Wurth Holding UK Limited

Annual report and financial statements

31 December 2019

Company Number: 2494010

Directors
J Kaltmaier
A Dagnall

Auditor
Ernst & Young LLP
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United Kingdom

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2019.

Business Review

The principal activity of the company during the year was to act as a parent undertaking for UK based Würth subsidiaries.

The loss for the year after taxation amounted to £6,167,000 (2018: loss of £7,641,000). No dividend was paid during 2019 (2018: nil). The shareholder funds on 31 December 2019 amounted to £6,937,000 (2018: £7,104,000).

The company's key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	£'000	£'000	%
Operating loss	(35)	(40)	13
Loss for the financial year	(6,167)	(7,641)	19
Shareholder's equity	6,937	7,104	(2)

In the current year, the Company issued 60,000,000 shares of £0.10 each, for a capital injection of £6,000,000 from its immediate parent undertaking Würth International AG. The Company made a further capital contribution of £6,000,000 in its subsidiary, Wurth UK Ltd, against 6,000,000 ordinary shares of £1 each. The company subsequently recorded an impairment of £6,000,000 in the current year (2018: £4,950,000). In addition, £171,000 of costs associated with the prior year disposals, outlined in the next paragraph, were incurred in the current year (2018: £343,000).

The loss in the prior year is mainly due to the company selling one of its subsidiaries i.e. Monks & Crane Industrial Group Ltd (MCIG), realising a gain of £5,005,000, off-set by a waiver of intercompany loan receivable balance of £10,008,000 from MCIG prior to its disposal. This resulted in an overall net loss of £5,003,000. The resultant net loss was partly off-set by realisation of earn-out consideration of £2,701,000 from sale of a subsidiary, Wurth Electronics UK Ltd, made in the prior year.

Principal risks and uncertainties

Being a parent undertaking, the company bears the risk of changes in the valuation of its investments in the individual subsidiaries. This is monitored by the company annually. The company operates a treasury function for its wholly owned subsidiaries; there is a risk that these amounts lent to subsidiaries are not recoverable. There is no external debt or exposure to foreign exchange.

COVID-19

The company continues to monitor and assess the impact of COVID-19, both the virus itself and the actions of the Government, on the business. The company and its subsidiaries have implemented appropriate safety measures to protect their customers and employees which has enabled trading to continue during "lockdown" for its subsidiaries. Further details on the impact of COVID-19 on the going concern are provided in the Directors' Report.

Strategic Report (continued)

Brexit

The company continues to monitor the impact of Brexit, with the transition period having ended on 31 December 2020. Though many potential implications are as yet unknown moving into 2021 whilst the impact of agreements made between the UK and the European Union to determine the basis of their future relationship become clearer. The Directors are confident that appropriate measures have been taken, including those relevant to the Company's subsidiaries, to ensure that Brexit will not have a material impact on the business or its ability to continue to support its customers to the high standards to which they have become accustomed. The Company's subsidiaries import products from other fellow subsidiaries in EU, however management have made preparations for the requirements on both imports and exports following the end of Brexit transition period in 2020. Other potential implication of Brexit could be the impact on foreign exchange rates. However, the Company, including its subsidiaries, assesses movements and trends in relevant currencies on a daily basis and has access to wider Group hedging facilities to mitigate any impact of significant deviations.

Section 172(1) Statement

The directors are aware of their duty under s172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so, to have a regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly towards all stakeholders of the Company.

The directors of the Company consider that they have had regard in material respects to the factors set out above.

The Company is a UK subsidiary of Adolf Würth GmbH & Co. KG (Würth Group), a company incorporated in Germany. Würth Group has policies and procedures as part of its overall stakeholder engagement framework that is shared by all subsidiaries. The Company follows group policies and procedures, including those relating to standards of business conduct, employees, customers, suppliers, the environment, the communities in which we operate, and other stakeholders such as regulatory bodies and non-government organisations.

Würth Group remains committed to delivering quality products and services to the customers. The safety of the Group's employees, customers and suppliers is the top priority of Würth Group and a core value of the company. To facilitate this the company's subsidiary, provide regular training to all employees throughout the year to emphasise the importance of safety and best practice. The company's subsidiaries have a number of safety targets and measures, which are communicated to staff on a frequent basis.

