Industrial Machinery Supplies Limited

Annual report and financial statements

Registered number 01668906

31 December 2018

Contents

Company information

Directors:	AT Dyer J Bouman
Secretary:	M L Walker
Registered office:	Trans Tech House Gelders Hall Road Shepshed Loughborough Leicestershire LE12 9NH
Registered number:	01668906
Auditor:	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Solicitors:	Halborns Limited 16 Clarendon Street Nottingham NG1 5HQ
Bank	Barclays Bank Bishop Meadow Road Loughborough Leicestershire LE11 5RE

Strategic report

Principal activities

The company's principal business is the importing and distribution of commercial vehicle components in the UK and Eire.

Business review

The Directors considered the financial performance of the Company to be satisfactory against budgets set for 2018.

Stock levels were increased due to the threat of Brexit. Currency was hedged due to the risk of the pound weakening against the euro.

Investments were made in SEM, a new division of IMS and SAF Benelux. This division's principle activities are the manufacturing and sales of trailer steering systems and independent trailer suspension systems.

A major review of the supply chain was conducted in 2018 which improved efficiencies and reduced costs.

The Company is working on joint IT projects with its Dutch sister company SAF Benelux.

Key risks affecting the business

Brexit is a key risk. As this could affect trading if we have to use WTO regulations. Exchange rate of the GBP to Euro is a risk. It seems uncertain what will happen to the GBP when Brexit reaches a conclusion.

Competition from other Global axle and suspension manufacturers always poses a threat.

Key Performance Indicators

The Company uses a number of financial measures to monitor performance against the Company objectives and strategies which are summarised below.

	2018	2017
	Actual	Actual
	£000	£000
Turnover	30,532	27,869
Gross Margin	4,023	3,079
EBIT	828	544

Another objective KPI is Get Keep Grow which the Company has achieved by growing customers and market share over 2018.

By order of the board on 25th October 2019

AT Dyer
Managing Director

Trans Tech House
Gelders Hall Road
Shepshed
Leicester
LE12 9NH

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results

The profit and loss account is set out on page 7 and shows the profit for the year.

Dividends

No interim dividend was paid to Pon Holdings BV during the year *(2017: £1,748,000)*. The directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the year, and to the date of this report, were as follows:

AT Dyer	
J Bouman	
JCP Gersie	Resigned 4th September 2018

Political contributions

The company made no political donations or incurred any political expenditure during the year (*2017: £nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board on 25th October 2019

AT Dyer

AT Dyer
Managing Director

Trans Tech House
Gelders Hall Road
Shepshed
Leicester
LE12 9NH

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Industrial Machinery Supplies Limited

Opinion

We have audited the financial statements of Industrial Machinery Supplies Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

KPMG

Independent auditor's report to the members of Industrial Machinery Supplies Limited *(continued)*

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Colin Brearley *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated: 25 October 2019

Profit and loss account
for year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	**30,532**	27,869
Cost of sales		**(26,509)**	(24,790)
Gross profit		**4,023**	3,079
Distribution costs		**(719)**	(506)
Administrative expenses		**(2,476)**	(2,029)
Operating profit		**828**	544
Interest payable and similar expenses	6	**(167)**	(95)
Profit before taxation		**661**	449
Tax on profit	7	**(88)**	(98)
Profit for the financial year		**573**	351

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the profit and loss account.

The attached notes form an integral part of the financial statements.

Balance sheet
at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	*8*		**74**		84
Current assets					
Stocks	*9*	**5,214**		2,591	
Debtors	*10*	**8,723**		6,787	
Cash at bank and in hand		**361**		102	
		14,298		9,480	
Creditors: amounts falling due within one year	*11*	**(11,453)**		(7,218)	
Net current assets			**2,845**		2,262
Total assets less current liabilities			**2,919**		2,346
Net assets			**2,919**		2,346
Capital and reserves					
Called up share capital	*13*		**10**		10
Profit and loss account			**2,909**		2,336
Shareholders' funds			**2,919**		2,346

The attached notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on 25th October 2019 and were signed on its behalf by:

J Bouman
Director

Company registered number: 01668906

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	10	3,733	3,743
Total comprehensive income for the period			
Profit for the year	-	351	351
Transactions with owners, recorded directly in equity			
Dividends	-	(1,748)	(1,748)
Total contributions by and distributions to owners	-	(1,748)	(1,748)
Balance at 31 December 2017	**10**	**2,336**	**2,346**

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	10	2,336	2,346
Total comprehensive income for the period			
Profit for the year	-	573	573
Transactions with owners, recorded directly in equity	-	-	-
Dividends			
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2018	**10**	**2,909**	**2,919**

Notes
(forming part of the financial statements)

1 Accounting policies

Industrial Machinery Supplies Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 01668906 and the registered address is Trans Tech House, Gelders Hall Road, Shepshed, Loughborough, Leicestershire, LE12 9NH.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Pon Holdings BV includes the Company in its consolidated financial statements. The consolidated financial statements of Pon Holdings BV are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Pon Holdings BV, Rondebeltweg 31, 1329 BN ALMERE or Postbus 30052, 1308 AB ALMERE, Netherlands. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Pon Holdings BV include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2. Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its cash pooling facility and funding from its ultimate parent, Pon Holdings BV, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Pon Holdings BV not seeking repayment of the amounts currently due to the group, which at 31st December 2018 amounted to £7,707,000, and providing additional financial support during that period. Pon Holdings BV has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5. Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

1.6. Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Lease payments are accounted for as described at 1.12 below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Plant and machinery -	10% - 20%
Office equipment -	10% - 33%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11. Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales, these sales are recognised as turnover when the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer on delivery, which takes place either at the premises of the company (if the customer is collecting the items or arranging carriage); or at the customer's premises or address specified by said customer (if the company are arranging carriage).
- It is probable that the company will receive the consideration due under the transaction.

