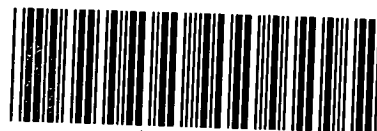


**HAAG STREIT UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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## **HAAG STREIT UK LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	D Johnson P Demarmels (appointed 1 March 2018) R Ott (appointed 1 March 2018)
<b>Company secretary</b>	S Jacobs
<b>Registered number</b>	02012269
<b>Registered office</b>	Edinburgh Way Harlow Essex CM20 2TT
<b>Independent auditors</b>	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU
<b>Solicitors</b>	Birketts LLP 22 Station Road Cambridge Cambridgeshire CB1 2JD

# **HAAG STREIT UK LIMITED**

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## HAAG STREIT UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

#### Introduction

The Company is principally engaged in the business of manufacturing, selling and distribution of ophthalmic products to healthcare establishments and professionals.

#### Business review

The Company has been successful in obtaining new business from both the public and private sectors, and is confident about its prospects for the future.

Ongoing cost saving initiatives, efficiency drives, along with focused sales and marketing strategies are helping to strengthen the foundations of the business by creating a strong platform for future growth. Investment in clinical training and technical knowhow will continue to be key activities for future years, benefiting both the organisation and the customer.

#### Principal risks and uncertainties

The main uncertainty for the business includes: - NHS public sector spending, increased regulatory affairs and compliance, currency exchange rates and post Brexit Britain – especially in relation to trade tariffs.

New product developments and capital investments come with a degree of risk.

#### Financial key performance indicators

The principle goal of the business is to maintain sustainable growth with maximum return whilst being committed to both moral and ethical business practices. These goals are to be achieved whilst delivering exceptional services to our customers, along with creating a friendly environment for our employees to work in.

The Company's key performance indicators principally include turnover and EBIT (earnings before interest and taxation).

	2018 £000's	2017 £000's
Turnover	10,537	10,852
EBIT	1,227	1,404 (restated)

Turnover decreased by 2.9% on 2017's results and was in-line with expectations for the year.

Costs continue to be monitored and controlled through the year, and performed in-line with Company expectations.

#### Brexit

There is an element of uncertainty surrounding Brexit and the UK's departure from the EU. Management has planned for the risks to the business relating to Brexit including the contingency plans depending on the outcome.

This Report was approved by the Board on *30TH SEPTEMBER 2019* and signed on its behalf.



**S Jacobs**  
Secretary

## **HAAG STREIT UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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

#### **Principal activity**

The principal activities for the Company are manufacturing, selling and distribution of ophthalmic products to healthcare establishments and professionals. There have been no significant changes in the Company's principal activities during the period under review.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,041,387 (2017 - £1,161,453 restated). The directors did not recommend the payment of a dividend (2017 - nil).

#### **Directors**

The directors who served during the year were:

W Inabnit (resigned 28 February 2018)  
D Johnson  
P Demarmels (appointed 1 March 2018)  
R Ott (appointed 1 March 2018)

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgements 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;
- 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 to 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.

#### **Disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**HAAG STREIT UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Going Concern**

The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the date of approval of the financial statements. The directors consider it appropriate to continue to use the going concern assumption on the basis that the company will have sufficient resources to enable it to meet its liabilities as they fall due.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Re-appointment of auditors**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as Auditors 28 days after these financial statements were sent to Members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier.

This Report was approved by the Board on 30TH SEPTEMBER 2019 and signed on its behalf.



**S Jacobs**  
Secretary

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAAG STREIT UK LIMITED**

### **Opinion**

We have audited the financial statements of Haag Streit UK Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### **Other information**

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAAG STREIT UK LIMITED (CONTINUED)**

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

We have nothing to report in this regard.

