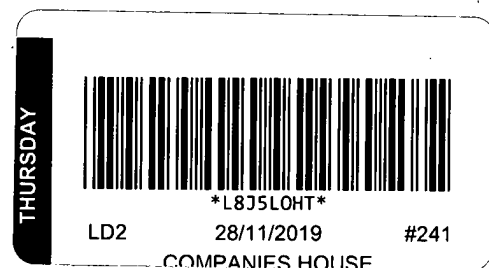


Registered number: 00939028

WERNER UK SALES & DISTRIBUTION LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

COMPANY INFORMATION

Directors

P A Bruton
J T Caudill
A C Bochart
L A Boyce
M Treptow
J J White

Company secretary

G Hartenstein

Registered number

00939028

Registered office

The Causeway
Maldon
Essex
CM9 4LJ

Independent auditor

Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors have pleasure in presenting their strategic report for the year ended 31 December 2018.

Principal Activities

The principal activities of the company are the manufacturing, sale, and distribution of ladder access equipment.

Business review

During 2018, Werner UK Sales and Distribution continued to focus on the sale and manufacturing of ladder access equipment, and the development of its brands with a goal of providing end users with the best work at height product available. During the year it purchased manufacturing assets from a related group company and the Youngman Group Limited merged its activity into Werner UK Sales and Distribution.

Principal Risks and Uncertainties

The company has no debt due to third parties outside of the group headed by Willa MidCo S.à r.l. and has access to funds provided through intercompany loans.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The entity does have risks associated with Brexit as it could negatively affect the turnover, raw material costs, and tariffs for export customers. Management will continue to evaluate the market conditions in order to mitigate the risks associated with Brexit.

Financial key performance indicators

The directors consider the key performance indicators of the business to be turnover, gross margin percentage, and profit before tax.

The turnover for the year to 31 December 2018 was £36,241k (2017: £21,970k) and the loss before tax was £2,665k (2017: £857k profit). Turnover in the current year was uplifted due to the business combination of Youngman Group Limited into Werner UK Sales and Distribution Limited. The gross profit increased from 7.6% in the prior year to 9.9% in the current year partially due to the inclusion of the sales from Youngman Group Limited that have higher gross margins.

Going concern

Whilst future trading performance within the company is inherently subject to uncertainty, the directors, having received a letter of support that intercompany funds will continue to be made available from fellow group companies, and having assessed the ability of these companies to provide this support, have a reasonable and proper expectation that the company will continue to have adequate resources for the foreseeable future being at least twelve months from the approval of these financial statements.

Employees

The company continues its practice of keeping its employees informed on matters affecting them.

The policy of the company for the employment of disabled persons is to give them equal opportunities with other employees, to train for and attain any position in the company and having regard to the maintenance of a safe working environment and the constraints of their disabilities.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER: 00939028

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Research and development

The company continues to invest in new product development and is also exploring areas of diversification that will leverage the global Werner Co. portfolio of products. In addition the company continues to promote and enhance its strong brand presence and further grow its significant relationships with the UK major retailers of access products.

Future developments

The directors anticipate that Werner UK Sales & Distribution Ltd will continue to act as a sales and distribution business and do not anticipate any changes to the trade and operations for the foreseeable future.

This report was approved by the board on **26 NOV 2019** and signed on its behalf



L.A Boyce
Director

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Disclosure of information in the Strategic report

Under s414C (11) of the Companies Act 2006, the company has chosen to set out the following disclosures in the strategic report:

- Financial risk management policies
- Research and development

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 Financial Reporting Standard 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 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.

Results and dividends

The loss for the year, after taxation, amounted to £2,248,000 (2017 - £983,000 profit).

There were no dividend payments in 2018 or 2017. The directors do not recommend payment of a final dividend.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

The directors who served during the year and to the date of this report, unless otherwise stated, were:

T K Lewis	(resigned 1 March 2019)
P A Bruton	
M A Law	(resigned 2 October 2018)
R Rosati	(resigned 1 March 2019)
P Sullivan	(resigned 11 March 2018)
N Platt	(resigned 30 June 2019)
J T Caudill	(appointed 9 April 2018)
J J White	(appointed 7 August 2019)
A C Bochart	(appointed 1 March 2019)
L A Boyce	(appointed 1 March 2019)
M Treptow	(appointed 1 March 2019)

Future developments

No significant future developments are identified by management.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That director has taken all the steps that ought to have been taken as a director in order to be 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.

Post balance sheet events

There are no significant post balance sheet events.

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on **26 Nov 2019** and signed on its behalf.


