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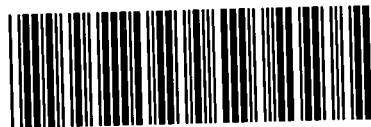
Registered number: 01969491

HANDTMANN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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HANDTMANN LIMITED

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HANDTMANN LIMITED

COMPANY INFORMATION

Directors	A A Handtmann T Handtmann M Garrod
Registered number	01969491
Registered office	Moorgate House 201 Silbury Boulevard Milton Keynes MK9 1LZ
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes MK9 1LZ

HANDTMANN LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Principal activity

The principal activity of the Company is the sales and service of a range of Industrial Filling and Portioning equipment manufactured by the parent company and other selected machinery suppliers. The equipment is utilised throughout the food industry with a high concentration within the Meat Processing Sector.

Business review

The business continues to expand with the addition of new equipment to support innovation and automation designed and manufactured by the parent company.

Principal risks and uncertainties

The Directors continue to review changing market conditions and to assess the impact of new legislation in respect to ongoing European discussion. The Company will maintain a conservative approach to planned growth given the current climate.

Credit Risk

In order to mitigate the effects of the Company being unable to recover amounts due from its customers, credit checks are performed on new customers, along with a continual review of credit limits. Additionally, the Company includes a provision for doubtful debt in the accounts where necessary.

Cash Flow Risk

Management regularly review the cash flow of the company. The Company has been cash generative and has a strong bank balance. Cash flow forecasts are prepared in order to alert directors of any future potential risks.

Stock Risk

All stock held is closely monitored and well protected. A regular review is carried out for any signs of obsolescence.

Financial key performance indicators

Although there are new challenges in the marketplace and the Company recorded a positive year, profit was affected as a result of the exchange rate.

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Gross profit	5,431	5,079	5,237	4,577	4,269
Profit before tax	2,134	1,936	2,411	1,776	1,817

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Policy on the payment of creditors

The Company aims to settle all valid creditor invoices within their stated terms or as agreed with individual suppliers if advantageous rates can be obtained for early settlement.

Employment, training and advancement of disabled persons

The Company continues to be an equal opportunities employer and undertakes a proactive training policy for the benefit of staff as appropriate at all levels.

Information regarding overall Group performance and news is produced regularly and available to all staff.

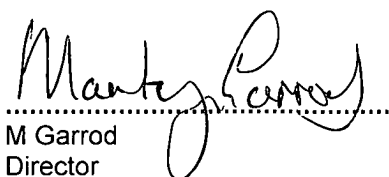
Health and safety

The Company is a member of the British Safety Council and committed to high Health & Safety standards at all times for the benefit of staff and customers alike.

Pension

The Company continues to operate a defined contribution scheme and also embraced Auto Enrolment as required at the beginning of the year which is facilitated through a Group Personal Pension Plan.

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



M Garrod
Director

Date: 16-04-2018

HANDTMANN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

A A Handtmann
T Handtmann
M Garrod

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;
- 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 £1,712,826 (2016 - £1,539,617).

Dividends paid have been disclosed in note 12.

Disclosure of information to auditor

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

- so far as 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.

HANDTMANN LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**


Post balance sheet events

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

Auditor

The auditor, MHA MacIntyre Hudson, 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 Garrod
Director

Date: 16-04-2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HANDTMANN LIMITED

Opinion

We have audited the financial statements of Handtmann Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows and the related notes, 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 2017 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 United Kingdom, including the Financial Reporting Council'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

HANDTMANN LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HANDTMANN LIMITED
(CONTINUED)**

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

HANDTMANN LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HANDTMANN LIMITED
(CONTINUED)**

Auditors' 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 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. This description forms part of our Auditor's Report.

Use of our report

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



Steven Moore BA ACA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditors

Moorgate House
201 Silbury Boulevard
Milton Keynes
MK9 1LZ

Date: 18.4.18

HANDTMANN LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	12,239,755	11,047,162
Cost of sales		(6,808,293)	(5,968,489)
Gross profit		5,431,462	5,078,673
Distribution costs		(140,216)	(235,779)
Administrative expenses		(3,135,343)	(2,886,499)
Other operating income	5	86	99
Operating profit		2,155,989	1,956,494
Interest receivable and similar income	9	269	1,508
Interest payable and expenses	10	(22,560)	(22,500)
Profit before tax		2,133,698	1,935,502
Tax on profit	11	(420,872)	(395,885)
Profit after tax		1,712,826	1,539,617
Retained earnings at the beginning of the year		3,173,885	3,111,768
Profit for the year		1,712,826	1,539,617
Dividends declared		(1,477,500)	(1,477,500)
Retained earnings at the end of the year		3,409,211	3,173,885

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 28 form part of these financial statements.

