

Tetrosyl Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 00537855



Tetrosyl Limited

Company Information

Directors	P D Schofield D J Rogers
Registered number	00537855
Registered office	Newgate House Newgate Rochdale OL16 1XB
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

Tetrosyl Limited

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Tetrosyl Limited

Strategic Report For the Year Ended 31 December 2018

The directors present their Strategic Report of the Company for the year ended 31 December 2018.

Statement of compliance

To comply with the Companies Act 2006, the company provides below a review of the development and performance of the business during the year, including key performance indicators, and a description of the principal risks and uncertainties facing the company.

The business review contains forward looking statements and opinions that involve risks and uncertainties. These risks and uncertainties could cause results to differ materially from expectations. The principal risk factors are discussed in more detail below.

Results and business review

The core business of Tetrosyl Limited is focused on the manufacture of brand leading automotive products. This has been the case for over 60 years and during that time the business has achieved significant growth such that it is now the largest manufacturer of car care products in Europe and the largest independent oil blender within the UK. The company trades worldwide and continues to extend its global reach.

The company has reported a slight increase in turnover of £2.4m to £100.3m (2017: £97.9m) – a 2.5% increase. Third party sales increased from £93.1m to £95.2m, because of an increased customer base and a wider product offering. The profit before tax was £1.8m (2017: £1.5m) a £0.3m increase on prior year. This is a reflection of the increased sale in 2018 vs 2017.

Principal risks and uncertainties

The company operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that cannot be controlled or predicted. The key risks and uncertainties facing the business are:

1. The weather conditions can often play an important role in determining our final turnover. Mild winters and poor summers can impact on turnover;
2. Economic, political and market conditions in supplier countries can affect the price we pay for raw materials which can adversely affect our revenue growth and profitability;
3. As we continue to import raw materials and finished goods for resale, we will experience increasing exchange rate volatility, resulting in, foreign currency gains and losses together with an increased chance of supply chain disruption;
4. The company continues to invest in product research and development to maintain a competitive position in the market; however the development of certain markets could result in significant new competition emerging which could have an adverse effect On the company's business;
5. Continued improvements in vehicle production, complex engine maintenance and longer service intervals may result in reduced sales of certain product ranges, thus leading to potentially reduced turnover; and
6. Uncertainty around the precise terms of any deal surrounding the UK's departure from the EU may also impact upon the exchange rate and strategic decisions made by the group's suppliers and customers.

Financial risks

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company reviews these risks on an on-going basis. This review seeks to limit any adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The reviews are carried out by the company's finance department.

Key performance indicators

Our key financial performance indicators are turnover and profit before tax. These are commented upon in the business review above. Turnover and gross margin are monitored on a daily margin with actuals compared to expectations to ensure that the business is performing in line with expectations.

Tetrosyl Limited

Strategic Report (continued)
For the Year Ended 31 December 2018

Future developments

The company is in ongoing negotiations with housebuilders, for residential development, in relation to the sale of its former head office and manufacturing site at Bury, Lancashire. The sale proceeds will be used to relocate all manufacturing activities to our remaining production site in Bury. The investment will include the latest technology, manufacturing equipment and processes..

This report was approved by the board on 24/09/18 and signed on its behalf.


D J Rogers
Director

Tetrosyl Limited

Directors' Report For the Year Ended 31 December 2018

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activities

The principal activities of the company during the year were the developing, manufacturing, marketing, selling and distributing of car care and DIY products, using such household brands as "Carlube", "CarPlan", "Tetrion", "T-Cut" and "Wonder Wheels".

Results and dividends

The profit for the year, after taxation, amounted to £1,316,000 (2017 - £1,490,000).

Dividends of £Nil were paid during the year (2017 - £Nil). The directors do not recommend the payment of a final dividend for the year (2017: £Nil).

A further business review is provided in the Strategic Report.

Directors

The directors who served during the year were:

P D Schofield
D J Rogers
S Brennan (resigned 31 May 2018)

Tetrosyl Limited

Directors' Report (continued) For the Year Ended 31 December 2018

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the in-house newspaper and newsletters and briefing groups.

Research and development

The Company has continued to invest strongly both in product research and development and manufacturing technology. This continued focus on high-tech manufacturing and R&D is an essential part of Tetrosyl's business.

The company has also continued to develop and enhance its existing brands through marketing and advertising, and strong category and brand management.

Director's indemnity provision

The Company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

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

Auditor

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

This report was approved by the board on 24/02/19 and signed on its behalf.



