Würth UK Limited

Annual Report and Financial Statements

31 December 2023

Company information

Directors
F Plazza
V Szymczak
A Dagnall
I Jones

Secretary
A Dagnall

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
HSBC Bank Plc
8 Canada Square
London E14 5HQ

Registered Office
1 Centurion Way
Erith
Kent DA18 4AE

Registered No. 1124802

Strategic report

The directors present their strategic report for the year ended 31 December 2023.

Principal activity and review of the business

The principal activity of the company is the sale of fastenings, chemicals and accessories mainly to the motor trade, wood, construction and metal industries. The company goes to the market mainly through a direct sales force that visit customers, discuss requirements and take orders for next day delivery that are then despatched mainly from a central warehouse. The company also has e-business capabilities and telesales operations as well as 24 stores around Great Britain. The company will continue to expand the channels available for the customer to do business with Würth UK and seek to capture a larger proportion of existing markets, as well as seek new profitable markets.

The company is a wholly owned subsidiary of Wurth Holding UK Limited and is controlled by Adolf Würth GmbH & Co. KG.

The key financial and other performance indicators for the year are presented below:

	2023	2022	Change %
	£,000	£,000	
Turnover	63,578	63,020	+0.9%
Operating profit/(loss)	233	(3,010)	+107.7%
Loss for the financial year	(642)	(3,457)	+81.4%
Gross profit margin %	53.7%	53.9%	
Average number of employees	461	529	-12.9%
Debtor days	64.2	69.9	
Stock turns	4.0	3.5	
Service degree	95.3%	95.0%	

Turnover increased by 0.9% during the year, mainly due to growth in the Automotive and Metal divisions.

In 2023, the company restructured the sales force and focused on cost reductions throughout the company. As a result, the operating result improved to a £233,000 profit in the year from a £3,010,000 loss in 2022.

The result after interest and tax improved to a loss of £642,000 in the year compared to a loss of £3,457,000 in 2022.

Gross profit margin showed a small deteriorated from 53.9% in 2022 to 53.7%, mainly due to higher exchange rates on imports.

The average number of employees reduced by 68 to 461 during the year, as a result of restructuring the sales force and support departments.

Debtor days improved to 64.2 from 69.9 in 2022.

Stock management improved in the year and, as a result, the stock turns improved to 4.0 during the year from 3.5 in 2022.

On 15 December 2023, the company received and allocated £6,100,000 of additional share capital from Wurth Holding UK Limited. Following the approval of the central managing board of the ultimate parent company.

Strategic report (continued)

Service degree is a key performance indicator in the company and is the inventory management indicator that provides information about the average ability of the company to deliver to its customers. The company endeavours to dispatch goods ordered to be delivered next day and in 2023 the number of orders that were successfully despatched for next day delivery improved to 95.3% (2022 – 95.0%).

Principal risks and uncertainties

The company has a large customer portfolio base and the trading risk is therefore widely spread. The company aims to increase its market share by providing value added services to its customers through a highly professional sales force and through supplying quality products and assembly solutions.

The credit risk is equally spread due to the relatively low average outstanding amount per customer. Credit terms are agreed in advance and appropriate credit control procedures are followed in all trading.

The company relies heavily on its external sales force. High staff turnover is therefore perceived as a big risk to the business. The risk is managed through additional training, frequent one-to-one reviews with the sales management and individual action plans.

The company sells in Sterling but is exposed to movements in currencies on purchases. The company manages the foreign exchange risk by following a currency hedging strategy of purchasing forward contracts.

The company is financed by equity and has interest bearing liabilities in the form of inter group loans. The company is not currently hedged against any movements in interest rates that may affect these balances.

Section 172 statement – Directors' duty to promote success of the company

This section acts as the Company's Section 172(1) statement in accordance with the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). This section also constitutes the Company's statement on engagement with, and having due regard to the interest of, our key stakeholders.

Decision Making at the Board

As part of the Würth Group with Adolf Würth GmbH & Co. KG as the ultimate parent undertaking and controlling party, Würth UK Limited is required to comply with the Würth Group codes of conduct and Policies and Procedures (PAP). These require directors and employees to operate in a socially responsible and ethical manner, including adopting fair employment practices, protect safety in the workplace, and support and foster environmental consciousness.

