

# **Valbruna UK Limited**

Registered number: 2015096

## **Directors' report and financial statements**

**For the year ended 31 December 2018**



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**VALBRUNA UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M A Gresele V Viero P Wood
<b>Company secretary</b>	V Viero
<b>Registered number</b>	2015096
<b>Registered office</b>	Oldbury Road West Bromwich West Midlands B70 9BT
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT
<b>Bankers</b>	HSBC Bank Plc 130 New Street Birmingham West Midlands B2 4JU

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**VALBRUNA UK LIMITED**

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## VALBRUNA UK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

The principal activity of the company continued to be stockholders of stainless steel and nickel alloys.

There have not been any significant changes in the Company's activities in the year under review. The directors are not aware, as at the date of this report, of any likely major changes in the Company's principal activities in the next year.

#### Business review

Market conditions have continued to increase throughout the year. As a result the company reached £19.5 million in sales which represents a 8% increase on the previous year. Gross percentage margins generated at 19.2% were slightly higher than last years 17.4%.

Collections of trade receivables were generally within trading terms and no significant bad debt was incurred. The level of business and the year end financial position were satisfactory and the beginning of 2019 shows encouragement.

#### Principal risks and uncertainties

The principal risk identified by the directors continues to be in relation to the growth of revenues and customers in what continues to be a challenging and competitive market. The company always continues to develop and grow relations with existing customers and grow overall customer numbers by delivering a high quality product.

#### Effect of the Withdrawal of the United Kingdom from the European Union

The Company has increased stock levels in the UK as a precaution against the risk of possible temporary logistical disruptions and delays in case of a hard Brexit. On the other hand due to the specialist nature of its products and UK customers the Company does not foresee major long term risks resulting from Brexit.

#### Financial key performance Indicators

Turnover of £19,521,252 was 8% more than 2017 (£18,076,410) and profits before tax increased by 30% to £1,255,993 (2017: £968,104). The gross margin was 19.2% (2017: 17.4%).

Cash generated in operating activities was £(52,068) (2017: £520,923).

#### Outlook

The directors are optimistic that the level of activity will remain satisfactory in the 2019 financial year in spite of some ongoing challenging market conditions.

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

  
M A Gresele  
Director

Date: 05/04/2019



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## **VALBRUNA UK LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,071,124 (2017 - £761,120).

#### **Dividends**

The directors do not recommend the payment of any dividend.

#### **Directors**

The directors who served during the year were:

M A Gresele  
V Viero  
P Wood

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**VALBRUNA UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Financial risk management****Credit Risk**

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

**Liquidity Risk**

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

**Future development**

The directors are optimistic that the level of activity will remain satisfactory in the 2019 financial year in spite of some ongoing challenging market conditions.

**Directors indemnity**

The company has Directors' and Officers' Insurance in place and the directors have confirmed that the level of cover taken out is adequate.

**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 auditors are 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 auditors are aware of that information.

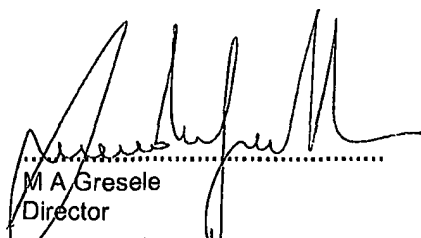
**Post balance sheet events**

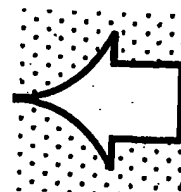
There have been no significant events affecting the Company since the year end.

**Auditor**

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

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

  
M A Gresele  
Director  
Date: 05/04/2019



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**VALBRUNA UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALBRUNA UK LIMITED**

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**Opinion**

We have audited the financial statements of Valbruna UK 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, the Statement of Cash Flows 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 FRS 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.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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**VALBRUNA UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALBRUNA UK LIMITED**

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**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 the Strategic Report and the Directors' 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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.



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**VALBRUNA UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALBRUNA UK LIMITED**

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**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

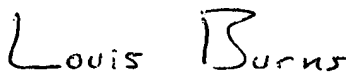
**Auditor's responsibilities for the audit of the financial statements**

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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit 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.



