tax payable	288,904	65,801	286,962	65,375
Other taxation and social security	556,389	256,791	540,407	236,498
Other creditors	377,725	112,163	208,924	83,687
Accruals and deferred income	2,352,214	1,713,575	2,352,214	1,713,575
	4,072,959	2,449,650	3,864,785	2,379,256

In relation to the defined contribution scheme and included within other creditors, the Group had outstanding contributions of £15,363 (2019: £15,021).

22 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Equity instruments measured at fair value	43,059	31,509	n/a	n/a
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	63,106	18,438	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 2020

22 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:

	2020	2019
	\$	\$
US Dollars	1,500,000	1,350,000

23 Deferred taxation

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

	Liabilities 2020	Liabilities 2019	Assets 2020	Assets 2019
Group	£	£	£	£
Accelerated capital allowances	72,607	58,721	-	-
Retirement benefit obligations	-	-	710,220	486,710
	<u>72,607</u>	<u>58,721</u>	<u>710,220</u>	<u>486,710</u>
	Liabilities 2020	Liabilities 2019	Assets 2020	Assets 2019
Company	£	£	£	£
Accelerated capital allowances	72,607	58,721	-	-
Retirement benefit obligations	-	-	710,220	486,710
	<u>72,607</u>	<u>58,721</u>	<u>710,220</u>	<u>486,710</u>
			Group 2020	Company 2020
Movements in the year:			£	£
Asset at 1 January 2020			(427,989)	(427,989)
Charge to profit or loss			3,746	3,746
Credit to other comprehensive income			(213,370)	(213,370)
Asset at 31 December 2020			<u>(637,613)</u>	<u>(637,613)</u>

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 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.

24 Share capital

	Group and Company			
	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

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.

25 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	126,855	129,250

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.

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.

Key assumptions	2020 %	2019 %
Discount rate	1.3	2.0
Expected rate of increase of pensions in payment	2.5	2.1
Inflation	2.5	2.1
Allowance for revaluation of deferred pension	2.5	2.1

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25 Retirement benefit schemes (Continued)

<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 60:	Years	Years
Retiring today		
- Males	20.6	26.2
- Females	22.9	28.2
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	21.6	27.3
- Females	24.1	29.5
	<u> </u>	<u> </u>
	2020	2019
	£	£
<i>Amounts recognised in the income statement</i>		
Expenses charged	198,000	127,000
Net interest on net defined benefit liability/(asset)	54,000	68,000
	<u> </u>	<u> </u>
Total costs	252,000	195,000
	<u> </u>	<u> </u>
	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(562,000)	(936,000)
Less: calculated interest element	201,000	258,000
	<u> </u>	<u> </u>
Return on scheme assets excluding interest income	(361,000)	(678,000)
Actuarial changes related to obligations	1,484,000	1,238,000
	<u> </u>	<u> </u>
Total costs	1,123,000	560,000
	<u> </u>	<u> </u>

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		Company	
	2020	2019	2020	2019
	£	£	£	£
Present value of defined benefit obligations	14,240,000	12,980,000	14,240,000	12,980,000
Fair value of plan assets	(10,502,000)	(10,117,000)	(10,502,000)	(10,117,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit in scheme	3,738,000	2,863,000	3,738,000	2,863,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25 Retirement benefit schemes (Continued)

	Group 2020 £	Company 2020 £
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2020	12,980,000	12,980,000
Benefits paid	(479,000)	(479,000)
Actuarial gains and losses	1,484,000	1,484,000
Interest cost	255,000	255,000
At 31 December 2020	<u>14,240,000</u>	<u>14,240,000</u>
	Group 2020 £	Company 2020 £
<i>The defined benefit obligations arise from plans funded as follows:</i>		
Wholly unfunded obligations	-	-
Wholly or partly funded obligations	14,240,000	14,240,000
	<u>14,240,000</u>	<u>14,240,000</u>
	Group 2020 £	Company 2020 £
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2020	10,117,000	10,117,000
Interest income	201,000	201,000
Return on plan assets (excluding amounts included in net interest)	361,000	361,000
Benefits paid	(479,000)	(479,000)
Contributions by the employer	500,000	500,000
Other	(198,000)	(198,000)
At 31 December 2020	<u>10,502,000</u>	<u>10,502,000</u>

The actual return on plan assets was £201,000 (2019 - £258,000).

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25 Retirement benefit schemes (Continued)

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Liability driven instruments	727,000	1,433,000	727,000	1,433,000
Cash	265,000	92,000	265,000	92,000
Insure assets	6,382,000	6,355,000	6,382,000	6,355,000
Diversified growth funds	3,128,000	2,237,000	3,128,000	2,237,000
	<u>10,502,000</u>	<u>10,117,000</u>	<u>10,502,000</u>	<u>10,117,000</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.

26 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 2020

27 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	2,651,754	1,141,000
Adjustments for:		
Taxation charged	566,868	273,815
Finance costs	54,000	68,000
Investment income	(49,625)	(40,756)
Fair value loss on foreign exchange contracts	44,668	-
Amortisation and impairment of intangible assets	5,429	14,501
Depreciation and impairment of tangible fixed assets	119,091	102,883
Other gains and losses	(24,679)	40,328
Pension scheme non-cash movement	198,000	127,000
(Decrease) in pension provision	(500,000)	(500,000)
Non-cash item due to consolidation adjustments	-	18,701
Movements in working capital:		
Decrease/(increase) in stocks	586,928	(373,708)
Increase in debtors	(1,154,229)	(142,998)
Increase/(decrease) in creditors	1,355,539	(357,935)
Cash generated from operations	3,853,744	370,831

28 Analysis of changes in net funds - group

	1 January 2020	Cash flows	Exchange rate movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	5,339,437	2,959,444	(13,004)	8,285,877

29 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:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	152,583	152,720	152,583	152,720
Between one and five years	360,431	341,173	360,431	341,173
In over five years	528,766	572,267	528,766	572,267
	<u>1,041,780</u>	<u>1,066,160</u>	<u>1,041,780</u>	<u>1,066,160</u>

CARL KAMMERLING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 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 £920,376 (2019: £941,277). As at 31 December 2019 Carl Kammerling International Limited owed £83,360 to Carl Kammerling GmbH & Co K.G (2019: £84,216) 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 (2019: £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 £4,260 (2019: £6,057).

Small Self Administered Pension Scheme

The pension scheme charged the company £53,650 for rental of property during the year (2019: £53,650) and the company paid professional fees amounting to £5,025 on behalf of the pension scheme (2019: £2,065).

Key Management Personnel

The total remuneration of the directors, who are considered to be the key management personnel of the Group, was £628,654 (2019: £488,513), which included £70,859 (2019: £58,246) relating to employers NI contributions.

31 Controlling party

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

32 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 (2019: £315,000), Mr T.W. Meyerratken £100,000 (2019: £100,000), Mrs H D Halpin £50,000 (2019: £50,000) and Ms C M Skinner £25,000 (2019: £25,000).

Included within other creditors is an amount of £8,338 (2019: £5,692) owed to the director Mr A.H.C.G Kammerling.

33 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.