L A Boyce
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WERNER UK SALES & DISTRIBUTION LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Werner UK Sales & Distribution Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WERNER UK SALES & DISTRIBUTION LTD (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 for the financial statements is located on the FRC's website at: 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WERNER UK SALES & DISTRIBUTION LTD
(continued)

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 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.

Matthew Hall

Matthew Hall FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date: 26 November 2019

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Turnover	4	36,241	21,970
Cost of sales		(32,668)	(20,308)
Gross profit		3,573	1,662
Distribution costs		(1,336)	(3)
Administrative expenses		(5,576)	(1,662)
Operating Loss	5	(3,339)	(3)
Interest receivable and similar income	9	669	549
Interest payable and similar expenses	10	(308)	(82)
Rental income	4	313	393
(Loss)/profit before tax		(2,665)	857
Tax on (Loss)/profit	11	(26)	126
(Loss)/profit for the year		(2,691)	983
Total comprehensive (expense)/income for the year		(2,691)	983

All activities derive from continuing operations.

The notes on pages 11 to 27 form part of these financial statements.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	£'000	2018 £'000	£'000	2017 £'000
Fixed assets					
Intangible assets	12		28,267		
Tangible assets	13		<u>12,600</u>		
			38,957	20,798	38,957
Current assets					
Stocks	14	16,397			
Debtors: amounts falling due within one year	15	16,300		20,690	
Debtors: amounts falling due after more than one year	15	6,039			
Cash at bank and in hand		<u>221</u>		<u>108</u>	
			38,957	20,798	
Creditors: amounts falling due within one year	16	<u>(35,749)</u>		<u>(11,222)</u>	
Net current assets			3,208	9,576	
Total assets less current liabilities			44,075		9,576
Creditors: amounts falling due after more than one year	16		<u>(37,190)</u>		
Net assets			<u>6,885</u>		<u>9,576</u>
Capital and reserves					
Called up share capital	18		2,224		2,224
Share premium account	19		36		36
Retained Earnings	19		<u>4,625</u>		<u>7,316</u>
Shareholders' funds			<u>6,885</u>		<u>9,576</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 Nov 2019


L A Boyce
Director

The notes on pages 11 to 27 form part of these financial statements.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2018	2,224	36	7,316	9,576
Comprehensive expense for the year				
Loss for the financial year	-	-	(2,691)	(2,691)
Total comprehensive expense for the year	-	-	(2,691)	(2,691)
At 31 December 2018	2,224	36	4,625	6,885

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2017	2,224	36	6,333	8,593
Comprehensive income for the year				
Profit for the financial year	-	-	983	983
Total comprehensive income for the year	-	-	983	983
At 31 December 2017	2,224	36	7,316	9,576

The notes on pages 11 to 27 form part of these financial statements.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

1. General information

Werner UK Sales & Distribution Ltd, is a private company limited by shares, which is incorporated in the UK and is registered in England and Wales. The entity's registered office address is at The Causeway Maldon, Essex CM9 4LJ. The company will be included in the consolidated financial statements of Willa MidCo S.à r.l. for the year ended 31 December 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Going Concern

Management prepares budget and forecasts which show the business continuing to grow and a strong balance sheet and profitability. These are monitored against actual results. The directors have received assurances from fellow group companies that they will continue to provide funding and support to the company as required to ensure that it can continue to trade and meets its liabilities as they fall due for the foreseeable future.

In view of the above and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from the approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

Werner UK Sales & Distribution Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- *the requirements of Section 7 Statement of Cash Flows;
- *the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- *the requirements of Section 33 Related Party Disclosures;
- *the requirements of Section 11 Financial Instruments
- *the requirements of Section 12 Financial Instruments

This information is included in the consolidated financial statements of Willa Midco S.a.r.l. as at 31 December 2018 and these financial statements may be obtained from www.rcsl.lu.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

2.5 Operating leases: Lessor

Rentals income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.6 Intangible assets

Separately acquired patents, designs and drawings, and trademarks are included at cost and amortised in equal installments over a period of 11, 5, & 10 years, respectively which is their estimated useful life economic life. Provision is made for any impairment.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	3 - 10 years
Office Equipment	3 - 5 years
Leasehold improvements	Life of lease
Assets in course of construction	Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2. Accounting policies (continued)

2.9 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

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

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2. Accounting policies (continued)

2.12 Financial Instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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..

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

2.13 Creditors

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

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is considered to be pounds sterling because that is the currency of the primary economic area in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

WERNER UK SALES & DISTRIBUTION LTD
REGISTERED NUMBER:00939028

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

2.19 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with absolute certainty. Therefore the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Company constantly re-evaluates these significant factors and makes adjustments where facts and circumstances dictate.

