

KRACO CAR CARE INTERNATIONAL LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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KRACO CAR CARE INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTOR	R Chavez D Eglinton (appointed 22 August 2011)
COMPANY NUMBER	04057857
REGISTERED OFFICE	20 Grosvenor House Barrington Road Altrincham Cheshire WA14 1 HB
AUDITOR	Crowe Clark Whitehill LLP Arkwright House Parsonage Gardens Manchester M3 2HP

KRACO CAR CARE INTERNATIONAL LIMITED

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The following pages do not form part of the statutory financial statements

KRACO CAR CARE INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 Accounting 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 and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

PRINCIPAL ACTIVITIES

The principal activities of the company are to buy, sell and otherwise deal in, and to transport, car care products such as air fresheners, engine additives, appearance products and in-car accessories.

BUSINESS REVIEW

The data that is key to monitoring the performance of the business includes sales, gross profit and on-going order levels. This data is the key driver of the profits of the business. The board has a policy of continuous monitoring of these areas.

The board's review of performance across these areas is summarised below.

Sales

In the year under review sales of \$10,491,000 were achieved, which represents an increase over the previous year of 5%. Sales of air fresheners account for 55% of sales (2010 – 67%).

Gross Profit

Level of gross profit margin has reduced slightly in 2011 to 39% (2010 - 40%).

Order Levels

Levels of orders fluctuated throughout the year. Whilst sales at the start of 2012 have decreased by 12% on 2011, order levels and projections indicate that marginal sales growth will be achieved in 2012.

KRACO CAR CARE INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$1,091 (2010 - loss \$2,355 thousand)

During the year the directors recommended that a dividend of \$2 million be paid to Kraco Enterprises LLC, the immediate parent company

On 28 March 2012 the directors recommended payment of a further dividend of \$500,000

DIRECTORS

The directors who served during the year were

R Brocoff (resigned 22 August 2011)

R Chavez

D Eglinton (appointed 22 August 2011)

FINANCIAL INSTRUMENTS

The company's principal financial instruments are cash balances. The main purpose of these financial instruments is to finance the company's operations. The company does not have a bank overdraft facility, or any loans.

The company has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations.

The company does not enter into derivative transactions and it is company policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign Currency Risk

The company's functional currency is the United States Dollar (Accounting Policies 1.6). As a result of sales to customers in the United Kingdom in Pounds Sterling (GBP) and the rest of the European Union in Euros, the company's profits can be affected by movements in both GBP and Euro exchange rates. Whilst no specific hedging arrangements are operated the company seeks to offset some of the risks by, where possible, making payments in GBP and Euro currencies out of its respective holdings of these currencies.

Credit Risk

The company policy is to trade with recognised creditworthy third parties. The majority of credit exposure is with customers with whom trading relationships have been established for a number of years. Other customers are on cash in advance of sale terms. The company does not insure its trade debtors. Receivable balances are monitored on an on-going basis with the result that the company's exposure to bad debts is not significant.

FUTURE DEVELOPMENTS

The company continues to pursue and develop growth opportunities for its existing products and also broaden its product portfolio, albeit in a challenging economic and business environment.

KRACO CAR CARE INTERNATIONAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

PROVISION OF INFORMATION TO AUDITOR

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



D Eglinton
Director

Date 1 May 2012

KRACO CAR CARE INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KRACO CAR CARE INTERNATIONAL LIMITED

We have audited the financial statements of Kraco Car Care International Limited for the year ended 31 December 2011, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KRACO CAR CARE INTERNATIONAL LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KRACO CAR CARE
INTERNATIONAL LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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



Michael Jayson (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

Arkwright House
Parsonage Gardens
Manchester
M3 2HP

1 May 2012

KRACO CAR CARE INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$000	2010 \$000
TURNOVER	1,2	10,491	9,977
Cost of sales		<u>(6,407)</u>	<u>(5,950)</u>
GROSS PROFIT		4,084	4,027
Distribution costs		<u>(419)</u>	<u>(423)</u>
Administrative expenses		<u>(2,162)</u>	<u>(2,606)</u>
OPERATING PROFIT	3	1,503	998
Shareholder payment		-	(3,076)
Interest receivable and similar income		-	3
Interest payable and similar charges	6	<u>(2)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,501	(2,075)
Tax on profit/(loss) on ordinary activities	7	<u>(410)</u>	<u>(280)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	<u>1,091</u>	<u>(2,355)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 9 to 16 form part of these financial statements

