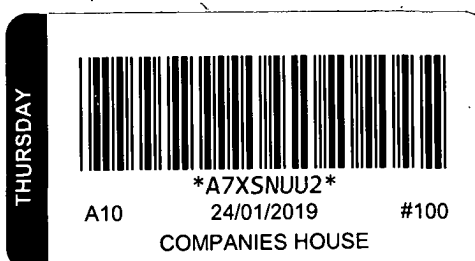


Registered number: 00095908

**Bekaert Bradford UK Limited**  
**(formerly Cold Drawn Products Limited)**

**Annual report and financial statements**  
**for the year ended 31 December 2017**



# **Bekaert Bradford UK Limited**

## **Annual report and financial statements 2017**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Directors' responsibilities statement</b>	<b>6</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

# **Bekaert Bradford UK Limited**

## **Annual report and financial statements 2017**

### **Officers and professional advisers**

#### **Directors**

P Van Riet

J Boelens

S Piceu

#### **Company Secretary**

D C Smith

#### **Registered office**

Bekaert Bradford UK Limited  
Park House Road  
Low Moor  
Bradford  
West Yorkshire  
BD12 0PX

#### **Bankers**

HSBC plc  
14 Bradford Road  
Cleckheaton  
West Yorkshire  
BD19 3JR

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
United Kingdom  
LS1 2AL

# **Bekaert Bradford UK Limited**

## **Strategic report**

The directors present their Strategic Report on the affairs of the company for the year ended 31 December 2017. The directors in preparing this Strategic Report have complied with s414c of the Companies Act 2006.

### **Principal activities and review of the business**

The principal activity of the company was the manufacture of profile wire.

On 1 October 2017 the company acquired the trade and assets/liabilities of its sister company Bekaert Limited. Assets and liabilities were acquired at carrying NBV in the seller's books. This business acts as a sales office and warehouse for plastering and masonry wire reinforcement products. On the same date the company changed its name from Cold Drawn Products Limited to Bekaert Bradford UK Limited.

The loss for the year after taxation was £954,549 (2016: loss of £619,317). The continuing low price of oil during the year, caused by a combination of a slowdown in demand and a reluctance of oil producing nations to suppress supply, has limited demand for flexible oil pipes. This impacted directly on volumes and revenues in the year, coupled with pressure on margins due to a tougher competitive environment.

The company did not pay a dividend during the year (2016: £nil).

The investment in Flexpipe manufacturing is ongoing and will be completed in 2018. Production capacity will be restricted for part of 2018 due to the replacement of key machinery requiring time out for installation and commissioning.

Whilst trading conditions are difficult at present, and will continue through 2018, expectations are that an upturn will be seen in 2019.

The balance sheet shows that the company's net assets have reduced to £9,172,420 (2016: £10,126,969), due to the loss for the year.

### **Key performance indicators**

The company endeavours to minimise its process material scrap. The amount of scrap recorded in the year amounted to 12.5% of material put into production (2016: 10.7%). Investment is planned for 2018 to help to reduce the level of scrap in the future.

The company looks to maximise its on-time deliveries to customers. In the year, the company achieved an on-time delivery success rate of 89% (2016: 98%). Removal and replacement of key production equipment caused limitations in capacity in the second half of the year, leading to a higher level of late deliveries.

The company endeavours to minimise its working capital. At the end of the year, net working capital requirement was £2,769,509 (2016: £2,308,423). Working capital is defined as stock plus trade debtors less trade creditors. Customs clearance issues relating to shipments into Brazil in the last quarter of the year led to delays in payment, increasing the level of trade debtors. This matter was resolved shortly after year-end.

### **Risks and uncertainties**

#### **General Outlook**

The long-term outlook for the business is positive. The current and ongoing investment programme, together with a restructuring of the labour base, will produce a lean production process, which will enable the business to take advantage of the upturn in the oil and gas market. Investment also incorporates a high H&S ethic and a methodology which is much more environmentally friendly.