### **Opinion 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.

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

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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 2, 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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAAG STREIT UK LIMITED (CONTINUED)

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

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

*Ernst & Young LLP*

Mandip Dosanjh (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

400 Capability Green

Luton

Bedfordshire

LU1 3LU

Date: *30 September 2019*

**HAAG STREIT UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	As restated 2017 £
Turnover	4	10,537,184	10,851,807
Cost of sales		(6,803,708)	(7,115,315)
<b>GROSS PROFIT</b>		<b>3,733,476</b>	<b>3,736,492</b>
Administrative expenses		(2,506,629)	(2,332,075)
<b>OPERATING PROFIT</b>	5	<b>1,226,847</b>	<b>1,404,417</b>
Interest receivable and similar income	8	1,332	-
Interest payable and similar charges	9	(85,116)	(97,138)
<b>PROFIT BEFORE TAX</b>		<b>1,143,063</b>	<b>1,307,279</b>
Tax on profit	10	(101,676)	(145,826)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,041,387</b>	<b>1,161,453</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Actuarial (losses)/gains on defined benefit pension scheme	21	(132,000)	182,000
Movement of deferred tax relating to pension deficit	17	25,080	(34,580)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(106,920)</b>	<b>147,420</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>934,467</b>	<b>1,308,873</b>

The notes on pages 11 to 31 form part of these financial statements.

**HAAG STREIT UK LIMITED**  
**REGISTERED NUMBER: 02012269**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	As restated 2017 £
<b>FIXED ASSETS</b>			
Tangible assets	11	123,353	239,826
		<u>123,353</u>	<u>239,826</u>
<b>CURRENT ASSETS</b>			
Stocks	12	3,009,485	2,392,479
Debtors: amounts falling due after more than one year	13	508,820	562,400
Debtors: amounts falling due within one year	13	4,458,444	4,884,478
Cash at bank and in hand	14	3,304,706	2,574,180
		<u>11,281,455</u>	<u>10,413,537</u>
Creditors: amounts falling due within one year	15	(1,040,843)	(929,365)
<b>NET CURRENT ASSETS</b>		<u>10,240,612</u>	<u>9,484,172</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,363,965</u>	<u>9,723,998</u>
Creditors: amounts falling due after more than one year	16	(51,250)	(63,750)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	18	(275,000)	(275,000)
		<u>(275,000)</u>	<u>(275,000)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>10,037,715</u>	<u>9,385,248</u>
Pension liability	21	(2,678,000)	(2,960,000)
<b>NET ASSETS</b>		<u><u>7,359,715</u></u>	<u><u>6,425,248</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,000	1,000
Profit and loss account		7,358,715	6,424,248
		<u><u>7,359,715</u></u>	<u><u>6,425,248</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on

  
D. Johnson  
Director

30<sup>th</sup> Sep 2019

The notes on pages 11 to 31 form part of these financial statements.

# HAAG STREIT UK LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018 (restated)	1,000	6,424,248	6,425,248
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	1,041,387	1,041,387
Actuarial losses on defined benefit pension scheme	-	(132,000)	(132,000)
Movement of deferred tax relating to pension deficit	-	25,080	25,080
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	(106,920)	(106,920)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	934,467	934,467
<b>AT 31 DECEMBER 2018</b>	1,000	7,358,715	7,359,715

The notes on pages 11 to 31 form part of these financial statements.

# HAAG STREIT UK LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017 (as previously stated)	1,000	7,766,505	7,767,505
Prior year adjustment (as explained in Note 2)	-	(2,651,130)	(2,651,130)
At 1 January 2017 (as restated)	<u>1,000</u>	<u>5,115,375</u>	<u>5,116,375</u>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year (restated)	-	1,161,453	1,161,453
Prior year adjustment - Actuarial gains on defined benefit pension scheme (as explained in Note 2)	-	182,000	182,000
Prior year adjustment - Deferred tax (as explained in Note 2)	-	(34,580)	(34,580)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR (restated)</b>	<u>-</u>	<u>147,420</u>	<u>147,420</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (restated)</b>	<u>-</u>	<u>1,308,873</u>	<u>1,308,873</u>
<b>AT 31 DECEMBER 2017 (restated)</b>	<u><u>1,000</u></u>	<u><u>6,424,248</u></u>	<u><u>6,425,248</u></u>

The notes on pages 11 to 31 form part of these financial statements.