Board meetings are held from time to time where the directors consider Company business, such as appointment of directors, approval of accounts, approval of dividends, guarantees and other strategic decisions relating to business operations. In considering items of business the Company makes autonomous decisions on each item's own merits, after due consideration of the long-term success of the Company, where relevant, and the stakeholders impacted

The main purpose of the Company is as an intermediate holding company which holds investments in subsidiary undertakings with an objective to provide appropriate returns for its shareholder. The wider responsibilities of the directors of the Company's subsidiary companies, to interact with their respective stakeholders, including their suppliers, customers, workforce and local community and their responsibility to consider the environment are dealt with in the respective subsidiary company's annual report.

Strategic Report (continued)

Section 172(1) Statement (continued)

Shareholders

The Company is a subsidiary of Würth Group and as such the directors ensure that the strategy, values and policies of Würth Group form part of decision-making at all levels. This includes the comprehensive code of conduct, provided to every employee and reviewed annually, which guides all employees on the culture, ethical standards and behaviour expected at all levels of the organisation and every activity.

Principal decision in the year

Principal decisions made by the Company during the year include capital contribution made in its subsidiary, Wurth UK Ltd, and issue of share capital during the year, as noted within the section for "Business Review". These principal decisions were approved by the board of directors.

Future developments

The company will continue in future to act as a parent undertaking for the UK subsidiaries of the Würth Group.

On behalf of the Board

Andrew Dagnall
Director
25 FEBRUARY 2021

Registered No. 2494010

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019. Certain disclosures required within the director's report are included within the strategic report. The current directors are shown on page 1.

Dividends

No dividend was paid during 2019 (2018: nil).

Going concern

The directors note that, as of 31 December 2020 the Company has net assets of £6,974,000, with no financing or loan payable, and made a small profit in the year then ended.

Whilst the Company does not have its own bank account, it participates in a Group wide cash pooling arrangement which has a balance of £36,000 available to the Company at the end of the 2020. However, as the Company does not have control over the funds in the pooled account, nor is there any formal commitment to such amounts remaining receivable, the Company has not factored this into its assessment of going concern. As a holding Company, the Company consistently with 2020 is expected to incur minimal costs over the oncoming period to the end of February 2022, which it expects to be covered by the interest income it receives. The Company also controls the trading subsidiaries of Würth Group in the UK, which individually are considered to be going concerns and therefore by virtue of the control it exercises over its subsidiaries, the Company could also require them to pay for its expenditures for the foreseeable future. The Directors consider that the UK subsidiaries have sufficient cash resources, including availability of credit facilities via letter of support from Würth Finance International B.V to enable them to provide funds to the Company if required. The Directors have also made enquires of the Wurth group management to ensure that the Wurth Finance International BV have the ability to provide any funds if required to the UK subsidiaries.

Furthermore, no letter of support has been provided by the Company itself to those subsidiaries.

The directors therefore have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future, until at least 12 months from the date of approval these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Events since the balance sheet date

In light of COVID-19, the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019, no global pandemic had been declared and there were no confirmed cases of COVID-19 in the UK. Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March 2020 and the UK government announced social distancing measures on 16 March 2020 and a "lockdown" on 23 March 2020.

As at the balance sheet date, there was no disruption to the company or its subsidiaries. Although, there has been no direct impact of COVID-19 on the Company's stand-alone individual financial statements, however, the subsequent impact of COVID-19 on its subsidiaries was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting post-balance sheet event and have concluded that no adjustments are therefore required to the financial statements.

The subsidiaries of the company have seen some impact on trading in 2020, where the sales and profitability has been lower compared to 2019. However, the company expects overall trading and profitability for 2021 to gradually return to a normal level, as the local lock down measures are eased out.

In order to minimise the impact on operating profit, the directors have utilised financial support schemes offered by the UK Government, where relevant for the sub diaries of the Company. In addition, to preserve working capital, some subsidiaries of the company have deferred the payment of certain taxes in agreement with HMRC. A range of temporary social measures, such as remote working, have been taken to ensure our employees are protected as far as possible by minimising all but business critical office-based tasks, whilst ensuring our customers continue to be served to a high standard.

The long-term financial impact of the pandemic on the Company can't be quantified, however due to the nature of the company, as a holding company it is expected to be minimal

Directors' report (continued)

Auditor

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

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditor in connection with preparing of their report) of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

Andrew Dagnall

Director

25 FEBRUARY 2021

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 accounting standards (United Kingdom Generally Accepted Accounting Practice and applicable law), including FRS 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 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.

Independent auditor's report

to the members of Wurth Holding UK Limited

Opinion

We have audited the financial statements of Wurth Holding UK Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Statement of other comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 15, 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 2019 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Emphasis of Matter - Disclosures in relation to the effects of COVID-19

We draw attention to note 2 and 15 of the financial statements, which describes the economic and social disruption the company are facing as a result of COVID-19 which has the potential to impact the customer demand, sourcing of material, profitability and personnel available for work and/or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Independent auditor's report

to the members of Wurth Holding UK Limited (continued)

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.