Louis Burns (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: 10 April 2019

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**VALBRUNA UK LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 £	2017 £
Turnover	3	19,521,252	18,076,410
Cost of sales		(15,774,260)	(14,927,820)
<b>Gross profit</b>		<b>3,746,992</b>	<b>3,148,590</b>
Distribution costs		(902,768)	(889,654)
Administrative expenses		(1,318,475)	(1,326,894)
Other operating income	4	128,401	167,478
<b>Operating profit</b>		<b>1,654,150</b>	<b>1,099,520</b>
Investment property impairment		(290,000)	-
Interest payable and expenses	8	(108,157)	(131,416)
<b>Profit before tax</b>		<b>1,255,993</b>	<b>968,104</b>
Tax on profit	9	(184,869)	(206,984)
<b>Profit for the financial year</b>		<b>1,071,124</b>	<b>761,120</b>
<b>Other comprehensive income for the year</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>1,071,124</b>	<b>761,120</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 27 form part of these financial statements.

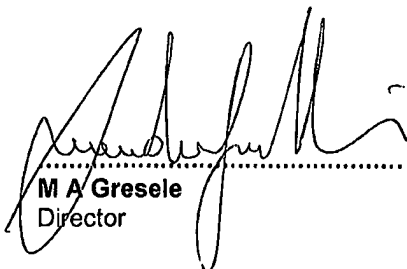
**VALBRUNA UK LIMITED**  
**REGISTERED NUMBER: 2015096**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	10	1,599,007	1,735,747
Investments	11	1	1
Investment property	12	1,560,000	1,850,000
		<u>3,159,008</u>	<u>3,585,748</u>
<b>Current assets</b>			
Stocks	13	12,710,030	11,411,850
Debtors: amounts falling due within one year	14	4,321,657	3,953,210
Cash at bank and in hand	15	303,785	118,669
		<u>17,335,472</u>	<u>15,483,729</u>
Creditors: amounts falling due within one year	16	(10,790,595)	(10,305,373)
<b>Net current assets</b>		<u>6,544,877</u>	<u>5,178,356</u>
<b>Total assets less current liabilities</b>		<u>9,703,885</u>	<u>8,764,104</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(152,818)	(284,161)
		<u>(152,818)</u>	<u>(284,161)</u>
<b>Net assets</b>		<u><u>9,551,067</u></u>	<u><u>8,479,943</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,500,000	1,500,000
Revaluation reserve	20	669,955	959,955
Profit and loss account	20	7,381,112	6,019,988
		<u>9,551,067</u>	<u>8,479,943</u>

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

5<sup>th</sup> April 2019

  
**M A Gresele**  
 Director



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**VALBRUNA UK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	1,500,000	959,955	5,258,868	7,718,823
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	761,120	761,120
<b>Total comprehensive income for the year</b>	-	-	761,120	761,120
<b>Total transactions with owners</b>	-	-	-	-
<b>At 1 January 2018</b>	1,500,000	959,955	6,019,988	8,479,943
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,071,124	1,071,124
<b>Total comprehensive income for the year</b>	-	-	1,071,124	1,071,124
Transfer to/from profit and loss account	-	(290,000)	290,000	-
<b>Total transactions with owners</b>	-	(290,000)	290,000	-
<b>At 31 December 2018</b>	1,500,000	669,955	7,381,112	9,551,067

The notes on pages 11 to 27 form part of these financial statements.

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**VALBRUNA UK LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,071,124	761,120
<b>Adjustments for:</b>		
Depreciation of tangible assets	223,182	245,124
Impairments of fixed assets	290,000	-
Loss on disposal of tangible assets	-	(3,500)
Interest paid	108,157	131,416
Taxation charge	184,869	206,982
(Increase)/decrease in stocks	(1,298,180)	907,923
(Increase) in debtors	(366,503)	(355,948)
(Increase) in amounts owed by groups	(1,944)	(41,720)
(Decrease) in creditors	(452,429)	(2,402,680)
Increase in amounts owed to groups	435,969	1,228,928
Corporation tax (paid)	(246,313)	(157,062)
<b>Net cash generated from operating activities</b>	<u>(52,068)</u>	<u>520,583</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(86,749)	(117,096)
Sale of tangible fixed assets	307	4,000
<b>Net cash from investing activities</b>	<u>(86,442)</u>	<u>(113,096)</u>
<b>Cash flows from financing activities</b>		
Increase in loans	250,000	-
Repayment of loans	-	(250,000)
Interest paid	(108,157)	(131,416)
<b>Net cash used in financing activities</b>	<u>141,843</u>	<u>(381,416)</u>
<b>Net increase in cash and cash equivalents</b>	3,333	26,071
Cash and cash equivalents at beginning of year	118,669	92,598
<b>Cash and cash equivalents at the end of year</b>	<u>122,002</u>	<u>118,669</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	303,785	118,669
Bank overdrafts	(181,783)	-
	<u>122,002</u>	<u>118,669</u>

The notes on pages 11 to 27 form part of these financial statements.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies****1.1 General information**

Valbruna UK Limited is a limited company incorporated in England and Wales. The address of its registered office and principal place of business are disclosed on the company information page of these financial statements.