To assess whether the carrying value of intangibles are impaired, the company has used a discounted future cashflow model on relevant cashflows to determine whether any impairment is required on intangible assets. In making these assessments, there is estimation uncertainty around the generation of future cashflows for which a sensitivity analysis has been performed. There is estimation uncertainty surrounding inputs in determining the discount rate applied to the cashflows, the timing of revenue growth and the timing of margin improvement measures impacting cashflows. The company have determined that the key sensitivity relates to margin improvement as this is the area that is most reasonably likely to change and are forecasting 1% gross margin improvements each year from 2019 to 2023. Management sensitivities indicate that a material impairment to intangibles would materialise if gross margins were not to increase at all over the forecast period. Management do not consider this scenario to be reasonably possible at this stage due to actions already undertaken by management as well as future plans to meet forecasts. Details of these actions are not disclosed as management consider them to be commercially sensitive in nature.

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3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The Company pays volume rebates to certain customers based on the terms of the relevant contracts. Determining amount of the rebates liability requires an estimation based upon up-to-date trading information. The directors use their knowledge of the business and the trading environment to assess the amount of accrual that is required. The value of rebates to customers in the year totalled £1,113k (2017 - £998k).

No other significant judgements or estimates have been used by management in the preparation of the financial statements.

4. Analysis of turnover

All revenue is generated from a single class of business.
 Analysis of turnover by country of destination:

	2018 £'000	2017 £'000
United Kingdom	31,443	18,875
Rest of Europe	3,590	2,736
Rest of the world	1,208	359
	<u>36,241</u>	<u>21,970</u>

During the year the company earned £313,000 (2017 - £393,000) of income from rents.

5. Operating loss

	2018 £'000	2017 £'000
The operating loss is stated after charging/(crediting):		
Foreign exchange (gain) loss	(611)	250
Depreciation	347	-
Amortisation	812	-
Stock recognised as an expense	32,668	20,308
Operating lease rentals - plant, machinery and vehicles	39	62
Operating lease rentals - land and buildings	603	338
	<u></u>	<u></u>

6. Auditor's remuneration

	2018 £'000	2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>68</u>	<u>22</u>

Tax professional fees were £15,000 in the current year.

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7. Employees

	2018 £'000	2017 £'000
Staff costs were as follows:		
Wages and salaries	1,898	542
Social security costs	225	59
Cost of defined contribution scheme	103	31
	<u>2,226</u>	<u>632</u>
The average monthly number of employees, including the directors, during the year was as follows:	No	No
Sales and marketing	18	12
Manufacturing	<u>48</u>	<u> </u>

8. Directors' remuneration

	2018 £'000	2017 £'000
Emoluments for qualifying services	381	481
Compensation for loss of office	31	-
Contributions to money purchase pension schemes	47	63
	<u>459</u>	<u>544</u>
The number of directors for whom retirement benefits are accruing under money purchase pension schemes	No	No
	<u>1</u>	<u>1</u>
	£000	£000
Highest paid director	<u>289</u>	<u>294</u>

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9. Interest receivable and similar income

	2018 £'000	2017 £'000
Loans to group undertakings	<u>669</u>	<u>549</u>

10. Interest payable and similar expenses

	2018 £'000	2017 £'000
Loans from group undertakings	<u>308</u>	<u>82</u>

11. Taxation

	2018 £'000	2017 £'000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	<u>146</u>	<u>(138)</u>
Total current tax	<u>146</u>	<u>(138)</u>
Deferred tax		
Origination and reversal of timing differences	134	8
Adjustment in respect of prior periods	-	5
Effects of changes in tax rates	<u>(14)</u>	<u>(1)</u>
Total deferred tax	<u>(120)</u>	<u>12</u>
Tax on (loss)/profit	<u>(26)</u>	<u>(126)</u>

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11. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

Factors affecting tax charge for the year

	2018 £'000	2017 £'000
(Loss)/profit before tax	(2,665)	857
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	(506)	165
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55	2
Adjustments in respect of prior periods	(146)	(133)
Group relief	12	(159)
Effects of overseas tax rates	2	-
Tax Rate Changes	(14)	(1)
Non-qualifying depreciation	134	-
Deferred tax not provided	437	-
Total tax credit for the year	(26)	(126)

No deferred tax asset has been recognised on trading losses of £3,074k (2017: £Nil) due to the uncertainty over future utilisation of these losses.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

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12. Intangible fixed assets

	Patents £'000	Designs & drawings £'000	Trademarks £'000	Total £'000
Cost				
At 1 January 2018	-	-	-	-
Additions	3,367	3,479	22,233	29,079
At 31 December 2018	3,367	3,479	22,233	29,079
Amortisation				
At 1 January 2018	-	-	-	-
Charge for the year	82	174	556	812
At 31 December 2018	82	174	556	812
Net book value				
At 31 December 2018	3,285	3,305	21,677	28,267
At 31 December 2017	-	-	-	-

Intangible assets were acquired at valuation from another group company as part of a restructuring exercise.