D J Rogers
Director

Tetrosyl Limited

Independent Auditor's Report to the Members of Tetrosyl Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

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

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

Other information

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

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

We have nothing to report in this regard.

Tetrosyl Limited

Independent Auditor's Report to the Members of Tetrosyl Limited (continued)

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 Director's 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, 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.

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.

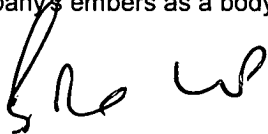
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Independent Auditor's Report to the Members of Tetrosyl Limited (continued)

Use of this 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.



Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

26/09/2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tetrosyl Limited

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	100,274	97,854
Cost of sales		(75,249)	(73,260)
Gross profit		25,025	24,594
Distribution costs		(11,958)	(11,745)
Exceptional distribution costs	13	-	(941)
Administrative expenses		(11,022)	(10,222)
Operating profit	5	2,045	1,686
Interest receivable and similar income	9	173	241
Interest payable and similar charges	10	(335)	(309)
Other finance costs	11	(55)	(121)
Profit before tax		1,828	1,497
Tax on profit	12	(512)	(7)
Profit for the financial year		1,316	1,490
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme		739	2,052
Movement of deferred tax relating to pension scheme		(55)	(502)
Other comprehensive income for the year		684	1,550
Total comprehensive income for the year		2,000	3,040

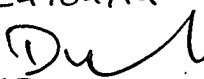
The notes on pages 11 to 32 form part of these financial statements.

Tetrosyl Limited
Registered number: 00537855

Statement of Financial Position
As at 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	14		15,553		13,086
Investments	15		8,783		8,783
			<u>24,336</u>		<u>21,869</u>
Current assets					
Stocks	16	28,410		30,103	
Debtors: amounts falling due after more than one year	17	12,316		10,954	
Debtors: amounts falling due within one year	17	70,121		55,728	
Current asset investments	18	2		2	
Cash at bank and in hand	19	524		528	
			<u>111,373</u>	<u>97,315</u>	
Creditors: amounts falling due within one year	20	(64,067)		(49,400)	
Net current assets			<u>47,306</u>		<u>47,915</u>
Total assets less current liabilities			<u>71,642</u>		<u>69,784</u>
Creditors: amounts falling due after more than one year	21		(3,648)		(2,796)
Provisions for liabilities					
Deferred tax	22		(274)		(306)
Pension liability	26		(1,550)		(2,512)
Net assets			<u>66,170</u>		<u>64,170</u>
Capital and reserves					
Called up share capital	23		64		64
Retained earnings	24		66,106		64,106
Total equity			<u>66,170</u>		<u>64,170</u>

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

24/09/19

D J Rogers
 Director

The notes on pages 11 to 32 form part of these financial statements.

Tetrosyl Limited

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2018	64	64,106	64,170
Comprehensive income for the year			
Profit for the year	-	1,316	1,316
Actuarial gains on pension scheme	-	739	739
Movement of deferred tax relating to pension scheme	-	(55)	(55)
Other comprehensive income for the year	-	684	684
Total comprehensive income for the year	-	2,000	2,000
At 31 December 2018	64	66,106	66,170

Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2017	64	61,066	61,130
Comprehensive income for the year			
Profit for the year	-	1,490	1,490
Actuarial gains on pension scheme	-	2,052	2,052
Movement of deferred tax relating to pension scheme	-	(502)	(502)
Other comprehensive income for the year	-	1,550	1,550
Total comprehensive income for the year	-	3,040	3,040
At 31 December 2017	64	64,106	64,170

The notes on pages 11 to 32 form part of these financial statements.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

Tetrosyl Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The presentational currency is pounds sterling (GBP) and all amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tetrosyl Group Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised on despatch when the risk and rewards of ownership transfer.

2.4 Sales volume rebates

The Company offers sales volume rebates to certain customers and these credit notes are matched to turnover in the same period the sale was recorded.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.5 Research and development expenditure

Expenditure on research and development is written off in the Statement of Comprehensive Income in the year in which it is incurred.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Operating leases

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

2.9 Current tax and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Post retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

The Company also operates a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the Company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Statement of Financial Position net of the related deferred tax.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Land and assets under construction are not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Plant and machinery	- 5 to 20 years
Motor vehicles	- 4 years
Fixtures, fittings, tools and equipment	- 4 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible assets and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- In relation to potentially obsolete or slow moving stock, the directors have made key assumptions regarding the provision to be included within the financial statements. This is based on the method of clearance, probability of sale and potential future discount. Stock included on the balance sheet is net of any provision.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Defined Benefit Pension scheme (see note 26)**
The derivation of the Company's defined benefit pension scheme liability includes the use of a number of significant estimates. These include inflation, discount rates and mortality rates of pensioners. These estimates are set with the advice of a qualified actuary to ensure that these estimates are accurate.