**1.2 Statement of compliance**

The financial statements of Valbruna UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**1.3 Basis of preparation of financial statements**

The financial statements have been prepared under the historical costs convention as modified by the revaluation of investment properties and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**1.5 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. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.6 Operating leases: the Company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.7 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.

**1.8 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**1.9 Pensions**

**Defined contribution pension plan**

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 payment 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.10 Current 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

**1.11 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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.

Depreciation 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	- 4%
Plant & machinery	- 12.5%
Motor vehicles	- 25%
Fixtures & fittings	- 12.5%
Computer equipment	- 25%

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 in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.13 Investment property**

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

**1.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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.

**1.15 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.

**1.16 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. Accounting policies (continued)**

**1.17 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.

**1.18 Provisions**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
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**1. Accounting policies (continued)**

**1.19 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Income Statement.

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, 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. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Investment property valuations**

The directors have made key assumptions in the determination of the fair value of investment properties in respect of the state of the property market in the locations where the properties are situated and in respect of the range of reasonable fair value estimates of the asset. The valuation method is further described in Note 12 together with the valuation of the property at the reporting date.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**3. Turnover**

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	18,142,064	17,162,703
Rest of Europe	1,103,311	708,829
Rest of the world	275,877	204,878
	<u>19,521,252</u>	<u>18,076,410</u>

**4. Other operating income**

	2018 £	2017 £
Other operating income	128,401	167,478
	<u>128,401</u>	<u>167,478</u>

**5. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	21,500	20,910
	<u>21,500</u>	<u>20,910</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Services relating to corporation tax compliance	5,855	2,675
All other non-audit services not included above	5,104	5,818
	<u>10,959</u>	<u>8,493</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**6. Employees**

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

	2018 £	2017 £
Wages and salaries	947,050	884,053
Social security costs	99,880	93,760
Cost of defined contribution scheme	33,077	27,715
	<u>1,080,007</u>	<u>1,005,528</u>

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

	2018 No.	2017 No.
Management	2	2
Administration	6	6
Warehouse	16	15
Sales	14	12
	<u>38</u>	<u>35</u>

**7. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	72,315	70,447
Company contributions to defined contribution pension schemes	1,678	1,673
	<u>73,993</u>	<u>72,120</u>

During the year retirement benefits were accruing to 1 directors (2017 - 1) in respect of defined contribution pension schemes.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	94,547	67,497
Other interest payable	13,610	63,919
	<u>108,157</u>	<u>131,416</u>

**9. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	317,586	201,040
Adjustments in respect of previous periods	(1,374)	53
	<u>316,212</u>	<u>201,093</u>
<b>Total current tax</b>	<u>316,212</u>	<u>201,093</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(132,325)	6,804
Adjustments in respect of prior periods	982	(913)
<b>Total deferred tax</b>	<u>(131,343)</u>	<u>5,891</u>
<b>Taxation on profit on ordinary activities</b>	<u>184,869</u>	<u>206,984</u>

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,255,994	968,104
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	238,639	186,327
<b>Effects of:</b>		
Expenses not deductible for tax purposes	55,592	2,792
Capital allowances for year in excess of depreciation	15,221	19,625
Adjustments to tax charge in respect of previous periods - deferred tax	982	(913)
Adjustments to tax charge in respect of prior periods	(1,374)	53
Chargeable losses	(139,758)	-
Adjustment to deferred tax to average rate of 19%	15,567	(900)
<b>Total tax charge for the year</b>	<b>184,869</b>	<b>206,984</b>



**VALBRUNA UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Tangible fixed assets**

	Freehold property £	Motor Vehicles, Plant & Machinery £	Computer, Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1 January 2018	2,408,585	1,849,632	491,091	4,749,308
Additions	-	76,353	10,396	86,749
Disposals	-	(49,729)	-	(49,729)
At 31 December 2018	2,408,585	1,876,256	501,487	4,786,328
<b>Depreciation</b>				
At 1 January 2018	1,151,355	1,437,202	425,004	3,013,561
Charge for the year on owned assets	79,802	123,861	19,519	223,182
Disposals	-	(49,422)	-	(49,422)
At 31 December 2018	1,231,157	1,511,641	444,523	3,187,321
<b>Net book value</b>				
At 31 December 2018	1,177,428	364,615	56,964	1,599,007
At 31 December 2017	1,257,230	412,430	66,087	1,735,747

Included within freehold property is land of £318,991 (2017: £318,991), which is not depreciated.