In the short-term, the low oil price and high level of oil supplies to the global market are suppressing demand for new pipes, which will affect next year's results.

#### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company has access to, and can utilise, foreign exchange forward contracts to hedge this exposure. As at 31 December 2017 the company did not have open foreign exchange forward contracts (2016: the same).

# **Bekaert Bradford UK Limited**

## **Strategic report (continued)**

### **Credit risk**

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company obtains credit insurance cover for all its customers.

### **Liquidity risk**

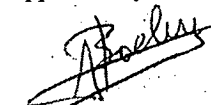
The company has recourse to the group treasury function in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments.

### **Treasury**

The company's treasury function operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The company has access to forward foreign currency contracts to manage the currency rate risks arising from the company's operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

Approved by the Board of Directors and signed on behalf of the Board



J. Boelens  
Director

17 January 2019

# **Bekaert Bradford UK Limited**

## **Directors' report**

The directors present their Directors' Report on the affairs of the company together with the audited financial statements and auditors report for the year ended 31 December 2017.

The company's principal activities, results and dividends, key performance indicators, future prospects, principal risk and uncertainties and financial risk management objectives are presented in the Strategic Report on page 2 and 3.

### **Employees**

#### **Disabled employees**

Applications for employment by disabled employees are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that the training career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

#### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees by holding regular briefing meetings on the various factors affecting the performance of the company.

#### **Going concern**

In forming their going concern judgement the directors have considered the trading uncertainties arising in the current economic environment, budgets and forecasts for the 12 month period from approval of these financial statements, as well as the adequacy of its resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details are given in note 1 to the financial statements.

#### **Payment to suppliers**

It is company policy to agree terms and conditions for its business transaction with suppliers. Payment is made on these terms subject to the terms and conditions being met by the supplier. The company's creditor days outstanding at 31 December 2017 were equivalent to 47 days (2016: 50 days), on a FIFO measure based on amounts invoiced by suppliers.

#### **Directors and their interests**

The directors who served during the year and to date, except where stated otherwise were as follows:

P Van Riet

L K Vankemmelbeke (resigned 1 November 2017)

K A J Deraeve (resigned 1 November 2017)

J Boelens (appointed 1 November 2017)

S Piceu (appointed 1 November 2017)

## **Bekaert Bradford UK Limited**

### **Directors' report (continued)**

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board of Directors and signed on behalf of the Board



J Boelens  
Director

17 January 2019

## **Bekaert Bradford UK Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Independent auditor's report to the members of  
Bekaert Bradford UK Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Bekaert Bradford UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

## **Responsibilities of directors**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

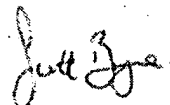
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

### **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.



Scott Bayne FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
17 January 2019

## Bekaert Bradford UK Limited

### Profit and loss account For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	22,488,786	16,980,457
Cost of sales	4	(21,685,650)	(15,860,835)
<b>Gross profit</b>		<b>803,136</b>	<b>1,119,622</b>
Distribution costs		(410,201)	(335,980)
Administrative expenses		(1,559,801)	(1,536,688)
<b>Operating Loss</b>	5	<b>(1,166,866)</b>	<b>(753,046)</b>
Interest receivable	7	656	-
Interest payable	8	(743)	(201)
<b>Loss before taxation</b>		<b>(1,166,953)</b>	<b>(753,247)</b>
Taxation on loss	9	(149,438)	133,930
<b>Loss for the financial year, attributable to the owners of the company</b>		<b>(1,316,391)</b>	<b>(619,317)</b>

The results above arise from continuing operations.

There were no items of income or expenditure for the current year or prior year other than those included in the profit and loss account. Therefore no statement of comprehensive income has been presented.

The accompanying notes form an integral part of this profit and loss account.

