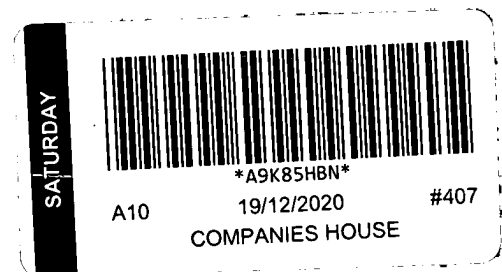


Registered number: 03984537

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

**Annual report and financial statements
for the year ended 31 December 2019**



Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Company information

Directors	Dr A Angerer M Dore
Registered number	03984537
Registered office	Pontardawe Industrial Estate Pontardawe Swansea Wales SA8 4EP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

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Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Strategic report for the year ended 31 December 2019

The directors present their Strategic report on the company for the year ended 31 December 2019.

Business review and future developments

The company's principal activity during the year ended 31 December 2019 was the manufacture and sale of metal pressings and fastener products.

Turnover for the financial year ended 31 December 2019 was £5,760,000 (2018: £6,712,000). The profit before taxation was £122,000 (2018: £484,000).

As at 31 December 2019 the company held net assets of £9,492,000 (2018: £9,375,000).

The company will continue to trade in its existing markets and will look for, and take advantage of the correct opportunities to increase turnover and profitability.

Post balance sheet events

As of December 2019, the first Coronavirus ("COVID-19") outbreak was reported and on 30 January 2020, the World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern. The nature of the event has resulted in global economic impacts, including within the automotive industry.

For the company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The company temporarily ceased production in April 2020 for a period of 2 months to mitigate the impact of customers also temporarily ceasing production as a result of COVID-19. During this time the majority of staff were placed on furlough, as part of the government job retention scheme. The Xandor Group plastics division also reviewed its liquidity in significant depth and was successful on raising funding and has adequate funding to support the group companies.

Following resumed production, cost reduction plans are being implemented to further improve the cost basis of the company. The company has also implemented the necessary protocols for the workplace to become COVID safe, including one-way systems, PPE where required and social distancing. A decrease in sales volume has been experienced in the first half of 2020, but is expected to increase by the end of 2020 as the automotive market starts to recover from the pandemic. The directors will continue to monitor the impact of COVID-19 on the activities of the company.

On 31 January 2020, Xandor Automotive GmbH, a company fully owned by Quantum Capital Partners, acquired 100% of the shares of Xandor Automotive AB (formerly Rosti Automotive AB) from Nordstjernan Investment AB.

On 29 May 2020, Rosti Automotive Canning Brett Ltd changed its name to Xandor Automotive Canning Brett Ltd.

Financial key performance indicators

The key performance indicators (KPI's) for the company are in line with the KPI's of the ultimate parent undertaking and include turnover growth, operating margin growth and the conversion of operating profits into cash. These are monitored by monthly reporting to the ultimate parent undertaking.

Turnover decreased by 14% over 2019 to £5,760,000 (2018: £6,712,000). The decrease in turnover is attributed to the slowdown of the automotive sector globally and in particular in the UK.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Strategic report (continued) for the year ended 31 December 2019

Financial risk management objectives and policies

The activities of the company expose it to a number of financial risks, which it seeks to mitigate, including liquidity risk.

Liquidity risk: In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses short term debt from bank overdraft facilities, group undertakings and manages cash generation through its operations and applying cash collection targets.

Credit risk: The company's principal credit risk arises from the company's trade debtors. Credit limits are monitored but the perceived risks are low. The company also utilised a receivables purchase agreement during the year.

Raw material prices: The earning capacity of the company is affected by deviations in raw material prices. The company has a good level of expertise in steel and aluminium purchasing and major contracts with customers include clauses to enable the company to pass on increases in cost of raw materials to the customer.

Currency exposure: The company makes sales and purchases in foreign currencies. Transactions are translated at prevailing rates at the end of each month and any required adjustments made during that month.

Principal risks and uncertainties

Management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to raw material prices, currency exposure, customer retention and fulfilment risk and impact of Brexit.