13. Tangible fixed assets

	Assets in the course of construction £'000	Leasehold improvements £'000	Plant & machinery £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2018	-	-	-	-	-
Transfers from other Group undertakings	2,522	849	9,201	173	12,745
Additions	156	-	-	46	202
At 31 December 2018	2,678	849	9,201	219	12,947
Depreciation					
At 1 January 2018	-	-	-	-	-
Charge for the year	-	18	297	32	347
At 31 December 2018	-	18	297	32	347
Net book value					
At 31 December 2018	2,678	831	8,904	187	12,600
At 31 December 2017	-	-	-	-	-

Tangible assets were acquired at valuation from another group company as part of a restructuring exercise.

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14. Stocks

	2018 £'000	2017 £'000
Raw materials	4,025	-
Work in process	3,481	-
Finished goods	8,891	-
	<u>16,397</u>	<u>-</u>

15. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	11,147	5,353
Amounts owed by group undertakings	1,536	14,576
Other debtors	27	289
Prepayments and accrued income	645	247
Derivative financial assets (note 21)	70	-
Value added tax	2,405	-
Corporate income tax	338	200
Deferred taxation (note 17)	132	25
	<u>16,300</u>	<u>20,690</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	6,039	-
	<u>22,339</u>	<u>20,690</u>

Amounts owed by group undertakings are unsecured, payable on demand, and have interest rates of 3.25% to 7.5%

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16. Creditors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade creditors	5,914	5
Amounts owed to group undertakings	27,179	10,346
Deferred taxation	132	-
Taxation and social security	231	57
Accruals and deferred income	2,293	814
	<u>35,749</u>	<u>11,222</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	37,190	814
	<u>72,939</u>	<u>-</u>

Amounts owed by group undertakings are unsecured, payable on demand, and have interest rates of 3.25% to 7.5%

17. Deferred taxation

	Deferred tax £'000
At 1 January 2018	25
Charge to profit and loss account	(120)
Movement arising on transfer of trade	95
	<u>-</u>
At 31 December 2018	<u>-</u>

The deferred tax asset is made up as follows:

	2018 £'000	2017 £'000
Accelerated capital allowances	132	25
Losses	(132)	-
	<u>-</u>	<u>25</u>

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18. Share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
2,224,240 – Ordinary shares of £1 each	<u>2,224</u>	<u>2,224</u>

The Company has one class of ordinary shares which carry no right to fixed income.

19. Reserves

Share premium

The share premium account contains the amount received by the company for equity in excess of its market value.

Retained Earnings

The Retained Earnings account comprises of distributable reserves less any dividends paid.

20. Pension commitments

The company operates a defined contribution scheme. Contributions are charged to the Statement of Comprehensive Income in the year in which they become payable. The assets of the scheme are held separately from those of the company in funds under the control of trustees.

The pension charge for the year was £103,000 (2017: £31,000). The outstanding balance at year end was £29,000 (2017: £1,084).

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21. Derivative financial instruments

	Due within one year	
	2018 £'000	2017 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value		
Assets		
Forward foreign currency contracts	70	-

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2018 [rate]	2017 [rate]	2018 \$'000	2017 \$'000	2018 £'000	2017 £'000
Sell GBP						
Less than 1 year	1.3273	-	2,538	-	70	-
					70	-

Gains of £70k, (2017: gains of £Nil) were recognised in profit or loss.

22. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Land and buildings		
Not later than 1 year	462	757
Later than 1 year and not later than 5 years	1,848	4,183
Later than 5 years	820	6,600
Total	3,130	11,540
Other leases		
Not later than 1 year	75	77
Later than 1 year and not later than 5 years	24	81
Total	99	158
All leases		
Not later than 1 year	537	834
Later than 1 year and not later than 5 years	1,872	4,265
Later than 5 years	820	6,600
Total	3,229	11,698

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23. Ultimate parent company

The company is a wholly owned subsidiary of Werner Access Products UK Holdings Limited, a company registered in England and Wales.

The ultimate holding and controlling company of Werner UK Sales & Distribution Limited is Willa MidCo S.à r.l., a company registered in Luxembourg which is the smallest and largest group in which the results are consolidated.

The registered office for Willa MidCo S.à r.l. is 2C, rue Albert Borschette L-246 Luxembourg, Grand Duchy of Luxembourg. Copies of the consolidated statements are available through the following website www.rcsl.lu

24. Subsequent Events

There are no significant subsequent events.