All matters, which under the Company's governance arrangements are reserved for decision by Directors, are presented at monthly management meetings, Group review meetings and Board meetings. Directors are briefed on any potential impacts, and together with the potential impact on the key stakeholders, make final decisions that they believe are in the best interests of the members as a whole.

On 15 December 2023, the company received and allocated £6,100,000 of additional share capital from Wurth Holding UK Limited. Following the approval of the central managing board of the ultimate parent company.

Strategic report (continued)

Section 172 statement – Directors' duty to promote success of the company (continued)

Key Stakeholders

Our key stakeholders are shareholders, employees, customers, suppliers and the wider community and environment.

Employees

During 2023, the directors engaged with the employees through live and virtual conferences, weekly email updates, social media, briefing meetings and the internal company magazine. Employees are kept up to date with financial information as well as successes and developments within the Company. The Company also conducts bi-annual employee surveys.

The Company ensures the development of its employees through online training courses, including courses relating to key compliance issues.

Customers

The Company closely monitors the service degree, which is a key performance indicator in the company, and is the inventory management indicator that provides information about the average ability of the company to deliver to its customers. The Company also conducted its bi-annual customer survey. The company was not significantly affected by the on-going war in the Ukraine.

Suppliers

The Company works with its suppliers to ensure that the quality of products meet the high standards that our customers expect. The war in the Ukraine has had some global impacts on supplies and energy costs, however, the Company has not had any significant direct impacts due to the on-going conflict.

Community and Environment

The Board takes all reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. The Company has ISO 14001 accreditation and is implementing energy saving initiatives, including energy efficient vehicles, lighting and heating.

On behalf of the Board

20 December 2024

A Dagnall
Director

Directors' report

The directors present their report and financial statements for the year ended 31 December 2023.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

F Plazza
V Szymczak
A Dagnall
I Jones

Results and dividends

The result for the year after taxation amounted to a loss of £642,000 (2022 – loss of £3,457,000). The directors do not recommend a final dividend.

Future developments

The company will continue to expand the channels available for the customer to do business with Würth UK and seek to capture a larger proportion of existing markets, as well as seek new profitable markets.

Financial Instruments

The company finances its activities with a combination of loans from the group, cash and short term overdrafts. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Derivative instruments

The company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Going concern

The Company's business activities, together with factors likely to affect its future development and position, are set out in the principal activity and review of the business and the principal risks and uncertainties that are set out in the Strategic Report.

As the Company is dependent on financial support from the Würth Group, it has received a written undertaking from the Group's funding company, Würth Finance International B.V, which states that the current credit facility of €24m will remain in place until the end of December 2025 unless the Company has sufficient funds to make such payments without adversely affecting the Company's ability to trade as a going concern. The Company's Directors have assessed the Company's financial position and have prepared cashflow forecasts which, even when stress tested involving downside scenarios, demonstrate that this credit facility provides sufficient headroom to enable the Company to continue as a going concern for the period to 31 December 2025 which is more than twelve months from the date of approval of these financial statements.

Directors' report (continued)

Going concern (continued)

As the Company is reliant on the financial support from Würth Group, the Directors made enquiries of Würth Group management to ensure that the Group have prepared cashflow forecasts, which demonstrate that the Group has the ability to provide such financial support to the Company.

Based on the enquiries made to the Group, the letter confirming the availability of the current credit facility to the end of December 2025, and the expected future cashflows of the Company, the Directors consider that this supports the preparation of the Company's financial statements on a going concern basis.

Director's liabilities

There has been no qualifying 3rd party indemnity provision in place for the benefit of any director during the year.

Disabled employees

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

Statement as to Director engagement

Please refer to the section of the Strategic Report entitled 'Section 172 statement – Directors' duty to promote success of the company' as to how the directors have engaged with suppliers, customers and others in a business relationship with the Company and how directors have engaged with employees and have regards to their interests.

Streamlined Energy & Carbon Reporting (SECR)

The total energy consumption for Wurth UK Limited is 8,890,595 kWh over the reporting period for the financial year 1 January 2023 to 31 December 2023. The gross greenhouse gas emissions for the same reporting period are 1,966 tCO2e, which is a 18% decrease from the previous year. These include the emissions associated with purchased UK electricity and natural gas consumption, and business travel in company vehicles by employees. The carbon intensity ratio for 2023 is 30.92 tCO2e per £m company revenue and is 19% lower than previous year.