- **Customer retention and fulfilment risk:** The company has contracts with key customers. The loss of a contract with a key customer could significantly impact the company's revenue. The company closely monitors its key customers and continually seeks new ways to enhance the commercial relationship while investing in people and fixed assets to meet its customers' needs. The company also continues to seek new customers.
- **Brexit:** Following the Brexit extension, the UK left the EU on 31 January 2020 and is now in a transition period until the end of 2020 while the UK and EU negotiate additional arrangements. Whilst we are awaiting further clarity from the government regarding exit terms, the business has undertaken a number of reviews and is well placed to withstand and limit any negative impacts that may occur.
- **Global reduction in volumes in the Automotive industry:** the reduction in Europe for the total number of units produced seen in 2019 may continue. The continued uncertainty over Brexit and the slow transformation of power units have consumers in a holding position.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Strategic report (continued) for the year ended 31 December 2019

Section 172 (1) Statement

During 2019 the company formed part of the Rosti Automotive Group, a leading Tier 1 supplier to the automotive industry. The Rosti Automotive Group manufacture plastic injection moulded components and other parts, including metal fastenings for premium light vehicles.

At the start of 2020 the Rosti Automotive Group became part of the Xandor Automotive Group and now forms the plastics division. The Xandor Automotive plastics division continues to manufacture high quality plastic injection moulded and other parts.

The group companies work closely with customers, suppliers, employees and the wider society to ensure that issues are considered and that the companies acts fairly to all stakeholders.

The strategic management and decisions that impact the group companies long term on a material basis is undertaken by the management team, which comprises of the directors of the companies and other members of the senior team. The directors' primary focus is to create long term value for the shareholder, whilst also ensuring fair treatment of all stakeholders.

During 2019 the group companies have experienced the impact of the slowdown of the automotive market. The management team have ensured continuous engagement with customers, supplier and employees and developed business plans to ensure the continued success of the companies. The group companies are well placed to withstand future changes in the automotive sector, including investment made into vehicle electrification.

Employee Engagement

The group is committed to the creation of a highly effective workforce. Our beliefs centre on Effective Colleagues being Engaged, Enabled and Empowered (the 4 E's). Engaged employees are more loyal, more productive, and more likely to contribute their ideas to improve our business. Engagement is founded on trust. All colleagues must believe in the integrity of leaders and believe that they are trusted by them. Understanding creates an alignment between the colleague and the business objectives.

All leaders within our business are developed and coached in how to develop a participative leadership style, creating high performance teams, focusing on personal development and offering support where required. Key are the inclusion of modules on Health, Safety and Environment and Corporate Social Responsibility.

Mutual trust also drives empowerment. Leaders trust their colleagues to do the right thing and colleagues recognise this trust and freedom to act. In 2019, our senior team celebrated colleagues who had excelled in this regard in a high profile event.

Similarly, we invest extensively in education and skills training to enable colleagues, giving them a comprehensive understanding of their roles. This is supported by internal communications including weekly newsletters, team briefs, tool box talks, kaizen activities, among others to maximise understanding of the wider workplace.

Each plant has a consultation forum consisting of colleague representatives, managers and chaired by the Managing Director. This two way forum allows two way discussions on key business issues and colleague concerns or questions. Notes from these meetings are circulated widely.

Each year a professional independent opinion survey is conducted to measure our progress and the most recent survey conducted in December 2019 demonstrated significant improvements in a challenging business environment. These employee opinion surveys also give us the opportunity to identify opportunities for further improvements. Tools such as confidential whistleblower processes exist so cultural and other concerns can be confidentially raised.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Strategic report (continued) for the year ended 31 December 2019

Section 172 (1) Statement (continued)

Customer and Supplier Engagement

Our relationship with our customers is one of the key areas to the long term success of our business. The group operates a central sales team covering all of the group companies who are in constant contact with our customers ensuring a transparent relationship. This creates an open forum where issues can be discussed in a timely manner and we can ensure the needs of our customers are met. Escalation processes are in place with our customers so that issues can be directed accordingly and resolved quickly. These escalation processes cover a number of areas including the buyers purchasing team and also the finance team.