## **HAAG STREIT UK LIMITED**

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

#### **1. General information**

The Company is a private company limited by shares and is incorporated in England. The address of its Registered office is Edinburgh Way, Harlow, Essex, CM20 2TT.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £.

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).

The following principal accounting policies have been applied:

##### **2.2 Exemptions for qualifying entities under FRS 102**

The Company has taken advantage of the following exemptions under the provisions of FRS 102:

- (i) The requirements of Section 11 paragraphs 11.39 to 11.48(a) and Section 12 paragraphs 12.26 to 12.29A, regarding disclosures for financial liabilities and assets, as the equivalent disclosures required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated.
- (ii) The company has taken advantage of the exemption available under FRS 102 33.1A not to present disclosures of transactions entered into between two or more members of a group.
- (iii) The company has taken advantage of the exemption available in FRS 102 not to prepare a cashflow statement on the grounds that the company meets with the definition of a qualifying entity.

##### **2.3 Going concern**

The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the date of approval of the financial statements. The directors consider it appropriate to continue to use the going concern assumption on the basis that the company will have sufficient resources to enable it to meet its liabilities as they fall due.

## HAAG STREIT UK LIMITED

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

#### 2. Accounting policies (continued)

##### 2.4 Prior year adjustment

In preparing the financial statements for the year ended 31 December 2018, management have reviewed the accounting policy in relation to the Clement Clarke Holdings (1990) Pension Scheme to recognise the company's share of the scheme's assets and liabilities on the balance sheet. Previously the scheme had been accounted for as a defined contribution scheme. Accordingly, net assets at 1 January 2017 and 31 December 2017 have been restated by decreasing the profit and loss reserve by £2,651,130 and £2,397,600 respectively. A defined benefit scheme liability of £3,273,000 and £2,960,000 has been recognised at 1 January 2017 and 31 December 2017 with a corresponding deferred tax asset of £621,870 and £562,400.

Gains relating to pension scheme movements of (£106,920) and £147,420 have been recognised in the Income statement and the statement of comprehensive income, respectively, for the year ended 31 December 2017.

##### 2.5 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the lease term.

##### 2.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

## HAAG STREIT UK LIMITED

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

#### 2. Accounting policies (continued)

##### 2.8 Interest income

Interest income is recognised in the Income statement using the effective interest method.

##### 2.9 Finance costs

Finance costs are charged to the Income statement 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.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge 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.

##### 2.11 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.

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.

Depreciation is provided on the following basis:

Plant and machinery	2 - 5 years straight line basis
---------------------	---------------------------------

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 in the Income statement.



## **HAAG STREIT UK LIMITED**

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

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

##### **2.12 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 includes all direct costs and an appropriate proportion of labour and attributable overheads.

At each reporting 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 the Income statement.

##### **2.13 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.

##### **2.14 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments and are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.15 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.

## **HAAG STREIT UK LIMITED**

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

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

##### **2.16 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

##### **2.17 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is Pounds Sterling.

###### **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 Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

## HAAG STREIT UK LIMITED

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

#### 2. Accounting policies (continued)

##### 2.18 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 payments obligations.

The contributions are recognised as an expense in the Income statement 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.

###### Defined benefit pension plan

The Company participates in a group defined benefit pension scheme called the Clement Clarke (Holdings) (1990) pension scheme providing benefits based on the final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested in managed funds.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in pounds sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains and losses on defined benefit scheme'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

The scheme has been closed to new members and frozen to existing members for a number of years. The Group will continue to make payments into the scheme to meet the liability disclosed in note 21 below.

During the year the Directors changed the accounting policy to recognise the Company's share of the Scheme's assets and liabilities. Previously the Company had accounted for the Scheme as a defined contribution scheme. As a result, the net assets of the Company as at 1 January 2017 have been restated in the financial statements, decreasing by £2,651,130, being the Company's share of the Scheme's net liability position, net of a deferred tax asset. Further detail is provided in Note 2.4 and Note 21.

## **HAAG STREIT UK LIMITED**

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

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

##### **2.19 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 Income statement 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 set off against to the provision carried in the Balance Sheet.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the period end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 21.