Greenhouse Gas Emissions

Table 1: Greenhouse gas emissions by Fuel (tonnes CO_2e)

Emissions source	2022 Tonnes CO2e	2023 Tonnes CO2e	% Share of Current Year	Annual % Change 2022-2023
Fuel combustion: Natural gas	305	312	16%	2%
Purchased electricity	261	294	15%	13%
Fuel combustion: Transport	1,836	1,360	69%	-26%
Total emissions (tCO2e)	2,402	1,966	100%	-18%
Revenue (£m)	63	64	-	+1%
Intensity: (tCO2e per £m)	38.1	30.7	-	-19%

Directors' report (continued)

Streamlined Energy & Carbon Reporting (SECR) (continued)

Table 2: Greenhouse gas emissions by Scope and Company (tonnes CO_2e)

Emissions source	2022 Tonnes CO2e	2023 Tonnes CO2e	% Share of Current Year	Annual % Change 2022-2023
Scope 1	2,141	1,672	85%	-22%
Scope 2	239	270	14%	13%
Scope 3	22	23	1%	7%
Total emissions (tCO_2e)	2,402	**1,965**	100%	-18%

Scope 1: Natural gas and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission and grey fleet. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Energy Consumption

The energy consumption for reporting period for Wurth UK Limited is 8,890,595 kWh for the financial year 1st January 2023 to 31st December 2023 this is down by 16% on previous year.

Table 3: Energy consumption by Fuel & Company (kWh)

Category	2022 Energy Consumption (kWh)	2023 Energy Consumption (kWh)	% Share of Current Year	Annual % Change 2022-2023
Transport fuel	7,708,991	5,880,665	66%	-24%
Electricity	1,235,012	1,305,978	15%	6%
Natural gas for heating	1,671,167	1,703,962	19%	2%
Total	10,615,170	8,890,595	100%	-16%

Boundary, Methodology and Exclusions

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary.

This approach captures emissions associated with the operation of all buildings such as warehouses, offices, and manufacturing sites, plus company-owned and leased transport. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

The GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 have been used calculate the SECR disclosures.

The reporting period is January 2023 to December 2023, as per the financial accounts.

Energy efficiency Initiatives

In this 2023 SECR reporting period, Wurth UK Limited have implemented savings at its head office by implementing electric Radiant heating into its high bay warehouse along with changing all lighting within the same warehouse to LED and decommissioning the gas heaters; replaced all broken radiator valves; and set heating temperature to 20.5 degrees from 1st October to 1st May. A new trade store has been opened with electric radiant heating and LED lighting. Transport fuel has been reduced by optimisation of journey plans and reorganisation of the sales force as well as the introduction of hybrid vehicles.

Directors' report (continued)

Environment, health and safety

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the company's activities.

The company also recognises the importance and implications of the Health and Safety at Work Act 1974, the Environmental Protection Legislation and all new Health and Safety legislation, including that promulgated through EU Directives.

The company operates a series of Health and Safety risk management programmes to ensure compliance with the increasing complexities of Health and Safety legislation and to reduce the incidence of hazardous circumstances that might affect the health and safety of employees.

The company has accreditation for ISO 14001 and ISO 45001.

Disclosure of information to the 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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board

A Dagnall 20 December 2024
Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report

to the members of Würth UK Limited

Opinion

We have audited the financial statements of Würth UK Limited for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 22, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its loss 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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

Independent auditor's report (continued)

to the members of Würth UK Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and 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 or 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 set out on page 9, 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 auditor's report (continued)

to the members of Würth UK Limited

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations including health and safety and GDPR.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud; determining which account balances are subjective in nature; understanding the company's key performance indicators and considering the processes and controls which the company has established to prevent and detect fraud, and how these controls are monitored.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: inquiries of management (and where applicable those charged with governance); review of board minutes; and obtaining written representations. In addition, we incorporated data analytics into our testing of revenue and journals. We tested journals identified by specific risk criteria back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 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.