In addition to the strong customer relationships held with our sales team, our other departments have direct contact with the customer's respective departments, including programme managers, engineers and design teams. We aim to manufacture and supply high quality parts and work with our customers to develop and improve processes.

The group also operates a central purchasing team who regularly liaise with all suppliers (regardless of size) for all of the group companies to ensure that any issues are addressed and adequate actions put in place where required. Our relationship with suppliers is also on a two way basis and suppliers feel comfortable contacting us with any issues they have. We have internal and external escalation procedures in place which ensures that any repeat issues are dealt with as priority. We strive to maintain strong relationships with our suppliers.

Other Stakeholder Engagement

The management team ensures that all regulatory obligations are met, including environmental and tax reporting requirements.

The relationship with banking institutions, HMRC and insurers is managed by the group finance team. The relationships are maintained with regular discussions and feedback to ensure that the right facilities are in place to support the business.

As a manufacturing operation the companies in the group work with local communities and the Environment Agency to ensure that we are not causing disruption or other issues to our surrounding area. The companies operate as responsible members in the community and work to reduce any adverse impacts, such as noise. The companies regularly undertake projects to support local areas. These include litter picking, food bank collections and charity fundraising activities. The group companies also work hard to ensure that the companies operate with limited environmental impact. The group companies continuously work to reduce scrap materials and recycle waste where possible.

Acting fairly between members

The UK group companies, including this company, are 100% owned by one member, Xandor Automotive AB (formerly Rosti Automotive AB). This company is in turn 100% owned by Xandor Automotive GmbH. There has been no conflict between the interests of members.

This report was approved by the board on 17th December 2020 and signed on its behalf by:



**M Dore
Director**

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

On 29 May 2020, Rosti Automotive Canning Brett Ltd changed its name to Xandor Automotive Canning Brett Ltd.

Business review, future developments and financial risk management

The business review, future developments and financial risk management disclosures can be found in the Strategic report on pages 1 to 4.

Results and dividends

The profit for the year, after taxation, amounted to £117,000 (2018: £533,000).

The directors do not recommend a dividend is paid in respect of the year 31 December 2019 (2018: £Nil).

Going concern

At 31 December 2019 the company has net current assets amounting to £8,161,000 (2018: £8,081,000). These financial statements have been prepared on a going concern basis. In determining the going concern of the company the directors have reviewed the company's current and forecast profitability, performed stress testing over the forecasts and included the impact of the COVID-19 pandemic and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company meets its day-to-day working capital requirements through access to funds as part of a cash pooling arrangement with four other Xandor Automotive UK based companies, all of which share the same management team. The company and its fellow subsidiaries within the cash pool are dependent on the cash pooling arrangements for access to the cash flows necessary for the day-to-day running of each company and to support the going concern assertion. The company has received confirmation from the other Xandor Automotive UK based companies that they will not withdraw the facility in the foreseeable future. The company is sufficiently capitalised with sufficient liquidity and financial resources to support and sustain operations and meet its obligations as and when they fall due for at least the next 12 months, from the date of issue of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

In addition, the company's immediate parent undertaking, Xandor Automotive AB (formerly Rosti Automotive AB), have provided a letter of support to confirm their intention to provide support for the company for at least 12 months from the date of signing the financial statements.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

Dr A Angerer (appointed 9 November 2020)
M Dore (appointed 31 January 2020)
S Korponai (resigned 31 January 2020)
J Magnusson (resigned 9 November 2020)

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Directors' report (continued) for the year ended 31 December 2019

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the ultimate parent undertaking throughout the financial year end up to the date of signing these financial statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

**Directors' report (continued)
for the year ended 31 December 2019**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17th December 2020 and signed on its behalf by:



**M Dore
Director**

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Independent auditors' report to the members of Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Report on the audit of the financial statements

Opinion

In our opinion, Xandor Automotive Canning Brett Ltd's (formerly Rosti Automotive Canning Brett Ltd's) financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Independent auditors' report to the members of Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd) (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Independent auditors' report to the members of Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd) (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
17 December 2020

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

**Profit and loss account
for the year ended 31 December 2019**

	Note	2019 £000	2018 £000
Turnover	5	5,760	6,712
Cost of sales		(4,607)	(5,376)
Gross profit		1,153	1,336
Distribution costs		(87)	(81)
Administrative expenses		(974)	(803)
Operating profit	6	92	452
Interest receivable and similar income	10	40	32
Interest payable and similar expenses	11	(10)	-
Profit before tax		122	484
Tax (charge)/credit on profit	12	(5)	49
Profit for the financial year		117	533

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account. Therefore no separate statement of total comprehensive income has been presented.