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.

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities on page 7, 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

to the members of Wurth Holding UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit 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 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.

Ernst & Young LLP

Lorna McNeil (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham, UK
Date: 25 February 2021

Profit and loss account

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Administrative expenses		(35)	(40)
Operating loss	3	(35)	(40)
(Loss)/gain on disposal of subsidiaries	3	(171)	7,363
Amounts written off investments		(6,000)	(4,950)
Intercompany loan write off	3	-	(10,008)
Interest receivable and similar income	5	39	-
Interest payable and similar charges	6	-	(6)
Loss on ordinary activities before taxation		(6,167)	(7,641)
Tax	7	-	-
Loss for the financial year		(6,167)	(7,641)

All amounts relate to continuing activities.

Statement of other comprehensive income

for the year ended 31 December 2019

There are no recognised gains or losses other than the losses attributable to the shareholders of the company of £6,167,000 in the year ended 31 December 2019 (2018: loss of £7,641,000).

The notes on pages 14 to 22 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2019

	Share capital	*Retained earnings*	*Total equity*
	£'000	*£'000*	*£'000*
At 1 January 2018	**2,461**	**7,584**	**10,045**
Loss for the financial year	–	(7,641)	(7,641)
Increase in share capital	4,700	–	4,700
At 1 January 2019	**7,161**	**(57)**	**7,104**
Loss for the financial year	–	(6,167)	(6,167)
Increase in share capital	6,000	–	6,000
At 31 December 2019	**13,161**	**(6,224)**	**6,937**

The notes on pages 14 to 22 form part of these financial statements.

Balance sheet

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	8	2,147	2,147
		2,147	2,147
Current assets			
Debtors:			
Amounts falling due within one year	9	3,944	3,863
Amounts falling due over one year	10	860	1,313
		4,804	5,176
Creditors: amounts falling due within one year			
Other creditors	11	(14)	(219)
		(14)	(219)
Net current assets		4,790	4,957
Net Assets		6,937	7,104
Capital and reserves			
Share capital	12	13,161	7,161
Retained earnings		(6,224)	(57)
Total equity		6,937	7,104

The notes on pages 14 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:

Andrew Dagnall

Director

Date: 25 FEBRUARY 2021

Company Number: 2494010

Notes to the financial statements

at 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Wurth Holding UK Ltd (the "company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 19 February 2021 and was signed on the board's behalf by A Dagnall. Wurth Holding UK Limited is a Company limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) applicable accounting standards and the Companies Act 2006.

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

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Adolf Würth GmbH & & Co. KG. The financial statements can be obtained from Adolf Würth GmbH & Co. KG, Reinhold Würth Strasse, 74650 Künzelsau, Germany.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

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

(a) The requirements of IFRS 7 Financial Instruments: Disclosures,

(b) The requirement in paragraph 38 of IAS 1

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

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

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

(d) The requirements of IAS 7 Statement of Cash Flows;

(e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(f) The requirements of paragraph 17 of IAS 24 Related Party Disclosures; and

(g) 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.

Furthermore, no letter of support has been provided by the Company itself to those subsidiaries.

Notes to the financial statements (continued)

at 31 December 2019

2. Accounting policies (continued)

Basis of preparation (continued)

Going concern

The directors note that, as of 31 December 2020 the Company has net assets of £6,974,000, with no financing or loan payable, and made a small profit in the year then ended.

Whilst the Company does not have its own bank account, it participates in a Group wide cash pooling arrangement which has a balance of £36,000 available to the Company at the end of the 2020. However, as the Company does not have control over the funds in the pooled account, nor is there any formal commitment to such amounts remaining receivable, the Company has not factored this into its assessment of going concern. As a holding Company, the Company consistently with 2020 is expected to incur minimal costs over the oncoming period to the end of February 2022, which it expects to be covered by the interest income it receives. The Company also controls the trading subsidiaries of Würth Group in the UK, which individually are considered to be going concerns and therefore by virtue of the control it exercises over its subsidiaries, the Company could also require them to pay for its expenditures for the foreseeable future. The Directors consider that the UK subsidiaries have sufficient cash resources, including availability of credit facilities via letter of support from Würth Finance International B.V to enable them to provide funds to the Company if required. The Directors have also made enquires of the Wurth group management to ensure that the Wurth Finance International BV have the ability to provide any funds if required to the UK subsidiaries.