DocuSigned by:
Ernst & Young LLP
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Ammara Hussain (Statutory auditor)

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

Date: 23 December 2024

Profit and loss account

for the year ended 31 December 2023

	Notes	2023 £000	2022 £000
Turnover	3	63,578	63,020
Cost of sales		(29,445)	(29,046)
Gross Profit		34,133	33,974
Selling and distribution costs		(28,865)	(31,972)
Administrative expenses		(5,062)	(5,044)
Other operating income	4	27	32
Operating Profit/(Loss)	5	233	(3,010)
Interest payable and similar charges	8	(925)	(447)
Loss before taxation		(692)	(3,457)
Tax on profit/(loss)	9	50	–
Loss for the financial year		(642)	(3,457)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2023

	2023 £000	2022 £000
Loss for financial year	(642)	(3,457)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive loss for the year	(642)	(3,457)

Balance sheet
at 31 December 2023

	Notes	2023 £000	2022 £000
Fixed assets			
Intangible assets	10	20	24
Tangible assets	11	7,289	7,474
Right of use assets	12	7,702	6,739
		15,011	14,237
Current assets			
Stocks	13	6,581	7,537
Debtors	14	10,986	11,711
Cash at bank and in hand		68	217
		17,635	19,465
Creditors: amounts falling due within one year	16	(16,876)	(22,193)
Net current assets/(liabilities)		759	(2,728)
Creditors: amounts falling due after more than one year:	17	(6,220)	(7,455)
Provisions for liabilities	18	(1,206)	(1,168)
Net Assets		8,344	2,886
Capital and reserves			
Called up share capital	19	31,653	25,553
Share premium account		365	365
Profit and loss account		(23,674)	(23,032)
Shareholder's funds		8,344	2,886

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

A Dagnall 20 December 2024

Finance Director

Statement of changes in equity

for the year ended 31 December 2023

	Share capital *£000*	*Share premium account* *£000*	*Profit and loss account* *£000*	*Total share-holders' funds* *£000*
At 1 January 2022	25,553	365	(19,575)	6,343
Loss for the year	–	–	(3,457)	(3,457)
Increase in share capital	–	–	–	–
At 1 January 2023	25,553	365	(23,032)	2,886
Loss for the year	–	–	(642)	(642)
Increase in share capital	6,100	–	–	6,100
At 31 December 2023	31,653	365	(23,674)	8,344

Notes to the financial statements

For year ended 31 December 2023

1. Authorisation of financial statements and statement of compliance with FRS

Würth UK Limited ('the company') is a private company limited by share capital incorporated and domiciled in England and Wales.

These financial statements were prepared under the historical cost convention except financial instruments that have been measured at fair value.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable law.

The company's financial statements are individual entity financial statements.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

Going concern

The Company's business activities, together with factors likely to affect its future development and position, are set out in the principal activity and review of the business and the principal risks and uncertainties that are set out in the Strategic Report.

As the Company is dependent on financial support from the Würth Group, it has received a written undertaking from the Group's funding company, Würth Finance International B.V, which states that the current credit facility of €24m will remain in place until the end of December 2025 unless the Company has sufficient funds to make such payments without adversely affecting the Company's ability to trade as a going concern. The Company's Directors have assessed the Company's financial position and have prepared cashflow forecasts which, even when stress tested involving downside scenarios, demonstrate that this credit facility provides sufficient headroom to enable the Company to continue as a going concern for the period to 31 December 2025 which is more than twelve months from the date of approval of these financial statements.

As the Company is reliant on the financial support from Würth Group, the Directors made enquiries of Würth Group management to ensure that the Group have prepared cashflow forecasts, which demonstrate that the Group has the ability to provide such financial support to the Company.

Based on the enquiries made to the Group, the letter confirming the availability of the current credit facility to the end of December 2025, and the expected future cashflows of the Company, the Directors consider that this supports the preparation of the Company's financial statements on a going concern basis.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies

2.1 Basis of preparation

The company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures (e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

b) the requirement in paragraph 38 of IAS 1;

c) 'Presentation of Financial Statements' to present comparative information in respect of:

(i) paragraph 79(a) (iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(iii) paragraph 118(e) of IAS 38 Intangible Assets;

d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

e) the requirements of IAS 7 Statement of Cash Flows;

f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

h) the requirements in IAS 24 Related Party Disclosures to disclose related party 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; and

i) the requirements of paragraphs 130(f)(ii),130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

New standards, interpretations and amendments

The accounting policies adopted are consistent with those of the previous financial years except for the following amendments to FRS 101 effective as of 1 January 2023:

Insurance contracts – adoption of IFRS 17

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Definition of Accounting Estimates – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

OECD Pillar Two Rules

The Directors believe that none of the new standards that have come into effect above have an impact on the financial statements of the Company.