The notes on pages 14 to 27 form part of these financial statements.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Registered number:03984537

**Balance sheet
as at 31 December 2019**

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	13		1,331		1,294
			1,331		1,294
Current assets					
Stocks	14	359		379	
Debtors: Amounts falling due after more than one year	15	27		32	
Debtors: Amounts falling due within one year	15	939		999	
Cash at bank and in hand		7,977		7,748	
		9,302		9,158	
Creditors: Amounts falling due within one year	16	(1,141)		(1,077)	
Net current assets			8,161		8,081
Total assets less current liabilities			9,492		9,375
Net assets			9,492		9,375
Capital and reserves					
Called up share capital	18		10		10
Share premium account			4,990		4,990
Retained earnings			4,492		4,375
Total equity			9,492		9,375

The notes on pages 14 to 27 form part of these financial statements.

The financial statements on pages 11 to 27 were approved and authorised for issue by the board on 17th December 2020 by:

M Dore
Director 

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

**Statement of changes in equity
for the year ended 31 December 2019**

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 January 2018	10	4,990	3,842	8,842
Profit for the financial year	-	-	533	533
At 1 January 2019	10	4,990	4,375	9,375
Profit for the financial year	-	-	117	117
At 31 December 2019	10	4,990	4,492	9,492

The notes on pages 14 to 27 form part of these financial statements.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

1. General information

The principal activity of Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd) ('the company') is the manufacture and sale of metal pressings and fastener products.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Pontardawe Industrial Estate, Pontardawe, Swansea, Wales, SA8 4EP.

2. Statement of compliance

The individual financial statements of Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions in its financial statements:

- from preparing a statement of cash flows;
- from preparing certain financial instruments required under Section 11 and 12 of FRS 102;
- from disclosure of key management compensation in total; and
- from disclosing transactions that are wholly owned within the same group.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and Nordstjernan AB, the smallest and largest group in which the results of the company consolidates, includes necessary disclosures in its consolidated financial statements, which are publicly available.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

3. Summary of significant accounting policies (continued)

3.2 Going concern

At 31 December 2019 the company has net current assets amounting to £8,161,000 (2018: £8,081,000). These financial statements have been prepared on a going concern basis. In determining the going concern of the company the directors have reviewed the company's current and forecast profitability, performed stress testing over the forecasts and included the impact of the COVID-19 pandemic and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company meets its day-to-day working capital requirements through access to funds as part of a cash pooling arrangement with four other Xandor Automotive UK based companies, all of which share the same management team. The company and its fellow subsidiaries within the cash pool are dependent on the cash pooling arrangements for access to the cash flows necessary for the day-to-day running of each company and to support the going concern assertion. The company has received confirmation from the other Xandor Automotive UK based companies that they will not withdraw the facility in the foreseeable future. The company is sufficiently capitalised with sufficient liquidity and financial resources to support and sustain operations and meet its obligations as and when they fall due for at least the next 12 months, from the date of issue of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

In addition, the company's immediate parent undertaking, Xandor Automotive AB (formerly Rosti Automotive AB), have provided a letter of support to confirm their intention to provide support for the company for at least 12 months from the date of signing the financial statements.

3.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of value added taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods.

The company's principal activity requires the management of manufacture and installation of tooling to be used in the production process. Such tools will normally be paid for by the customer prior to commencement of production. It is the responsibility of the company to source and put into use the required tool. Tooling revenue is recognised on the tool once all expected costs are received, revenue is invoiced, and the customer has passed quality approval on the tool. Sales invoiced prior to the point of sale are treated as deferred income and held on the balance sheet. Costs incurred prior to the point of sale are treated as prepayments and held on the balance sheet.

3.4 Research and development costs

Development costs are incurred in the form of employment costs and specific outsource costs associated with tooling projects. These are expensed as incurred.