##### **Taxation**

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

##### **Dilapidation provisioning**

The directors make an estimate of the amount payable on exit of lease premises based on detailed information provided by experts.

# HAAG STREIT UK LIMITED

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

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Products	9,369,739	9,543,141
Services	1,167,445	1,308,666
	<u>10,537,184</u>	<u>10,851,807</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	7,718,798	7,961,476
Rest of Europe	1,930,192	1,947,413
Rest of the World	888,194	942,918
	<u>10,537,184</u>	<u>10,851,807</u>

### 5. Operating profit

The operating profit is stated after crediting/charging:

	2018 £	2017 £
Exchange differences	(7,526)	(33,066)
Other operating lease rentals	124,945	123,915
Depreciation of tangible fixed assets	116,473	88,802
Auditors' remuneration	20,500	9,500
Land and building operating lease rentals	368,333	331,000
	<u>511,699</u>	<u>499,151</u>

No amounts were paid to the Company's auditor for non-audit services during the year (2017: NIL).

# HAAG STREIT UK LIMITED

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

### 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	As restated 2017 £
Wages and salaries	1,554,366	1,630,807
Social security costs	192,277	195,689
Cost of defined benefit scheme	(163,000)	-
Cost of defined contribution scheme	109,507	113,240
	<u>1,693,150</u>	<u>1,939,736</u>

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

	2018 No.	2017 No.
Production	11	12
Sales	30	31
Administration	1	1
	<u>42</u>	<u>44</u>

### 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	129,259	127,314
Company contributions to defined contribution pension schemes	9,325	8,805
	<u>138,584</u>	<u>136,119</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

# HAAG STREIT UK LIMITED

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

### 8. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	1,332	-

### 9. Interest payable and similar charges

	2018 £	2017 £
Other loan interest payable	-	47
Loans from group undertakings	7,116	5,091
Net interest expense on defined benefit liability	78,000	92,000
	85,116	97,138

### 10. Taxation

	2018 £	As restated 2017 £
<b>Current tax</b>		
Current tax on profits for the year	23,016	120,936
<b>Total current tax</b>	23,016	120,936
Origination and reversal of timing differences (Note 17)	78,660	24,890
<b>Total deferred tax</b>	78,660	24,890
<b>Taxation on profit on ordinary activities</b>	101,676	145,826

# HAAG STREIT UK LIMITED

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

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	As restated 2017 £
Profit on ordinary activities before tax	1,143,063	1,307,279
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	217,182	251,651
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(16,087)	(24,934)
Capital allowances for year in excess of depreciation	20,162	3,267
Non-taxable income	(62,510)	-
Other differences leading to an increase (decrease) in the tax charge	888	(349)
Group relief	(136,619)	(108,699)
Pension adjustment (Note 17)	78,660	24,890
<b>Total tax charge for the year</b>	<b>101,676</b>	<b>145,826</b>



**HAAG STREIT UK LIMITED**

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

**11. Tangible assets**

	Plant and machinery £
<b>Cost</b>	
At 1 January 2018	840,427
At 31 December 2018	<u>840,427</u>
<b>Depreciation</b>	
At 1 January 2018	600,601
Charge for the year on owned assets	116,473
At 31 December 2018	<u>717,074</u>
<b>Net book value</b>	
At 31 December 2018	<u>123,353</u>
At 31 December 2017	<u>239,826</u>

**12. Stocks**

	2018 £	2017 £
Raw materials and consumables	1,095,663	1,011,329
Work in progress	77,177	12,690
Finished goods and goods for resale	1,836,645	1,368,460
	<u>3,009,485</u>	<u>2,392,479</u>

Stock recognised in cost of sales during the year as an expense was £5,493,909 (2017 - £5,515,656)

HAAG STREIT UK LIMITED

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

13. Debtors

	2018 £	As restated 2017 £
<b>Due after more than one year</b>		
Deferred tax asset (Note 17)	508,820	562,400
	<u>508,820</u>	<u>562,400</u>
	2018 £	2017 £
<b>Due within one year</b>		
Trade debtors	1,070,178	1,301,059
Amounts owed by group undertakings	3,067,006	3,432,848
Other debtors	255,775	105,199
Prepayments and accrued income	65,485	45,372
	<u>4,458,444</u>	<u>4,884,478</u>