# Bekaert Bradford UK Limited

## Balance sheet As at 31 December 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	6,677,411	4,786,269
Investments	12	-	-
		<u>6,677,411</u>	<u>4,786,269</u>
<b>Current assets</b>			
Stocks	13	1,545,783	1,665,765
Debtors	14	5,672,341	3,978,834
Cash at bank and in hand		1,679,853	3,113,329
		<u>8,897,977</u>	<u>8,757,928</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,380,800)</u>	<u>(3,033,464)</u>
<b>Net current assets</b>		<u>2,517,177</u>	<u>5,724,464</u>
<b>Total assets less current liabilities</b>		<u>9,194,588</u>	<u>10,510,733</u>
<b>Provision for liabilities</b>	16	<u>(384,010)</u>	<u>(383,764)</u>
<b>Net assets</b>		<u>8,810,578</u>	<u>10,126,969</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,095,271	2,095,271
Profit and loss account		6,715,307	8,031,698
<b>Total shareholder's funds</b>		<u>8,810,578</u>	<u>10,126,969</u>

The financial statements of Bekaert Bradford UK Limited, registered number 95908 were approved by the Board of Directors and authorised for issue on 17 January 2019.

Signed on behalf of the Board of Directors



J Boelens  
Director

The accompanying notes are an integral part of this balance sheet.

## **Bekaert Bradford UK Limited**

### **Statement of changes in equity As at 31 December 2017**

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2016</b>	2,095,271	8,651,015	10,746,286
Total comprehensive loss for the year	-	(619,317)	(619,317)
<b>At 31 December 2016</b>	2,095,271	8,031,698	10,126,969
Total comprehensive loss for the year	-	(954,549)	(954,549)
<b>At 31 December 2017</b>	<u>2,095,271</u>	<u>7,077,149</u>	<u>9,172,420</u>

# **Bekaert Bradford UK Limited**

## **Notes to the financial statements For the year ended 31 December 2017**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **General Information and basis of accounting**

Bekaert Bradford UK Limited is a private company incorporated in the United Kingdom registered in England and Wales under the Companies Act 2006, and is limited by shares. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Bekaert Bradford UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Bekaert Bradford UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Bekaert Bradford UK Limited is consolidated in the financial statements of its parent, NV Bekaert SA, which may be obtained at NV Bekaert SA, Bekaertstraat 2, 8550 Zwevegem, Belgium, its registered office. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties transactions.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes the financial position of the Company; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

After considering all relevant uncertainties, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the signing date. This is confirmed through the group support which has been formally documented in a letter of support. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Turnover**

Turnover represents amounts receivable for goods net of VAT and trade discounts as delivered to customers in the normal course of business. Revenue is recognised when the significant risks and rewards are considered to have been transferred to the buyer, either on delivery to customer site or FCA incoterms.

Turnover in respect of the plastering and masonry wire reinforcement products business is included for the period from 1 October 2017.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short leasehold land and buildings	Over the remaining period of the lease
Plant and machinery	8 – 25%
Motor vehicles	20%

Assets under construction are not depreciated until they are in working condition for intended use.

# **Bekaert Bradford UK Limited**

## **Notes to the financial statements For the year ended 31 December 2017**

### **1. Accounting policies (continued)**

#### **Investments**

Investments are stated at cost less provisions for any impairment.

#### **Operating leases**

Rental under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of first in, first out cost, including production overheads, and net realisable value. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Where necessary, provision is made for obsolete or slow moving stock.

#### **Taxation**

Current tax including UK corporation tax and foreign tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Accordingly deferred tax balances have been revalued to the lower rate of 17% in these financial statements.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currency are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Intangible fixed assets**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life, initially estimated at twenty years. Provision is made for any impairment as necessary.

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# **Bekaert Bradford UK Limited**

## **Notes to the financial statements For the year ended 31 December 2017**

### **1. Accounting policies (continued)**

#### **Pension costs**

For defined contribution scheme the amount charged to the profit and loss account in respect of pension costs 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 in the balance sheet.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.



# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 1. Accounting policies (continued)

#### Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### Capital Commitments

The company have a number of financial commitments (i.e. a contractual requirement to make a cash payment in the future) that are not recorded in the balance sheet as the contract is not yet due for delivery. See note 18.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements made by the Directors.