4. Turnover

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	79,753	78,175
Rest of Europe	18,866	17,834
Rest of the world	1,655	1,845
	100,274	97,854

Turnover is wholly attributable to the principal activities of the Company.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

5. Operating profit

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

	2018 £000	2017 £000
Research & development charged as an expense	365	384
Depreciation of tangible fixed assets	1,530	1,019
Operating leases: hire of plant and machinery	150	263
Operating leases: hire other assets	310	234
Exchange differences	264	(39)
Defined contribution pension cost	144	26
Defined benefit pension cost	473	450

6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	62	42
Other services relating to taxation	15	32

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Employees

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

	2018 £000	2017 £000
Wages and salaries	12,971	13,166
Social security costs	1,088	1,156
Pension contributions	617	476
	<u>14,676</u>	<u>14,798</u>

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

	2018 No.	2017 No.
Manufacturing and distribution	433	413
Sales and marketing	70	64
Management and administration	83	80
	<u>586</u>	<u>557</u>

A defined contribution pension scheme is operated by the Company on behalf of the employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund. Contributions amounting to £Nil (2017: £Nil) were payable to the fund at year end and are included in creditors at the year end.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	310	423
Company contributions to defined contribution pension schemes	1	3
	<u>311</u>	<u>426</u>

Emoluments include an estimate of the monetary value of benefits in kind.

The emoluments, excluding pension contributions, of the highest paid director in 2018 amounted to £1,000 (2017 - £202,000). He is a member of the defined benefit scheme, under which his accrued pension at the year was £74,000 (2017 - £74,000).

Retirement benefits were accruing for one (2017 - one) director during the year under the defined benefit scheme.

9. Interest receivable and similar income

	2018 £000	2017 £000
Bank interest	9	5
Loan interest on amounts owed by group undertakings	164	236
	<u>173</u>	<u>241</u>

10. Interest payable and similar charges

	2018 £000	2017 £000
On bank loans and overdrafts	209	50
Interest payable on amounts due to group undertakings and directors' loan accounts	126	259
	<u>335</u>	<u>309</u>

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

11. Other finance costs/(income)

	2018 £000	2017 £000
Expected return on pension scheme assets	469	469
Interest on pension scheme liabilities	(524)	(590)
	<u>(55)</u>	<u>(121)</u>

12. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	169	62
Adjustments in respect of previous periods	267	(159)
Total current tax	<u>436</u>	<u>(97)</u>
Deferred tax		
Origination and reversal of timing differences	(32)	201
Adjustment in respect of pension scheme liability	108	(97)
Total deferred tax	<u>76</u>	<u>104</u>
Taxation on profit on ordinary activities	<u>512</u>	<u>7</u>

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,827	1,496
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	347	288
Effects of:		
Expenses not deductible for tax purposes	12	21
Capital allowances in excess of depreciation	(180)	34
R&D expenditure credits	-	(34)
Adjustments to tax charge in respect of prior periods	267	(159)
Other differences leading to an decrease in the tax charge	66	(143)
Total tax charge for the year	512	7

Factors that may affect future tax charges

Reductions in UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will reduce the Company's future tax charge and its deferred tax asset accordingly.

13. Exceptional costs

	2018 £000	2017 £000
Distribution costs	-	941

Exceptional distribution costs represent the costs of the movement of group stock to its new stock distribution centre in Royle Barne Road during the prior year.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings, tools and equipment £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 January 2018	2	25,061	475	5,636	4,197	35,371
Additions	-	465	-	448	3,084	3,997
Transfers between classes	-	4,059	-	-	(4,059)	-
At 31 December 2018	<u>2</u>	<u>29,585</u>	<u>475</u>	<u>6,084</u>	<u>3,222</u>	<u>39,368</u>
Depreciation						
At 1 January 2018	-	16,960	466	4,859	-	22,285
Charge for the year	-	1,190	7	333	-	1,530
At 31 December 2018	<u>-</u>	<u>18,150</u>	<u>473</u>	<u>5,192</u>	<u>-</u>	<u>23,815</u>
Net book value						
At 31 December 2018	<u>2</u>	<u>11,435</u>	<u>2</u>	<u>892</u>	<u>3,222</u>	<u>15,553</u>
At 31 December 2017	<u>2</u>	<u>8,101</u>	<u>9</u>	<u>777</u>	<u>4,197</u>	<u>13,086</u>