3.5 Operating leases

Rentals paid under leases in which the risks and rewards of ownership are not transferred to the company (operating leases) are charged against income on a straight-line basis over the lease term.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

3. Summary of significant accounting policies (continued)

3.6 Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

3.7 Defined contribution pension plans

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme for the year.

3.8 Interest receivable and similar income

Interest receivable is recognised in the profit and loss account using the effective interest method.

3.9 Interest payable and similar expenses

Interest payable is charged to the profit and loss account 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 instrument.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

3. Summary of significant accounting policies (continued)

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years and tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply the reversal of the timing difference.

3.11 Tangible assets

Tangible assets are recognised at cost and subsequently stated at cost less accumulated depreciation and provision for impairment.

Depreciation is not provided on freehold land.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset (except for freehold land and assets under the course of construction) on a straight-line basis over its expected useful life, as follows:

Freehold buildings – 25 years
Plant and equipment – Between 3 and 12 years

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

3. Summary of significant accounting policies (continued)

3.12 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

3.13 Financial instruments

(i) Financial assets

The company's financial assets comprise trade debtors, amounts owed by group undertakings and other debtors which are shown in note 15, and cash which is shown in the balance sheet. Management determines the classification of its financial assets at initial recognition.

These financial assets are recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the end of the reporting period. These are classified as non current assets.

Cash at bank and in hand comprise deposits of cash held in bank accounts.

(ii) Financial liabilities

The company's financial liabilities comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, taxation and social security and other creditors, which are shown in note 16, and in the balance sheet. Management determines the classification of its financial liabilities at initial recognition.

The company's financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually and impairment reviews are completed where there are indicators for impairment in line with FRS 102. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of tangible assets.

(ii) Impairment of stocks

The company is a manufacturing company. As a result it is necessary to consider the recoverability of the cost of stocks and the associated provisioning required. When calculating the stocks provision, management considers the nature and condition of stocks, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the stocks and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

5. Turnover

An analysis of turnover by geographical market is given below:

	2019	2018
	£000	£000
United Kingdom	4,345	5,807
Rest of Europe	1,293	905
Rest of the World	122	-
	5,760	6,712

The total turnover of the company for the current and previous financial year has been derived from automotive sales.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

6. Operating profit

The operating profit is stated after charging/(crediting):

	2019	2018
	£000	£000
Depreciation of tangible assets	191	93
Difference on foreign exchange	75	(8)
Operating lease rentals	30	34
Value of stock expensed	2,816	3,446
	=====	=====

7. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to company's auditors for the audit of the company's financial statements	37	35
Taxation compliance services	5	5
All other services	8	8
	=====	=====
	50	48

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

8. Employees

Staff costs, including directors remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	1,243	1,360
Social security costs	123	124
Other pension costs (see note 19)	37	33
	<u>1,403</u>	<u>1,517</u>

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

	2019 No.	2018 No.
Production	34	43
Distribution	4	4
Administration	4	4
	<u>42</u>	<u>51</u>

9. Directors' remuneration

The directors of the company are also directors or officers of other Xandor group companies, and the emoluments have been borne by those companies. The directors services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2019 (2018: £Nil).

10. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	40	32

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

**Notes to the financial statements
for the year ended 31 December 2019**

11. Interest payable and similar expenses

	2019 £000	2018 £000
Bank overdraft	10	-

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Adjustments in respect of previous periods	-	(83)
Total current tax	-	(83)
Deferred tax		
Origination and reversal of timing differences	5	23
Changes to tax rates	-	(2)
Adjustment in respect of previous periods	-	13
Total deferred tax	5	34
Taxation on profit	5	(49)

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

12. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit before tax	122	484
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	23	92
Effects of:		
Expenses not deductible for tax purposes	9	9
Adjustments to tax charge in respect of prior periods	-	(70)
Effects of group relief	(27)	(78)
Tax rate changes	-	(2)
Total tax charge/(credit) for the year	5	(49)

Factors that may affect future tax charge

In the March 2020 Budget the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