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,304,706	2,574,180
	<u>3,304,706</u>	<u>2,574,180</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	206,361	332,280
Amounts owed to group undertakings	507,846	329,277
Corporation tax	23,016	-
Other taxation and social security	51,070	95,104
Other creditors	31,845	28,263
Accruals and deferred income	220,705	144,441
	<u>1,040,843</u>	<u>929,365</u>

**HAAG STREIT UK LIMITED**

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

**16. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Other creditors	51,250	63,750
	<u>51,250</u>	<u>63,750</u>

**17. Deferred taxation**

	2018 £	As restated 2017 £
At beginning of year	562,400	621,870
Charged to profit or loss	(78,660)	(24,890)
Charged to other comprehensive income	25,080	(34,580)
<b>At end of year</b>	<u>508,820</u>	<u>562,400</u>

The deferred tax asset is made up as follows:

	2018 £	As restated 2017 £
Pension surplus	508,820	562,400
	<u>508,820</u>	<u>562,400</u>

**18. Provisions**

	Dilapidations provision £
At 1 January 2018	275,000
<b>At 31 December 2018</b>	<u>275,000</u>

Upon expiration of the lease, the company has a contractual obligation to return the property back to the landlord in the same state of repair as when the lease began. Therefore, a dilapidations provision has been established. It is expected to be utilised within 5 years.

# HAAG STREIT UK LIMITED

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

### 19. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,000 (2017 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

### 20. Contingent and commitments

The Company has entered into a cross guarantee with its immediate Parent Company and fellow subsidiaries. Under the terms of the agreement and the guarantees, the bank is authorised to allow set-off for interest purposes and in certain circumstances to seize credit balances and apply them in reduction of liabilities including debtor balances.

At 31 December 2018 these undertaking had an aggregate overdraft balance of £NIL (2017 - £1,632,237).

#### Deferred duty bond:

The Company has deposited with it's bankers a £100,000 bond in favour of HM Revenue and Customs as guarantee of deferred duty.

## HAAG STREIT UK LIMITED

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

#### 21. Pension

The Company operates a Defined Benefit Pension Scheme.

The Clement Clarke (Holdings) 1990 Pension Scheme (the "Scheme") was established on 1 April 1990. It is a final salary defined benefit pension scheme that provides benefits to all qualifying employees. The Scheme was closed to the future accrual of benefits on 30 November 2009.

The Principal Employer is Clement Clarke International Ltd. There are three other Participating Employers, they are John Weiss & Son Ltd, Clement Clarke International Ltd and Clement Clarke Holdings Ltd.

The Scheme is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation. It is contracted-in to the state Earnings Related Pension Scheme (SERP) and the Second State Pension (S2P).

A trustee body, the Clement Clarke Pension Trustees Ltd has been established and is responsible for the operation and governance of the Scheme, including decisions regarding the Scheme's funding and investment strategy in conjunction with the principal and participating employers.

The most recent formal actuarial valuation of the Scheme was carried out as at 31 March 2017, by Broadstone, independent qualified actuaries. Under the Schedule of Contributions agreed as part of this valuation, it was agreed that the principal and participating employers would pay £1,100,000 per annum (increasing on 1 January by 3.5% each year) into the Scheme between 1 July 2018 and 31 March 2029.

The liabilities at the reporting date are based on an approximate update of the 31 March 2017 actuarial valuation rather than a full scheme valuation at the reporting date. The 31 March 2017 actuarial valuation liabilities have been updated to allow for the passage of time, cashflows paid into and out of the Scheme and changes to the actuarial assumptions. Such an approach is normal for the purposes of pension scheme accounting.