#### *Key source of estimation uncertainty – provision for fixed assets and stock*

The assessment of the impairment of fixed asset investments at each balance sheet date (see note 11). This process depends on the preparation of estimates of future cash flows which are expected to be generated in the company. The company has also conducted sensitivity analysis to the projections and whilst some uncertainty exists over the rate of recovery, the directors have concluded that the value in use of fixed assets is significantly in excess of the carrying value.

The determination of whether stock values are recoverable at the balance sheet date. This process requires an assessment of the expected future sales compared to the stock values at the balance sheet date.

### 3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2017	2016
	£	£
Turnover		
Flexpipe	21,810,435	16,980,457
Building Products	678,351	-
	<u>22,488,786</u>	<u>16,980,457</u>

The Turnover from the Building Products class of business is associated with the trade previously within Bekaert Limited, which transferred to Bekaert Bradford UK Limited on 1 October 2017.

# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 3. Turnover (continued)

An analysis of the Company's turnover by geographical market is set out below:

	2017 £	2016 £
United Kingdom	4,072,662	7,303,259
Rest of Europe	1,774,842	2,122,078
Asia	-	(735)
Rest of world	16,641,282	7,555,855
	<u>22,488,786</u>	<u>16,980,457</u>

### 4. Cost of sales

Included in Cost of Sales is an amount of £281,845 (2016: nil), relating to the redundancy costs incurred or estimated to be incurred during the restructuring of the business.

### 5. Loss before taxation

	2017 £	2016 £
<b>Loss before taxation is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets		
Owned assets	828,435	801,077
Inventories included in Cost of Sales	4,528,372	4,452,782
Operating lease rentals		
- plant and machinery	175,964	132,285
- land and buildings	426,539	427,111
Foreign exchange loss	797	20,538
Loss on disposal of fixed assets	760	3,522

### Analysis of auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements

	22,000	16,000
Total audit fees	<u>22,000</u>	<u>16,000</u>
Tax compliance services	725	1,100
Total non-audit fees	<u>725</u>	<u>1,100</u>

# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 6. Information regarding directors and employees

It is not practical to allocate the remuneration of the directors between the group entities and therefore no emoluments were received by the directors (2016: £nil) in respect of their services as director of the company.

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,355,491	4,006,123
Redundancy costs	281,845	-
Social security costs	502,559	470,717
Other pension costs	174,865	140,345
	<u>5,314,760</u>	<u>4,617,185</u>

The average monthly number of employees, including executive directors, during the year was:

	2017	2016
Production	100	97
Selling and distribution	1	1
Administration	9	9
	<u>110</u>	<u>107</u>

### 7. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	77	-
Other interest	579	-
	<u>656</u>	<u>-</u>

### 8. Interest payable

	2017 £	2016 £
Interest payable to group companies	743	25
Other interest – all other loans	-	176
	<u>743</u>	<u>201</u>

# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 9. Taxation

Analysis of charge in year

	2017 £	2016 £
<b>UK corporation tax</b>		
Adjustments in respect of prior years	(1,154)	-
Total current tax	(1,154)	-
Origination and reversal of timing differences	37,818	(17,829)
Effects of tax rate change	11,495	(14,822)
Recognition of deferred tax asset on trading losses	101,279	(101,279)
Total tax credit	149,438	(133,930)

### Factors affecting the tax

The tax assessed for the year is higher (2016: higher) than that resulting from applying the average standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss before tax	(1,166,953)	(753,247)
Loss multiplied by the average standard rate of corporation tax of 19.25% (2016: 20%)	(233,391)	(150,649)
Effects of:		
Expenses not deductible for tax purposes	183	19,689
Non-qualifying assets	-	15,953
Short term timing differences	328,307	(78,075)
Effect of tax rate change	11,495	(14,822)
Prior year adjustment	(1,154)	-
Group relief	43,998	73,974
Tax credit	149,438	(133,930)