Intangible fixed assets

All intangible fixed assets are initially recorded at cost.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Software – 5 years

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Tangible fixed assets

All tangible fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	25 years
Fixtures and fittings	–	3 to 10 years
Motor vehicles	–	2.5 years
Warehouse equipment	–	3 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Goods for resale – purchase cost on a weighted average cost basis

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow moving or defective items where appropriate.

Trade and other debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit and loss when there is evidence that the company will not be able to recover balances in full and by provision based on the ageing of the debt. Balances are written off when the probability of recovery is assessed as being remote.

Leases

Recognition

At inception of a contract, the Company assess whether the contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is recognised as a lease.

To assess the right to control, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset; and
- the Company has the right to direct the use of the asset.

Initial measurement

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be easily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term and with a similar security, the fund necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The incremental borrowing rate is derived from country specific risk-free interest rates over the relevant lease term, adjusted for the credit rating of the ultimate parent company, namely Adolf Würth GmbH & Co. KG. The weighted average incremental borrowing rate during 2023 applied is 2.70%.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the underlying asset is located.

Variable lease payments linked to future performance or use of an underlying asset are excluded from the measurement of the lease liability and the right of use of asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in operating expenses in the statement of comprehensive income.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect lease payments.

The Company remeasures the lease liability where lease payments change due to changes in an index or rate, changes in the expected lease term or where a lease contract is modified. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Right of use assets are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. IAS 36 *Impairment of Assets* is applied to determine whether a right of use asset is impaired and any identified impairments are accounted for through profit and loss. The right of use asset is periodically reduced by impairment losses, if any, an adjusted for certain remeasurements of the lease liability.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Derivative instruments

The company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Exceptional items

The company presents as exceptional items those material items of income and expense that, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow better understanding of the elements of financial performance in the year, to facilitate comparison with prior periods and to assess better trends in financial performance.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as an expense on a systematic basis over the periods of the related costs and for which it is intended to compensate.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet 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 primary areas where management make estimates relates to the write down of inventory (see note 13), impairment of trade debtors (see note 14), provisions for credit notes (see note 18), and impairment of right of use assets. The company assesses the impairment of right of use assets at the end of each reporting period by comparing the value in use of each asset to its carrying value. For shop leases the value in use is assessed by estimating future cashflows generated over the life of the lease discounted using the company's weighted average cost of capital.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the 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 9.

2.3 Revenue recognition

(a) *Sale of goods*

The Company considers the time of revenue recognition to be the time at which control of goods passes to the customer. In general, this is the time at which the goods are delivered. The usual payment period is 30 to 90 days from delivery.

(b) *Variable consideration*

If contractual consideration contains a variable component, the Company determines the amount of the consideration to which it is entitled in exchange for the transfer of goods to the customer. The variable consideration is estimated at the inception of the contract and may only be included in the transaction price if it is highly probable that there will be no significant reversal of the recognised cumulative revenue or if the uncertainty surrounding the variable consideration no longer exists. Contracts with customers partly grant customers a right of return, trade discounts or volume discounts. The Company recognises revenue from the sale of goods at the fair value of the consideration received less any discounts that may be applied.

(c) *Right of return*

If a contract with a customer provides for a right of return of goods within a certain period, the Company recognises the right of return using a probability-weighted average income value that corresponds to the expected value method outlined in IFRS 15.

(d) *Volume discounts*

The Company retrospectively grants certain customers volume discounts as soon as a level of turnover during the period exceeds a contractually agreed level. In accordance with IFRS 15, retroactive volume discounts are recognised as variable consideration. The Company recognises revenue from the sale of goods at the fair value of the consideration received less any discounts that may be applied.

(e) *Warranty obligations*

In accordance with IFRS 15, extended warranties are treated in the same way of service type warranties, meaning that they are to be recognised as a separate performance obligation to which part of the transaction price must be allocated. The Company generally provides warranties for general repairs but does not grant any extended warranties in its contracts with customers.

(f) *Significant financing arrangements*

The Company's contract with customers does not generally contain significant financing arrangements.