HAAG STREIT UK LIMITED

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

21. Pension (continued)

	2018 £	As restated 2017 £
<b>Reconciliation of present value of plan liabilities:</b>		
At the beginning of the year	7,395,000	7,268,000
Interest cost	204,000	208,000
Actuarial (gains)/losses	(204,000)	93,000
Benefits paid	(197,000)	(174,000)
Past service cost	(163,000)	-
<b>At the end of the year</b>	<b>7,035,000</b>	<b>7,395,000</b>

Reconciliation of present value of plan assets:

	2018 £	As restated 2017 £
At the beginning of the year	4,435,000	3,995,000
Interest income	126,000	116,000
Contributions	329,000	223,000
Benefits paid	(197,000)	(174,000)
Return on plan assets excluding interest income (loss)/gains	(336,000)	275,000
<b>At the end of the year</b>	<b>4,357,000</b>	<b>4,435,000</b>

Composition of plan assets:

	2018 £	As restated 2017 £
Multi-asset funds	2,608,000	2,476,000
Corporate bonds	885,000	872,000
Cash	97,000	252,000
LDI funds	767,000	835,000
<b>Total plan assets</b>	<b>4,357,000</b>	<b>4,435,000</b>

HAAG STREIT UK LIMITED

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

21. Pension (continued)

	2018 £	As restated 2017 £
Fair value of plan assets	4,357,000	4,435,000
Present value of plan liabilities	(7,035,000)	(7,395,000)
<b>Net pension scheme liability</b>	<b>(2,678,000)</b>	<b>(2,960,000)</b>

The amounts recognised in profit or loss are as follows:

	2018 £	As restated 2017 £
Past service cost	(163,000)	-
Net interest cost	78,000	92,000
<b>Total</b>	<b>(85,000)</b>	<b>92,000</b>

The Company expects to contribute £329,000 to its Defined Benefit Pension Scheme in 2019.

The amounts recognised in Other Comprehensive Income are as follows:

	2018 £	2017 £
<b>Analysis of actuarial loss recognised in Other Comprehensive Income</b>		
Actuarial gains / (losses) on plan liabilities	204,000	(93,000)
(Losses) / gain on plan assets	(336,000)	275,000
	<b>(132,000)</b>	<b>182,000</b>

# HAAG STREIT UK LIMITED

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

### 21. Pension (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	2.9	2.8
RPI inflation rate	3.1	3.3
Future increases to pensions in payment - pre April '90	5	5
Future increases to pensions in payment - April '90 to April '97	3	3
Future increases to pensions in payment - post April '97	3.4	3.7

#### Mortality rates

	S2PXACMI_2017	S2PXACMI_2016
Mortality (pre and post retirement)	1.25%	1.25%
	2018	2017
Life expectancies from age 65:		
- Male currently aged 65	22	22.2
- Female currently aged 65	23.9	24
- Male currently aged 45	23.4	23.6
- Female currently aged 45	25.4	25.6

At the end of the year the Company had £15,868 (2017 - £13,207) outstanding to the pension schemes.



# HAAG STREIT UK LIMITED

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

### 22. Commitments under operating leases

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

	2018 £	2017 £
<b>Land and buildings</b>		
Not later than 1 year	395,000	331,000
Later than 1 year and not later than 5 years	1,349,493	1,130,917
	<u>1,744,493</u>	<u>1,461,917</u>
	2018 £	2017 £
<b>Other</b>		
Not later than 1 year	121,772	168,292
Later than 1 year and not later than 5 years	97,552	111,405
	<u>219,324</u>	<u>279,697</u>

### 23. Related party transactions

Sales and purchases from related parties were undertaken in the normal course of business with outstanding balances repayable on normal commercial terms. The Company has taken advantage of the exemption under FRS 102 (Section 33.1A) not to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The controlling party and ultimate controlling party are disclosed in note 24.

	Emoluments £
<b>2018</b>	
Transactions with key management personnel	<u>154,588</u>
	Emoluments £
<b>2017</b>	
Transactions with key management personnel	<u>151,197</u>

**HAAG STREIT UK LIMITED**

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

**24. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Clement Clarke Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Metall Zug Plc, a company incorporated in Switzerland.

Metall Zug Plc is the parent undertaking of the largest and smallest group undertaking for which group financial statements are drawn up and of which the company is a member.

Copies of the consolidated financial statements for Metall Zug Plc may be obtained from the Secretary, Metall Zug Plc, Industriestrasse 66, 6302 Zug, Switzerland.