At this point the amount of revenue can be measured reliably.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

1.13. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

All turnover is derived from the principal activity of the business.

	2018 £000	2017 £000
United Kingdom	**29,310**	26,848
Rest of Europe	**1,222**	1,021
	30,532	27,869

3 Auditor's remuneration

	2018 £000	2017 £000
Audit of these financial statements	**40**	22
Audit-related assurance services	**1**	1
Taxation compliance services	**7**	10
Total audit and non-audit fees	**48**	33

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Administration, sales and distribution	**26**	26

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	**1,158**	1,033
Social security costs	**137**	137
Contributions to defined contribution plans	**47**	48
	1,342	1,218

Notes *(continued)*

5 Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	185	258
Company contributions to money purchase pension plans	14	18

The aggregate of remuneration of the highest paid director was £184,969 *(2017: £190,228)*, and company pension contributions of £13,515 *(2017: £12,634)* were made to a money purchase scheme on his behalf.

	Number of directors 2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	2

6 Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on loans from group companies	167	95
Total other interest payable and similar expenses	167	95

7 Taxation

Total tax expense recognised in the profit and loss account

	2018 £000	2018 £000	2017 £000	2017 £000
Current tax				
Current tax on income for the period		129		105
Adjustments in respect of prior periods		(40)		-
Total current tax		89		105
Deferred tax (note 12)				
Origination and reversal of timing differences	(1)		(7)	
Total deferred tax		(1)		(7)
Total tax		88		98

Notes *(continued)*

7 Taxation *(continued)*

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Profit for the year	**573**	351
Total tax expense	**88**	98
Profit excluding taxation	**661**	449
Tax using the UK corporation tax rate of 19% *(2017: 19.25%)*	**125**	86
Non-deductible expenses	**3**	12
Adjustment in respect of prior periods	**(40)**	-
Total tax expense included in profit or loss	**88**	98

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2017 and substantively enacted on 6 September 2017. This will reduce the company's future tax charge accordingly.

8 Tangible fixed assets

	Plant, machinery and computer equipment £000
Cost	
Balance at 1 January 2018	357
Additions	37
Disposals	(3)
Balance at 31 December 2018	391
Depreciation and impairment	
Balance at 1 January 2018	273
Depreciation charge for the year	47
On disposals	(3)
Balance at 31 December 2018	317
Net book value	
At 31 December 2018	**74**
At 31 December 2017	84

Notes *(continued)*

9 Stocks

	2018	2017
	£000	£000
Finished goods	**5,214**	2,591

Changes in finished goods recognised as cost of sales in the year amounted to £26,574,000 *(2017: £24,027,000)*.

10 Debtors

	2018	2017
	£000	£000
Trade debtors	**8,261**	6,571
Amounts owed by group undertakings	**49**	20
Assets measured at fair value through profit and Loss *(Note 14)*	**126**	112
Prepayments and accrued income	**225**	80
Corporation tax	**61**	4
Deferred Tax Asset *(Note 12)*	**1**	-
	8,723	6,787

All debtors fall due within one year.

11 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Bank overdrafts	**7,707**	3,772
Trade creditors	**2,105**	1,872
Taxation and social security	**1,141**	845
Amounts owed to group undertakings	**2**	-
Other creditors and accruals	**451**	729
Liabilities measured at fair value through Profit and Loss *(Note 14)*	**47**	-
	11,453	7,218

The bank overdraft relates to the cash pooling, and is repayable on demand and has interest of 2.10%.

Notes *(continued)*

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**-**	-	**-**	-	**-**	-
Other	**1**	-	**-**	-	**1**	-
Net tax assets/(liabilities)	**1**	-	**-**	-	**1**	-

The Company has no unrecognised gross tax losses *(2017: £nil).*

13 Capital and reserves

Share capital

	2018	2017
	£000	£000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	**10**	10

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018	2017
	£000	£000
Assets measured at fair value through profit or loss	**126**	112
Liabilities measured at fair value through Profit or Loss	**47**	-

Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Notes *(continued)*

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£000	£000
Less than one year	211	199
Between one and five years	250	345
More than five years	-	-
	461	544

During the year £240,221 was recognised as an expense in the profit and loss account in respect of operating leases *(2017: £203,010).*

16 Related parties

The Group has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Pon Holdings BV.

The Company also pay fees to Teppanyaki Race Team Limited, a company part-owned by one of the directors of the Company.

Other related party transactions

	Administrative expenses incurred from	
	2018	2017
	£000	£000
Other related party	5	12
	5	12

There are no unsettled balances at year end.

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of, and its ultimate controlling party is Pon Holdings BV.

The largest group in which the results of the Company are consolidated is that headed by Pon Holdings BV incorporated in the Netherlands. No other group financial statements include the results of the Company. The consolidated financial statements of Pon Holdings BV are available to the public and may be obtained from Pon Holdings BV, Rondebeltweg 31, 1329 BN ALMERE or Postbus 30052, 1308 AB ALMERE, Netherlands.

18 Accounting estimates and judgements

In the application of the accounting policies set out in note 1, the directors believe that there are no judgements that have a significant effect on the financial statement and no estimates with a significant risk of material adjustment in the next year.