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January and 31 December 2018	13,500
	<hr/>
Impairment	
At 1 January and 31 December 2018	4,717
	<hr/>
Net book value	
At 31 December 2018	8,783
	<hr/> <hr/>
At 31 December 2017	8,783
	<hr/> <hr/>

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Tetrosyl France S.A.	Marketing, sale and distribution of car care products	Ordinary	100%
QH France S.A.	Distribution of car parts	Ordinary	100%
SNS S.A.	Distribution of car parts	Ordinary**	100%
Red Express Direct Limited	Dormant	Ordinary	100%
Tetrosyl International Limited	Dormant	Ordinary	100%
Tetrosyl Leasing Limited	Dormant	Ordinary	100%
Wonder Wheels (U.K.) Limited	Dormant	Ordinary*	100%
Automotive Chemicals Limited	Dormant	Ordinary	100%
Speciality Chemicals Limited	Dormant	Ordinary	100%
Chapeltown Investments Limited	Dormant	Ordinary	100%

All companies have financial year ends of 31 December.

* shares held indirectly through Chapeltown Investments Limited

** shares held indirectly through QH France S.A.

The registered offices of the above companies are the same as Tetrosyl Limited, with the exception of the companies detailed below.

The registered office of Tetrosyl France S.A. and SNS S.A. is 40 Avenue Clément Ader, 59874 Wambrechies, France.

The registered office of QH France S.A. is CRT 3, Rue Jules Verned, 59810 Lesquin, France.

16. Stocks

	2018 £000	2017 £000
Raw materials and consumables	8,544	10,197
Work in progress	2,898	565
Finished goods and goods for resale	16,968	19,341
	<u>28,410</u>	<u>30,103</u>

Stock recognised in cost of sales during the year as an expense was £57,877,000 (2017 - £59,788,000).

An impairment loss of £1,282,000 (2017 - £44,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

17. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	12,052	10,527
Deferred tax asset	264	427
	12,316	10,954

Amounts owed by group undertakings that are due after more than one year are subject to interest at the Bank of England base rate + 1%.

	2018 £000	2017 £000
Due within one year		
Trade debtors	20,001	19,832
Amounts owed by parent undertakings	7,086	5,145
Amounts owed by group undertakings	41,717	29,203
Other debtors	400	827
Prepayments and accrued income	465	709
Tax recoverable	452	12
	70,121	55,728

Amounts owed by group and parent undertakings that are due within one year are unsecured, repayable on demand and interest-free.

18. Investments

	2018 £000	2017 £000
Fair value brought forward and carried forward	2	2

All current asset investments are shares held in listed companies which are traded on a regular basis.

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

19. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	524	528
Less: bank overdrafts	(5,042)	(2,982)
	(4,518)	(2,454)

20. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	5,042	2,982
Trade creditors	13,401	20,984
Amounts owed to group undertakings	31,998	20,080
Other taxation and social security	525	2,224
Other creditors	1,628	159
Accruals and deferred income	11,473	2,971
	64,067	49,400

Amounts owed to group undertakings that fall due within one year are unsecured, repayable on demand and interest-free.

The bank overdrafts are secured against a group property.

21. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Directors' loan account	2,867	2,015
Amounts owed to group undertakings	781	781
	3,648	2,796

Amounts owed to group undertakings that fall due after more than one year are unsecured. Interest is charged at a rate of Bank of England base rate + 2% (2017 - Bank of England base rate + 2%). There are no formal repayment terms. The balance has been classified as due for repayment after more than one year on the basis that lender has confirmed that it will not request repayment within 12 months from the balance sheet date.

Amounts owed on the director's loan account are unsecured, repayable in up to 20 years and interest is charged at Bank of England base rate + 4% (2017 - Bank of England base rate + 4%).

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

22. Deferred taxation

	2018 £000	2017 £000
At beginning of year	121	727
Charged to profit or loss	(76)	(104)
Charged to other comprehensive income	(55)	(502)
At end of year	(10)	121

There is no deferred tax in the company.