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20%). The applicable tax rate has changed following substantive enactment of the Finance Act 2013. The Finance Act 2013 reduced the main rate of corporation tax to 20% effective from 1st April 2015 and this rate was used when calculating deferred tax assets and liabilities at 31 December 2014. Finance No 2 Act which was substantively enacted on 26 October 2015 includes provisions to further reduce the corporation tax rate to 18% effective from 1 April 2017 and to 17% effective from 1 April 2020. Accordingly deferred tax assets and liabilities have been calculated at the rates which will be in force when the timing differences are projected to reverse.

There is no expiry date on timing differences, unused tax losses or tax credits.

## Bekaert Bradford UK Limited

### Notes to the financial statements For the year ended 31 December 2017

#### 10. Goodwill

	£
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	6,647,850
<b>Amortisation</b>	
At 1 January 2017 and 31 December 2017	6,647,850
<b>Net book amount</b>	
At 31 December 2017 and 2016	-

#### 11. Tangible assets

	Short leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Assets under construction £	Total £
<b>Cost</b>					
At 1 January 2017	904,378	6,876,626	5,282	41,943	7,828,229
Additions	-	-	-	2,715,462	2,715,462
Transfer	62,934	764,127	-	(827,061)	-
Acquisition	-	7,804	-	-	7,804
Disposals	(5,000)	(5,362)	(5,282)	-	(15,644)
At 31 December 2017	962,312	7,643,195	-	1,930,344	10,535,851
<b>Accumulated depreciation</b>					
At 1 January 2017	761,930	2,274,748	5,282	-	3,041,960
Charge for the year	51,727	776,708	-	-	828,435
Acquisition	-	2,929	-	-	2,929
Disposals	(5,000)	(4,602)	(5,282)	-	(14,884)
At 31 December 2017	808,657	3,049,783	-	-	3,858,440
<b>Net book amount</b>					
At 31 December 2017	153,655	4,593,412	-	1,930,344	6,677,411
At 31 December 2016	142,448	4,601,878	-	41,943	4,786,269

As part of the acquisition of the trade and assets of Bekaert Limited, the Company acquired computer equipment, included above within the heading of 'Acquisition'.

The company tests tangible assets annually for impairment, or more frequently if there are indications that the balance might be impaired.

The recoverable amounts have been determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets approved by the directors covering an 5 year period, then extrapolated into perpetuity. These budgets have been adjusted for specific risk factors that take into account sensitivities of the projection. A discount rate of 9.76% per annum has been applied to these cash flows, being an estimation of current market risks and the time value of money. Following this sensitivity analysis, the directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause any of the carrying amounts to exceed the relevant recoverable amount.

## Bekaert Bradford UK Limited

### Notes to the financial statements For the year ended 31 December 2017

#### 12. Investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	265,205
<b>Provision for impairment</b>	
At 1 January 2017 and 31 December 2017	265,205
<b>Net book amount</b>	
At 31 December 2017 and 2016	-

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

	Class of share capital held	Proportion of share capital held	Nature of business
Netlon Sentinel Limited	Ordinary £1 shares	50%	Dormant
Rylands-Whitecross Limited	Ordinary £1 shares	100%	Dormant
Twil Company	Ordinary £1 shares	100%	Dormant

The investment in all three companies was fully written-off as at 1 January 2017.

All above mentioned entities are incorporated in England and Wales and held directly by Bekaert Bradford UK Limited. The registered office of Twil Company and Rylands-Whitecross Ltd is Park House Road, Low Moor, Bradford, West Yorkshire. BD12 0PX. The registered office of Netlon Sentinel Ltd is Units 2-4 Cunningham Court, Shadsworth Business Park, Blackburn, Lancashire. BB1 2QX.

#### 13. Stocks

	2017 £	2016 £
Raw materials	260,148	215,232
Work-in-progress	213,250	409,934
Finished goods	712,880	858,561
Maintenance Spares	359,505	182,038
	<u>1,545,783</u>	<u>1,665,765</u>

There is no material difference between the balance-sheet value of stocks and their replacement cost.