The directors therefore have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future, until at least 12 months from the date of approval these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2019 and have been assessed for any effect on the financial Statements:

IFRS 16: Leases

The impact of the adoption of IFRS 16 has been evaluated by the company and was concluded that there was no impact as the company does not have any lease contracts, and merely acts as a holding company for UK subsidiaries of Würth group.

None of the standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

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

Investments:

The company carries its financial investment in its subsidiaries at cost less any applicable provision for impairment. Where an indication of impairment is identified the estimation of recoverable value of investments require estimation of future cash flows from the relevant subsidiary and also selection of an appropriate discount rate to apply to those cash flows. Further details are provided in Note 8.

Notes to the financial statements (continued)

at 31 December 2019

2. Accounting policies (continued)

Significant accounting policies

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Investments

Investments in subsidiary undertakings are stated at cost. To the extent that the carrying value exceeds the recoverable amount, any impairment loss is recognised in the profit and loss account. The carrying value of the investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of Investments

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

Financial assets and liabilities

Classification

The Company's financial assets include inter-company receivables. The Company's financial liabilities include inter-company and other payables.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method.

Borrowings and other financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the estimated term of the financial instrument or, where applicable, over a shorter period, to the net carrying amount of the financial asset or liability.

Impairment of financial assets

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the financial statements (continued)

at 31 December 2019

2. Accounting policies (continued)

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividends

Dividend income is recognised when the company right to receive dividend payment is established.

Notes to the financial statements (continued)

at 31 December 2019

3. Operating loss

This is stated after charging:

			2019 £000	2018 £000
Auditor's remuneration	–	audit	12	9
	–	taxation	2	16

In the current year, the Company issued 60,000,000 shares of £0.10 each, for a capital injection of £6,000,000 from its immediate parent undertaking Würth International AG. The Company made a further capital contribution of £6,000,000 in its subsidiary, Wurth UK Ltd, against 6,000,000 ordinary shares of £1 each. The company subsequently recorded an impairment of £6,000,000 in the current year (2018: £4,950,000). In addition, £171,000 of costs associated with the prior year disposals, outlined in the next paragraph, were incurred in the current year (2018: £343,000).

The loss in the prior year is mainly due to the company selling one of its subsidiaries i.e. Monks & Crane Industrial Group Ltd (MCIG), realising a gain of £5,005,000, off-set by a waiver of intercompany loan receivable balance of £10,008,000 from MCIG prior to its disposal. This resulted in an overall net loss of £5,003,000. The resultant net loss was partly off-set by realisation of earn-out consideration of £2,701,000 from sale of a subsidiary, Wurth Electronics UK Ltd, made in the prior year.

4. Staff costs

The Company has no employees (2018: Nil)

	2019 No.	2018 No.
Directors	2	2

The directors are also directors of other group companies and received no direct remuneration for their services to the company during the year and the prior year and were remunerated by other companies within the Group. Their role is considered incidental to the services performed elsewhere in the Würth Group.

A management charge of £10,373 (2018: £10,748) in respect of administration costs has been made by Adolf Würth GmbH & Co. KG, the company's ultimate parent undertaking, which includes the directors' remuneration which it is not possible to identify separately. A further management charge of £6,000 in respect of administration and management costs has been made by Wurth UK Limited.

5. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from group undertakings	39	-

Notes to the financial statements (continued)

at 31 December 2019

6. Interest payable and similar charges

	2019	*2018*
	£000	*£000*
Interest payable to group undertakings	-	6

7. Tax

(a) Tax on loss on ordinary activities

The tax loss is made up as follows:

	2019	*2018*
	£000	*£000*
Current tax:		
Group relief payable	-	-
Adjustments in respect of previous years	-	-
Deferred tax	-	-
Total tax (note 7(b))	-	-

(b) Factors affecting total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019	*2018*
	£000	*£000*
Loss on ordinary activities before tax	(6,167)	(7,641)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,172)	(1,452)
Effects of:		
Income not taxable	-	(1,464)
Expenses not deductible	1,148	2,906
Adjustments in respect of previous years	-	-
Amounts not recognised	24	10
Tax charge for the period	-	-

Deferred Tax

The Company has unrecognised carried forward tax losses from prior periods of £217,530 (2018: £115,636). The company is not expected to generate taxable profits in the foreseeable future for these losses to be recognised.

Change in Corporation Tax rate

Following the year end, the UK government announced that the corporation tax rate would remain at 19%, effective from 1 April 2020, rather than 17% as previously announced. There is no impact of the change.