Notes to the financial statements

For year ended 31 December 2023

2. Accounting policies (continued)

2.3 Revenue recognition (continued)

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of any variable considerations, rights of return, volume discounts, warranty obligations, VAT and other sales related taxes. Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. This is usually at the point that goods are delivered to the customer. Revenue is measured at the fair value of the consideration received, excluding any variable considerations, rights of return, volume discounts, warranty obligations, VAT and other sales tax or duty.

The company's turnover and pre-tax result were wholly attributable to the company's principal continuing activity in the United Kingdom.

3. Turnover

	2023	*2022*
	£000	*£000*
Sales of goods	63,578	63,020

Turnover was wholly derived from the principal activities of the company, which are the sale of fastenings, chemicals and accessories mainly to the motor trade, wood, construction and metal industries.

4. Other operating income

	2023	*2022*
	£000	*£000*
Other operating income	27	32

Other operating income is the remuneration received as an agent. From 1 April 2017, Wurth UK entered into an agreement to act as an agent for a group company for the sale of certain specialist products.

5. Operating loss

This is stated after charging:

	2023	*2022*
	£000	*£000*
Cost of stocks recognised as an expense (included in cost of sales)		
Including: – movement on write-down of stocks to net realisable value	-76	90
– addition of impairments in slow moving stocks	-31	457
Depreciation of owned fixed assets	1,398	1,302
Depreciation of right-of-use assets	1,918	1,879
Amortisation of intangible assets *	9	13
(Losses)/Gains from cash flow hedges	(119)	181

*Amortisation of intangible assets is included in administrative costs.

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the company.

		2023	*2022*
		£000	*£000*
Auditor's remuneration –	audit services	67	67
–	tax compliance services	10	8

Notes to the financial statements

For year ended 31 December 2023

7. Staff costs and directors' remuneration

a) Staff Costs

	2023 £000	2022 £000
Wages and salaries	15,000	16,867
Social security costs	1,962	2,284
Other pension costs (note 20)	392	420
	17,354	19,571

The average monthly number of employees during the year was made up as follows:

	2023 No.	2022 No.
Administration	42	40
Selling and distribution	419	489
	461	529

b) Directors' remuneration

	2023 £000	2022 £000
Remuneration	505	254
Contribution to defined contribution pension scheme	31	17
Number of directors accruing benefits under defined contribution pension schemes	4	3

The amounts in respect of highest paid director are as follows:

	2023 £000	2022 £000
Remuneration	157	105
Contribution to defined contribution pension scheme	5	11

8. Interest payable and similar charges

	2023 £000	2022 £000
Interest payable to group undertakings	711	353
Interest on lease liabilities	214	94
Interest payable and similar charges	925	447

Notes to the financial statements

For year ended 31 December 2023

9. Tax

(a) Tax on loss

The tax credit is made up as follows:

	2023 £000	2022 £000
Current tax:		
Group relief receivable	(50)	(3)
Adjustment in respect of prior years	–	3
Total current tax (note 9 (b))	(50)	–

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.52% (2022 – 19.0% until 1 April 2023, 2023 – 25.0% from 1 April 2023). The differences are explained below:

	2023 £000	2022* £000
Loss before tax	(693)	(3,457)
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.52% (2022 – 19.0%)	(163)	(657)
Effects of:		
Expenses not deductible for tax purposes	277	117
Income not taxable	(4)	(72)
Deferred tax not recognised	(160)	609
Adjustment in respect of prior years	–	3
Current tax for the year (note 9 (a))	(50)	–

*Prior year reclassified for comparative purposes

(c) Deferred tax

	Provided 2023 £000	Not provided 2023 £000	Provided 2022 £000	Not provided 2022 £000
Deductible temporary differences	–	(362)	–	(417)
Unrecognised tax losses	–	(6,815)	–	(6,957)
Fixed asset temporary differences	–	–	–	–
Other	–	–	–	–
	–	(7,177)	–	(7,374)

The company has unrecognised deferred tax assets arising in the UK that are available for offset against future taxable profits. The deferred tax assets have not been recognised as they may not be used to offset taxable profits elsewhere in the group, and there are uncertainties surrounding the availability of future taxable profits against which the deferred tax assets can be recognised.

Pillar Two legislation was enacted in the United Kingdom the jurisdiction in which the company is incorporated and will come into effect 1 January 2024.