KRACO CAR CARE INTERNATIONAL LIMITED
REGISTERED NUMBER 04057857

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	\$000	2011 \$000	\$000	2010 \$000
CURRENT ASSETS					
Stocks	8	657		950	
Debtors	9	2,099		2,256	
Cash at bank		877		1,306	
		<u>3,633</u>		<u>4,512</u>	
CREDITORS: amounts falling due within one year	10	<u>(1,541)</u>		<u>(1,511)</u>	
NET CURRENT ASSETS			<u>2,092</u>		<u>3,001</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,092</u>		<u>3,001</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,500		16,000
Profit and loss account	13		592		(12,999)
SHAREHOLDERS' FUNDS	14		<u>2,092</u>		<u>3,001</u>

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



R Chavez
Director

Date 1 May 2012

The notes on pages 9 to 16 form part of these financial statements

KRACO CAR CARE INTERNATIONAL LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$000	2010 \$000
Net cash flow from operating activities	16	2,039	(1,057)
Returns on investments and servicing of finance	17	(2)	(3,073)
Taxation		(466)	(767)
Equity dividends paid		(2,000)	-
DECREASE IN CASH IN THE YEAR		(429)	(4,897)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 \$000	2010 \$000
Decrease in cash in the year	(429)	(4,897)
MOVEMENT IN NET DEBT IN THE YEAR	(429)	(4,897)
Net funds at 1 January 2011	1,306	6,203
NET FUNDS AT 31 DECEMBER 2011	877	1,306

The notes on pages 9 to 16 form part of these financial statements

KRACO CAR CARE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Turnover

Turnover represents amounts receivable (excluding Value Added Tax) for sales of car care products, and is recognised in accordance with agreed shipping terms

1.3 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.6 Functional currency and foreign currency translation

The company's functional currency is the United States Dollar (\$) as the majority of its cash flows arise in that currency and are expected to arise in that currency for the foreseeable future

Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into United States Dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.8 Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with other member companies of the group to which this company belongs

2. TURNOVER

The whole of the turnover is attributable to the sale and provision of car care products

A geographical analysis of turnover is as follows

	2011	2010
	\$000	\$000
United Kingdom	2,449	2,658
Rest of European Union	1,410	1,198
Rest of world	6,632	6,121
	10,491	9,977

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011	2010
	\$000	\$000
Depreciation of tangible fixed assets		
- owned by the company	-	1
Auditors' remuneration	19	23
Difference on foreign exchange	(16)	(6)
Operating lease rentals - land and buildings	30	30

During the year, no director received any emoluments (2010 - \$NIL)

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

4. STAFF COSTS

Staff costs were as follows

	2011	2010
	\$000	\$000
Wages and salaries	1,160	2,105
Social security costs	79	11
Other pension costs	82	12
	1,321	2,128

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

	2011	2010
	No.	No
Directors	2	2
Sales and admin	10	2
	12	4

The staff costs and numbers above include 2 members of staff whose contracts of service are with another group company. As these staff work predominantly for Kraco Car Care International Limited they are included within the disclosures above.

5. SHAREHOLDER PAYMENT

As part of the sale of the company, a payment was made to Shell Overseas Holdings Limited in 2010. This amount totalled \$3,076,000 and represented a transactional cost to the company.