There is no provided or unprovided deferred tax (2018: Nil)

Notes to the financial statements (continued)

at 31 December 2019

8. Investments

	Subsidiary undertakings £000
Cost:	
At 1 January 2019	16,972
Addition	6,000
At 31 December 2019	22,972
Provisions for impairment:	
At 1 January 2019	14,825
Provided in the year	6,000
At 31 December 2019	20,825
Net book value:	
At 31 December 2019	2,147
At 1 January 2019	2,147

The company's investment in a subsidiary was increased in the year after a capital contribution of £6,000,000.

Following a review of investment carrying values, the Company recorded an impairment of its investment in Würth UK Limited during the year ended 31 December 2020. The recoverable amount of this investment
was estimated to be £6,000,000 which was fully impaired and resulted in an impairment of £6,000,000, presented in the profit and loss account within administrative expenses (2018: £4,950,000).

The company has investments in the following subsidiary undertakings and other investments-

Subsidiary undertakings	*Holding*	*%*	*Principal activity*	*Registered office*
Winzer Würth Industrial Limited*	Ordinary shares	100	Dormant	1 Centurion Way, Erith, DA18 4AE
Reca-UK Limited*	Ordinary shares	100	Fixings – Construction	Doranda Way, West Bromwich, B71 4LU
Würth UK Limited*	Ordinary shares	100	Fixings – Automotive	1 Centurion Way, Erith, DA18 4AE
Tooling International Limited*	Ordinary Shares	100	Consumables and tooling for engineering industry	Focus Park, Solihull, B90 4QU
Anchorfast Ltd	Ordinary Shares	100	Dormant	Brownsburn Ind Est Peterhead, Airdrie, ML6 9SE

* Held directly by Wurth Holding UK Limited

Notes to the financial statements (continued)

at 31 December 2019

9. Debtors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed by group undertakings	3,506	3,425
Other debtors	438	438
Amounts owed by group undertakings	3,944	3,863

Amounts due from group undertakings are unsecured, repayable on demand and carry an interest rate of 1.99%. Other debtors have arisen due to the sale of a subsidiary and are receivable over the next 3 years. These amounts are unsecured and reflect the current portion of amount receivable.

10. Debtors: amounts falling due over one year

	2019	2018
	£000	£000
Other debtors	860	1,313

Other debtors have arisen due to the sale of a subsidiary and are receivable over the next 3 years. These amounts are unsecured and reflect the non-current portion of amount receivable.

11. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	-	206
Other creditors	14	13
	14	219

Amounts owed to group undertakings are unsecured, repayable on demand and are non-interest bearing.

12. Issued share capital

		2019		2018
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £0.10 each	131,608,127	13,161	71,608,127	7,161

On 24 July 2019 the company received and allocated £6,000,000 of additional share capital from Würth International AG against an issue of 60,000,000 shares of £0.10 each, following the approval of the central managing board of the ultimate parent company.

13. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There are no other related party transactions.

Notes to the financial statements (continued)

at 31 December 2019

14. Ultimate Group undertaking

The immediate parent undertaking is Würth International AG, a company incorporated in Switzerland.

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

15. Events since the balance sheet date

In light of COVID-19, the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019, no global pandemic had been declared and there were no confirmed cases of COVID-19 in the UK. Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March 2020 and the UK government announced social distancing measures on 16 March 2020 and a "lockdown" on 23 March 2020.

As at the balance sheet date, there was no disruption to the company or its subsidiaries. Although, there has been no direct impact of COVID-19 on the Company's stand-alone individual financial statements, however, the subsequent impact of COVID-19 on its subsidiaries was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting post-balance sheet event and have concluded that no adjustments are therefore required to the financial statements.

The subsidiaries of the company have seen some impact on trading in 2020, where the sales and profitability has been lower compared to 2019. However, the company expects overall trading and profitability for 2021 to gradually return to a normal level, as the local lock down measures are eased out.

In order to minimise the impact on operating profit, the directors have utilised financial support schemes offered by the UK Government, where relevant for the sub diaries of the Company. In addition, to preserve working capital, some subsidiaries of the company have deferred the payment of certain taxes in agreement with HMRC. A range of temporary social measures, such as remote working, have been taken to ensure our employees are protected as far as possible by minimising all but business critical office-based tasks, whilst ensuring our customers continue to be served to a high standard.

The long-term financial impact of the pandemic on the Company can't be quantified, however due to the nature of the company, as a holding company it is expected to be minimal.