13. Tangible assets

	Freehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2019	836	1,331	2,167
Additions	-	228	228
At 31 December 2019	836	1,559	2,395
Accumulated depreciation			
At 1 January 2019	276	597	873
Charge for the year	15	176	191
At 31 December 2019	291	773	1,064
Net book value			
At 31 December 2019	545	786	1,331
At 31 December 2018	560	734	1,294

14. Stocks

	2019 £000	2018 £000
Raw materials and consumables	62	35
Work in progress	107	113
Finished goods and goods for resale	190	231
	359	379

There is no material difference between the replacement costs of stocks and their carrying amounts.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

15. Debtors

	2019 £000	2018 £000
Amounts falling due after more than one year		
Deferred tax asset	27	32
	2019 £000	2018 £000
Amounts falling due within one year		
Trade debtors	774	814
Amounts owed by group undertakings	33	-
Other debtors	25	14
Prepayments and accrued income	107	171
	939	999

Trade debtors are stated after provisions for impairment of £nil (2018: £nil).

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	813	746
Amounts owed to group undertakings	13	123
Other creditors	33	31
Accruals and deferred income	282	177
	1,141	1,077

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

17. Deferred tax

	2019 £000	2018 £000
At beginning of year	32	66
Charged to the profit and loss account	(5)	(21)
Adjustment in respect of prior periods	-	(13)
At end of year	27	32

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Fixed asset timing differences	27	32

The deferred tax asset is included within debtors in note 15.

18. Called up share capital

	2019 £000	2018 £000
Allotted and fully paid		
1,000,000 (2018: 1,000,000) Ordinary shares of £0.01 each	10	10

19. Pension commitments

The pension cost charge for the year in respect of the defined contribution scheme represents contributions payable by the company and amounted to £37,000 (2018: £33,000). As at 31 December 2019 there were outstanding contributions of £5,000 (2018: £Nil).

20. Commitments under operating leases

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

	2019 £000	2018 £000
Not later than 1 year	30	28
Later than 1 year and not later than 5 years	61	46
Later than 5 years	14	-
Total	105	74

Xandor Automotive Canning Brett Ltd (formerly Rosti Automotive Canning Brett Ltd)

Notes to the financial statements for the year ended 31 December 2019

21. Related party transactions

The company is exempt from disclosing related party transactions that arise with other companies that are wholly owned within the Xandor Automotive GmbH group.

22. Controlling party

The company's immediate parent undertaking is Xandor Automotive AB, a company incorporated in Sweden.

The ultimate parent undertaking and controlling party was the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, incorporated in Sweden, until 31 January 2020. On this date the ultimate parent undertaking and controlling party changed to Quantum Capital Partners, incorporated in Germany.

The smallest and largest group in which the results of the company were consolidated was that headed by Nordstjernan AB until 31 January 2020. Copies of the financial statements can be obtained from Nordstjernan AB, Stureplan 3, 103 75 Stockholm, Sweden.

23. Post balance sheet events

As of December 2019, the first Coronavirus ("COVID-19") outbreak was reported and on 30 January 2020, the World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern. The nature of the event has resulted in global economic impacts, including within the automotive industry.

For the company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The company temporarily ceased production in April 2020 for a period of 2 months to mitigate the impact of customers also temporarily ceasing production as a result of COVID-19. During this time the majority of staff were placed on furlough, as part of the government job retention scheme. The Xandor Group plastics division also reviewed its liquidity in significant depth and was successful on raising funding and has adequate funding to support the group companies.

Following resumed production, cost reduction plans are being implemented to further improve the cost basis of the company. The company has also implemented the necessary protocols for the workplace to become COVID safe, including one-way systems, PPE where required and social distancing. A decrease in sales volume has been experienced in the first half of 2020, but is expected to increase by the end of 2020 as the automotive market starts to recover from the pandemic. The directors will continue to monitor the impact of COVID-19 on the activities of the company.

On 31 January 2020, Xandor Automotive GmbH, a company fully owned by Quantum Capital Partners, acquired 100% of the shares of Xandor Automotive AB (formerly Rosti Automotive AB) from Nordstjernan Investment AB.

On 29 May 2020, Rosti Automotive Canning Brett Ltd changed its name to Xandor Automotive Canning Brett Ltd.