**11. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	1
At 31 December 2018	1

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. Fixed asset investments (continued)****Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Valbruna Ireland Limited	Ordinary	0.01%

**12. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2018	1,850,000
Impairment	(290,000)
<b>At 31 December 2018</b>	<b>1,560,000</b>
<b>Comprising</b>	
Cost	1,008,772
Annual revaluation surplus/(deficit):	
Pre 2010	689,467
2013	151,761
2018	(290,000)
<b>At 31 December 2018</b>	<b>1,560,000</b>

1 property was revalued in 2016 by Kutner Associates Chartered Surveyors, on an open market value for existing use basis.

2 properties were revalued on 12th November 2018 by Kutner Associates Chartered Surveyors, using a market approach with comparable evidence.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Stocks**

	2018 £	2017 £
Raw materials and consumables	12,710,030	11,411,850
	<u>12,710,030</u>	<u>11,411,850</u>

Stock recognised in cost of sales during the year as an expense was £15,685,206 (2017: £14,778,258).

An impairment loss of £89,053 (2017: £149,562) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**14. Debtors**

	2018 £	2017 £
Trade debtors	4,175,458	3,783,211
Amounts owed by group undertakings	85,455	83,511
Other debtors	17,946	18,757
Prepayments and accrued income	42,798	67,731
	<u>4,321,657</u>	<u>3,953,210</u>

**15. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	303,785	118,669
Less: bank overdrafts	(181,783)	-
	<u>122,002</u>	<u>118,669</u>

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank overdrafts	181,783	-
Bank loans	7,000,000	6,750,000
Trade creditors	171,226	201,105
Amounts owed to group undertakings	2,609,050	2,173,081
Corporation tax	165,035	95,136
Other taxation and social security	528,717	524,629
Pension fund loan payable	-	1
Other creditors	10,370	452,998
Accruals and deferred income	124,414	108,424
	<u>10,790,595</u>	<u>10,305,374</u>

Included in other creditors is £Nil (2017 - £441,341), the invoice discounting facility with HSBC Bank Plc which was secured against the trade debtor balances to which it related.

**Secured loans**

The overdraft facility provided by HSBC Bank plc was secured by a debenture dated 2 April 2012 pursuant to which the company has granted fixed and floating charges over all of its property, assets and undertaking.

The company has bank loans secured by parent company Acciaierie Valbruna Spa.

**17. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,582,644</u>	<u>4,004,148</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(10,096,843)</u>	<u>(9,685,609)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertaking and other debtors.

Financial liabilities measured at amortised cost comprise bank loan, trade creditors, amounts owed to group undertaking and other creditors.

**18. Deferred taxation**

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**18. Deferred taxation (continued)**

	<b>2018 £</b>
At beginning of year	(284,161)
Charged to profit or loss	131,343
<b>At end of year</b>	<b>(152,818)</b>

The provision for deferred taxation is made up as follows:

	<b>2018 £</b>	<b>2017 £</b>
Accelerated capital allowances	(120,554)	(127,828)
Capital gains	(38,146)	(163,192)
Short term temporary differences	5,882	6,859
	<b>(152,818)</b>	<b>(284,161)</b>

**19. Share capital**

	<b>2018 £</b>	<b>2017 £</b>
5,000,000 (2017 - 5,000,000) Ordinary Share shares of £1.00 each	5,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
1,500,000 (2017 - 1,500,000) Ordinary Share shares of £1.00 each	1,500,000	1,500,000

**20. Reserves****Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of investment properties which are revalued to fair value at each reporting date.

**Profit & loss account**

The profit and loss reserve represents cumulative profits or losses, excluding unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

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**VALBRUNA UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33,077 (2017: £27,715) At 31 December 2018 contributions amounting to nil (2017: nil) were payable to the fund and are included in creditors.

**22. Related party transactions**

The company has taken advantage of the exemption under FRS 102 "Related Party Disclosures" not to disclose related party transactions between companies which are 100% or more owned by the ultimate parent company.

**23. Controlling party**

The immediate and ultimate parent company is Acciaierie Valbruna s.p.a , a company incorporated in Italy. Copies of its consolidated financial statements are publicly available.