Notes to the financial statements

For year ended 31 December 2023

Since he Pillar Two legislation was not effective at the reporting date, the company has no related current tax exposure. The company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The main rate of corporation tax for the year was 23.52% (2022: 19%). An increase in the UK corporation tax rate from 19% to 25% for companies with taxable profits in excess of £250,000 (effective 1 April 2023) was substantively enacted on 24 May 2021. Accordingly, as this change was enacted at the balance sheet date it has been reflected in the measurement of deferred tax balances at the period end.

Notes to the financial statements

For year ended 31 December 2023

10. Intangible fixed assets

	Software £000
Cost:	
At 1 January 2023	1,958
Additions	5
At 31 December 2023	1,963
Amortisation:	
At 1 January 2023	1,934
Provided for the year	9
At 31 December 2023	1,943
Net book value:	
At 31 December 2023	20
At 1 January 2023	24

11. Tangible fixed assets

	Freehold land and buildings £000	Fixtures and fittings £000	Motor vehicles £000	Warehouse equipment £000	Total £000
Cost:					
At 1 January 2023	11,816	11,249	17	6,243	29,325
Additions	81	594	26	513	1,214
Disposals	(35)	(552)	(17)	(387)	(991)
Transfers	(8)	2	–	6	–
At 31 December 2023	11,854	11,293	26	6,375	29,548
Depreciation:					
At 1 January 2023	7,517	10,042	17	4,275	21,851
Provided for the year	260	632	5	501	1,398
Disposals	(35)	(551)	(17)	(387)	(990)
At 31 December 2023	7,742	10,123	5	4,389	22,259
Net book value:					
At 31 December 2023	4,112	1,170	21	1,986	7,289
At 1 January 2023	4,299	1,207	–	1,968	7,474

Included above is £2,151,000 (2022 – £2,044,000) of freehold land that has not been depreciated.

Assets under construction

Included in freehold land and buildings for the company at 31 December 2023 was an amount of £80,595 (2022: £131,935) relating to expenditure for warehouse equipment.

Notes to the financial statements

For year ended 31 December 2023

12. Right-of-use assets

	Land and buildings £000	Motor vehicles £000	Total £000
Cost:			
At 1 January 2023	7,145	2,730	9,875
Additions	838	2,043	2,881
Disposals	(79)	(1,036)	(1,115)
At 31 December 2023	7,904	3,737	11,641
Depreciation:			
At 1 January 2023	1,675	1,461	3,136
Provided for the year	778	1,140	1,918
Disposals	(79)	(1,036)	(1,115)
At 31 December 2023	2,374	1,565	3,939
Net book value:			
At 31 December 2023	5,530	2,172	7,702
At 1 January 2023	5,470	1,269	6,739

13. Stocks

	2023 £000	2022 £000
Goods for resale	6,581	7,537

The directors are of the opinion that the replacement cost of stocks is not materially different from the balance sheet value.

14. Debtors

	2023 £000	2022 £000
Trade debtors	9,756	10,651
Amounts owed by group undertakings	59	107
Forward currency derivatives contracts	–	84
Prepayments	1,171	869
	10,986	11,711

Amount owed by Würth Finance International B.V. refers to the group's cash pooling facility.

Notes to the financial statements

For year ended 31 December 2023

15. Leases

Amounts recognised in the Balance Sheet and Statement of Comprehensive Income

	Right of Use Assets	*Lease Liabilities*
	£,000	£,000
As at 1 January 2023	6,739	(6,835)
Additions	2,881	(2,881)
Disposals	–	–
Depreciation expense	(1,918)	–
Interest expense	–	(214)
Payments	–	2,060
As at 31 December 2023	7,702	(7,870)

	2023	*2022*
	£,000	£,000
Statement of Comprehensive Income		
Depreciation expense (included in Selling and distribution costs)	(1,893)	(1,865)
Depreciation expense (included in Administrative expenses)	(25)	(14)
Operating loss	(1,918)	(1,879)
Finance costs	(214)	(94)
Loss before tax	(2,132)	(1,973)