The deferred tax balance is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(545)	(314)
Short term timing differences	271	8
Defined benefit pension scheme - recognised as an asset (see note 26)	264	427
	(10)	121
Comprising:		
Asset - due after one year	264	427
Liability	(274)	(306)

23. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
64,152 (2017 - 64,054) Ordinary shares of £1 each	64	64

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

24. Reserves

The Company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

25. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018	2017
	£000	£000
Contracted for but not provided in these financial statements	-	497
	<u> </u>	<u> </u>

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

26. Pension commitments

The Company operates a Defined Benefit Pension Scheme.

A full actuarial valuation was carried out at 30 June 2014 and updated to 31 December 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a deficit of £1,550,000. The Company has agreed with the trustees that it will aim to eliminate the deficit over a period of 10 years 5 months from 1 January 2016 by the payment of £430,637 per annum, payable in monthly instalments, increasing annually at 5% p.a., in respect of the deficit. In addition the Company will meet directly the costs of levies to the Pension Protection Fund and the scheme's management and administration expenses.

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	22,200	24,118
Current service cost	45	-
Interest cost	524	590
Actuarial losses	(2,075)	358
Benefits paid	(699)	(2,866)
Past service cost	150	-
Administrative expenses paid	(45)	-
At the end of the year	20,100	22,200

Reconciliation of present value of plan assets:

	2018 £000	2017 £000
At the beginning of the year	19,688	19,223
Interest income	469	469
Actuarial gains	(1,336)	2,410
Contributions	473	452
Benefits paid	(699)	(2,866)
Administrative expenses paid	(45)	-
At the end of the year	18,550	19,688

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

26. Pension commitments (continued)

Composition of plan assets:

	2018 £000	2017 £000
Equities	13,573	14,577
Bonds	2,445	2,611
Property	1,484	1,406
Cash	619	663
Other	429	431
Total plan assets	18,550	19,688
	2018 £000	2017 £000
Fair value of plan assets	18,550	19,688
Present value of plan liabilities	(20,100)	(22,200)
Net pension scheme liability	(1,550)	(2,512)

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Current service cost	(45)	-
Interest on obligation	(524)	(590)
Interest income on plan assets	469	469
Past service cost	(150)	-
Total	(250)	(121)

The Company expects to contribute £499,000 to its Defined Benefit Pension Scheme in 2019.

	2018 £000	2017 £000
Analysis of actuarial gain recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(1,336)	2,410
Actuarial losses on the scheme liabilities	2,075	(358)
	739	2,052

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

26. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	3.0	2.4
Inflation (RPI)	3.4	3.3
Inflation (CPI)	2.35	2.0
Allowance for revaluation of deferred pensions of CPI or 5% p.a if less		2.0
Allowance for pension in payment increases of RPI or 5% p.a if less	3.4	3.2
Allowance for pension in payment increases of CPI or 3% p.a if less	2.35	2.0
Mortality rates		
- for a male aged 65 now	21.8	22.0
- at 65 for a male aged 45 now	23.7	24.0
- for a female aged 65 now	22.9	23.3
- at 65 for a female member aged 45 now	25.0	25.5

27. Commitments under operating leases

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

	2018	2017
	£000	£000
Not later than 1 year	427	441
Later than 1 year and not later than 5 years	1,099	861
Later than 5 years	132	137
	1,658	1,439

Tetrosyl Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

28. Related party transactions

As 100% of the voting rights of the Company are controlled within the group headed by Tetrosyl Group Limited the Company has taken advantage of the exemption contained in section 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Tetrosyl Group Limited, within which this company is included, can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

During the year, the Group paid £331,998 (2017 - £2,299,240) on behalf of the director, P D Schofield. Interest of £84,156 was credited throughout the year (2017 - £71,491). These amounts were charged to the director's loan account. In previous years, the Company has received a loan of £3,000,000, from P D Schofield, a director of the Company. interest is accruing at a rate of base plus 3%. During the year interest was charged on this loan totalling £Nil (2017 - £226,717). At the year end the net balance due to P D Schofield was £2,867,000 (2017 - £2,014,735).

29. Ultimate controlling party

The Company is a subsidiary undertaking of Tetrosyl Group Limited incorporated in England and Wales, The ultimate controlling party of Tetrosyl Group Limited is One of the directors, P D Schofield.

The only Group in which the results of the Company are consolidated is that headed by Tetrosyl Group Limited. No other Group financial statements include the results of the Company. The consolidated financial statements of this Group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.