6. INTEREST PAYABLE

	2011	2010
	\$000	\$000
On bank loans and overdrafts	2	-

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. TAXATION

	2011 \$000	2010 \$000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/loss for the year	398	276
Adjustments in respect of prior periods	9	(137)
Total current tax	<u>407</u>	<u>139</u>
Deferred tax (see note 11)		
Origination and reversal of timing differences	3	141
Tax on profit/loss on ordinary activities	<u>410</u>	<u>280</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 \$000	2010 \$000
Profit/loss on ordinary activities before tax	1,501	(2,075)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	398	(581)
Effects of:		
Expenses not deductible for tax purposes	-	857
Adjustments to tax charge in respect of prior periods	9	(137)
Current tax charge for the year (see note above)	<u>407</u>	<u>139</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

8. STOCKS

	2011 \$000	2010 \$000
Finished goods and goods for resale	<u>657</u>	<u>950</u>

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. DEBTORS

	2011	2010
	\$000	\$000
Trade debtors	2,064	2,210
Prepayments and accrued income	35	43
Deferred tax asset (see note 11)	-	3
	<u>2,099</u>	<u>2,256</u>

10 CREDITORS

Amounts falling due within one year

	2011	2010
	\$000	\$000
Trade creditors	496	574
Amounts owed to group undertakings	226	337
Corporation tax	217	276
Social security and other taxes	177	138
Accruals and deferred income	425	186
	<u>1,541</u>	<u>1,511</u>

11. DEFERRED TAXATION

	2011	2010
	\$000	\$000
At beginning of year	3	144
Charged for year	(3)	(141)
	<u>-</u>	<u>3</u>

The deferred taxation balance is made up as follows

	2011	2010
	\$000	\$000
Accelerated capital allowances	<u>-</u>	<u>3</u>

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12. SHARE CAPITAL

	2011	2010
	\$000	\$000
Allotted, called up and fully paid		
1,500,000 (2010 - 16,000,000) Ordinary shares of \$1 each	1,500	16,000

On 20 June 2011 a special resolution was passed to reduce the share capital from \$16,000,000 Ordinary shares of \$1 each to \$1,500,000 Ordinary shares of \$1 each. The \$14,500,000 cancelled shares have been credited to the profit and loss reserve.

13. RESERVES

	Profit and loss account \$000
At 1 January 2011	(12,999)
Profit for the year	1,091
Dividends Equity capital	(2,000)
Reduction in share capital	14,500
At 31 December 2011	592

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	\$000	\$000
Opening shareholders' funds	3,001	5,356
Profit/(loss) for the year	1,091	(2,355)
Dividends (Note 15)	(2,000)	-
Closing shareholders' funds	2,092	3,001

15. DIVIDENDS

	2011	2010
	\$000	\$000
Dividends paid on equity capital	2,000	-

Dividends of \$2,000,000 were approved by the directors and paid during the year.

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 \$000	2010 \$000
Operating profit	1,503	998
Depreciation of tangible fixed assets	-	1
Decrease/(increase) in stocks	293	(156)
Decrease/(increase) in debtors	155	(43)
Increase/(decrease) in creditors	199	(659)
Decrease in amounts owed to group undertakings	(111)	(1,198)
Net cash inflow/(outflow) from operating activities	2,039	(1,057)

17 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 \$000	2010 \$000
Returns on investments and servicing of finance		
Interest received	-	3
Interest paid	(2)	-
Shareholder payment	-	(3,076)
Net cash outflow from returns on investments and servicing of finance	(2)	(3,073)

18. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 \$000	Cash flow \$000	Other non-cash changes \$000	31 December 2011 \$000
Cash at bank and in hand	1,306	(429)	-	877
Net funds	1,306	(429)	-	877

KRACO CAR CARE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2011 \$000	Other 2010 \$000
	2011 \$000	2010 \$000		
Expiry date:				
Within 1 year	30	-	-	-
Between 2 and 5 years	-	30	-	-
	<u>30</u>	<u>30</u>	<u>-</u>	<u>-</u>

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by its ultimate parent company, Sun Capital Partners V LP, a company incorporated in the Cayman Islands

The company's immediate parent company is Kraco Enterprises LLC, a company registered in the United States

The largest group of undertakings for which group accounts have been drawn up is that headed by Sun Capital Partners V LP, and the smallest such group of undertakings including the company is Kraco Enterprises LLC