16. Creditors: amounts falling due within one year

	2023	*2022*
	£000	*£000*
Trade creditors	1,961	1,842
Trade creditors amounts owed to group undertakings	2,286	1,535
Amount owed to Würth Finance International B.V	394	6,757
Loans owed to group undertakings	6,150	5,850
Other taxes and social security costs	868	808
Other creditors	1,309	1,395
Forward currency derivatives contracts	35	–
Accruals	2,223	2,626
Right of Use Lease Liabilities, which expire not more than one year	1,650	1,380
	16,876	22,193

Amount owed to Würth Finance International B.V. refers to the group's cash pooling facility. The loans owed to group undertakings are unsecured interest bearing: £2,000,000 at an interest rate of 2.35% repayable 31 December 2024 and £4,150,000 at an interest rate of 5.53% repayable 31 December 2023. An early termination of the loans is possible only with the agreement of the lender. At the balance sheet date the company had commitments under foreign exchange contracts on which the total sterling equivalent outstanding amounted to £7,635,850 (2022 – £5,487,625). The fair value of these contracts is, at the balance sheet date, £7,601,051 (2022 – £5,571,764).

Notes to the financial statements

For year ended 31 December 2023

17. Creditors: amounts falling after more than one year

	2023	2022
	£000	£000
Loans owed to group undertakings	–	2,000
Right of Use Lease Liabilities, which expire after one year but not more than five years	4,426	1,980
Right of Use Lease Liabilities, which expire after five years	1,794	3,475
	6,220	7,455

The loan owed to group undertakings as at 31 December 2022 was an unsecured interest bearing at an interest rate of 2.35% repayable 31 December 2024.

18. Provisions

	Returns	*Rebates*	*Dilapidations*	*Total*
	£000	£000	£000	£000
At 1 January 2023	338	527	303	1,168
Utilised	–	(334)	(6)	(340)
Reversal of unused amounts	(6)	(33)	–	(39)
Allocation	–	401	16	417
At 31 December 2023	332	561	313	1,206

Returns

A provision is recognised for expected returns and credits for products sold during the year based on past experience. It is expected that these costs will be incurred within the next financial year. The provision is calculated using historic level of credits compared to sales.

Rebates

A provision is made for customer rebates. These are set out in individual agreements and are payable within the next financial year.

Dilapidations

A provision is made for potential future dilapidation cost of leased assets, which are leased properties. The requirement for dilapidations is set out in individual contacts. The provision is calculated using estimates and previous experience for events likely to occur as at the balance sheet date. The amounts are payable at the point of the cessation of the leases, which may occur during the next five to ten years dependent on whether the leases are extended or break clauses exercised.

19. Authorised, issued and called up share capital

		2023		2022
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	31,653,185	31,653	25,553,185	25,553

Ordinary shares confer equal voting rights and equal rights to any dividend or repayment of capital.

On 15 December 2023, the company received and allocated £6,100,000 of additional share capital from Wurth Holding UK Limited. Following the approval of the central managing board of the ultimate parent company.

Notes to the financial statements

For year ended 31 December 2023

20. Pensions

The company operates one defined contribution pension scheme that is currently open to new members and five old schemes in to which payments are still made. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions paid into the scheme amounted to £391,830 (2022 – £419,997). The unpaid contributions outstanding at the year-end, included in 'Accruals' (note 16), are £70,621 (2022 – £72,332).

21. Related party transactions

The company has taken advantage of the exemption available under the requirements of paragraph 17 of IAS 24 Related Party Disclosures not to disclose transactions with entities that are members of the Adolf Würth GmbH & Co. KG group by virtue of its status as a 100% owned subsidiary of a parent whose financial statements are group and made publicly available, with one exception:-

In the ordinary course of business the company traded on standard commercial terms with WabcoWürth Workshop Services GmbH, which is 50% owned by Adolf Würth GmbH & Co. KG. From 1 April 2017, Wurth UK entered into an agreement to act as an agent for WabcoWürth Workshop Services GmbH for the sale of certain specialist products. The total value included in the trading balance outstanding at the year-end was £-16,901 (2022 – £54,730).

22. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Wurth Holding UK Limited and is controlled by Adolf Würth GmbH & Co. KG.

The ultimate parent undertaking and controlling party is Adolf Würth GmbH & Co. KG, incorporated in Germany. The largest and smallest group in which the results of the company are group is that headed by Adolf Würth GmbH & Co. KG.

The financial statements can be obtained from Adolf Würth GmbH & Co. KG, Reinhold Würth Straße, 74650 Künzelsau, Germany.