The introduction of new systems allowed the creation of a spare parts stock last year for certain spares. This figure has increased as more spares have been brought within the system.

# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 14. Debtors

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	4,543,608	2,990,161
Amounts owed by group companies	300,610	1,664
Advance payments to suppliers	175,430	-
Corporation tax	96,278	187,713
Other taxes and social security	294,604	446,014
Deferred tax asset	-	101,279
Other debtors	261,811	252,003
	<u>5,672,341</u>	<u>3,978,834</u>

Amounts owed by group companies are repayable on end of month 30 day payment terms.

### 15. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,823,336	2,347,503
Amount owed to group undertakings	4,029,504	273,208
Other taxes and social security	181,385	143,906
Corporation Tax	12,918	-
Other creditors and accruals	333,657	268,847
	<u>6,380,800</u>	<u>3,033,464</u>

Amount owed to group undertakings includes trade creditors which are repayable on end of month 30 day payment terms, and a current account balance. The current account balance has no set repayment date and attracts interest at the interbank deposit rate plus 0.75%.

### 16. Provision for liabilities

	Restructuring costs £	Deferred taxation £	Total £
At 1 January 2017	49,067	334,697	383,764
Charged/(Credited) to the profit and loss account	2,011	49,313	51,324
Utilisation of provision	(51,078)	-	(51,078)
At 31 December 2017	<u>-</u>	<u>384,010</u>	<u>384,010</u>

The deferred taxation relates to accelerated capital allowances. At the end of the current and previous year the company had no unprovided deferred tax liabilities. At the year end the company had capital losses available for carry forward of £9,772,428 (2016: £9,772,428), a deferred tax asset has not been recognised.

The restructuring provision relates to lay-off costs which are estimated to occur over the next 18 months as a result of the restructuring of the business.

# Bekaert Bradford UK Limited

## Notes to the financial statements For the year ended 31 December 2017

### 17. Called up share capital

	Authorised, allotted, called up and fully paid Ordinary shares £1 shares	
	No.	£
At 1 January 2017 and 31 December 2017	2,095,271	2,095,271

### 18. Financial commitments

The company had capital commitments amounting to £114,032 as at 31 December 2017 (2016: £1,487,081).

At 31 December 2017 the company has commitments under non-cancellable operating leases as set out below.

	2017 £	2016 £
Operating leases which expire:		
Assets other than land and buildings		
Within 1 year	34,602	47,579
Within 2 to 5 years	57,380	20,507
	91,982	68,086
Land and buildings		
Within 1 year	426,279	426,279
Within 2 to 5 years	673,431	1,099,709
	1,099,710	1,525,988
	1,191,692	1,594,074

### 19. Related party transactions

In accordance with paragraph 1.12 of FRS 102 "Related Party Disclosures" transactions with other group undertakings within, and investee related parties of, the NV Bekaert SA Group have not been disclosed in these financial statements. There have been no transactions with directors.

### 20. Employee benefits

#### *Defined contribution schemes:*

The company contributes to a number of defined contribution schemes. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions paid to the scheme amounted to £174,865 (2016: £140,345).

Unpaid contributions included within other creditors at the balance sheet were £25,164 (2016: £18,935).



## **Bekaert Bradford UK Limited**

### **Notes to the financial statements For the year ended 31 December 2017**

#### **21. Parent undertaking**

The immediate and ultimate parent company, and ultimate controlling party of the group of undertakings for which largest and smallest group financial statements are drawn up and of which the company is a member, is NV Bekaert SA, a company incorporated in Belgium. Copies of NV Bekaert SA financial statements can be obtained from NV Bekaert SA, Corporate Communications, Bekaertstraat 2, 8550 Zwevegem, Belgium, its registered office.

#### **22. Subsequent events**

There have been no subsequent events requiring disclosure in these financial statements.