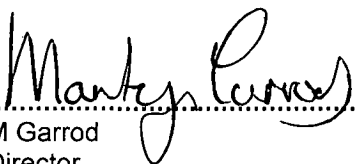
**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	20,278	40,278
Tangible assets	14	525,901	410,935
		<u>546,179</u>	<u>451,213</u>
Current assets			
Stocks	15	3,964,875	2,769,384
Debtors	16	3,419,434	2,838,564
Cash at bank and in hand	17	1,113,688	1,974,506
		<u>8,497,997</u>	<u>7,582,454</u>
Creditors: amounts falling due within one year	18	(3,861,593)	(3,109,155)
Net current assets		<u>4,636,404</u>	<u>4,473,299</u>
Total assets less current liabilities		<u>5,182,583</u>	<u>4,924,512</u>
Creditors: amounts falling due after more than one year	19	(750,000)	(750,000)
Provisions for liabilities			
Deferred tax	21	(34,239)	(16,848)
Other provisions	22	(39,133)	(33,779)
		<u>(73,372)</u>	<u>(50,627)</u>
Net assets		<u><u>4,359,211</u></u>	<u><u>4,123,885</u></u>
Capital and reserves			
Called up share capital	24	950,000	950,000
Profit and loss account	23	3,409,211	3,173,885
		<u><u>4,359,211</u></u>	<u><u>4,123,885</u></u>


HANDTMANN LIMITED
REGISTERED NUMBER:01969491

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

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


.....
M Garrod
Director

.....
A A Handtmann
Director


.....
T Handtmann
Director

Date: 16-04-2018

The notes on pages 13 to 28 form part of these financial statements.

HANDTMANN LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year (after interest and tax)	1,712,826	1,539,617
Adjustments for:		
Amortisation of intangible assets	20,000	20,000
Depreciation of tangible assets	201,057	191,237
Loss on disposal of tangible assets	(41,550)	(14,083)
Interest paid	22,560	22,500
Interest received	(269)	(1,508)
(Increase)/decrease in stocks	(1,195,491)	2,033
Increase in debtors	(580,870)	(225,947)
Increase/(decrease) in creditors	248,643	(1,849)
Increase in amounts owed to groups	454,180	31,345
Increase in provisions	5,354	3,491
Corporation tax received/(paid)	67,006	(85,024)
Net cash generated from operating activities	913,446	1,481,812
Cash flows from investing activities		
Purchase of tangible fixed assets	(317,714)	(207,692)
Sale of tangible fixed assets	43,241	14,083
Interest received	269	1,508
Net cash from investing activities	(274,204)	(192,101)
Cash flows from financing activities		
Dividends paid	(1,477,500)	(1,477,500)
Interest paid	(22,560)	(22,500)
Net cash used in financing activities	(1,500,060)	(1,500,000)
(Decrease) in cash and cash equivalents	(860,818)	(210,289)
Cash and cash equivalents at beginning of year	1,974,506	2,184,795
Cash and cash equivalents at the end of year	1,113,688	1,974,506
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,113,688	1,974,506
	1,113,688	1,974,506

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Handtmann Limited is a private company limited by shares, domiciled in England and Wales, registered number 01969491. The registered office is at Moorgate House, 201 Silbury Boulevard, Milton Keynes, MK9 1LZ. The principal place of business is at Unit 9, Chartmoor Road, Leighton Buzzard, LU7 4WG.

The principal activity of the Company is the sales and service of a range of industrial filling and portioning equipment manufactured by the parent company and other selected machinery suppliers. The equipment is utilised throughout the food industry with a high concentration within the meat processing sector.

Figures in the financial statements and the notes have been rounded to the nearest whole number.

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 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 3).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.2 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue generated from the rendering of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the costs incurred can be measured reliably.

2.3 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of income and retained earnings over its useful economic life of 5 years.

2.4 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)**2.4 Tangible fixed assets (continued)**

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:

Leasehold improvements	- 10% straight line
Plant and machinery	- 10% - 33.33% straight line
Motor vehicles	- 35% straight line
Fixtures and fittings	- 15% straight line
Demo and rental machines	- 10% and over the lease term

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 income and retained earnings.

2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.6 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.

At each balance sheet 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.

2.7 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.

2.8 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.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.10 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.

2.11 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 income and retained earnings 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 income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 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 income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Provisions for liabilities

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 income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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 balance sheet 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 Balance sheet 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 balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

In the application of the Company's accounting policies, which are described in note 2, management have been required to make judgements, estimates and assumptions. These estimates which relate to the carrying values of stock, recoverability of debtors, and the depreciation rates applicable to fixed assets, where not readily available from other sources, are based on underlying assumptions and experience. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

The key estimations are deemed to be those in respect of stock provisions.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	10,875,214	9,759,594
Rendering of services	1,364,541	1,287,568
	<u>12,239,755</u>	<u>11,047,162</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	10,993,477	9,073,140
Rest of Europe	1,243,762	1,973,065
Rest of the world	2,516	957
	<u>12,239,755</u>	<u>11,047,162</u>

5. Other operating income

	2017 £	2016 £
Commission receivable	86	99
	<u>86</u>	<u>99</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,750	14,075
	<u>14,750</u>	<u>14,075</u>

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

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

	2017 £	2016 £
Wages and salaries	1,947,303	1,783,038
Social security costs	243,683	220,622
Cost of defined contribution scheme	139,430	130,835
	<u>2,330,416</u>	<u>2,134,495</u>

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

	2017 No.	2016 No.
Administration	2	2
Service	16	15
Sales	13	10
Logistics	4	4
	<u>35</u>	<u>31</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	263,819	235,465
Company contributions to defined contribution pension schemes	19,500	19,080
	<u>283,319</u>	<u>254,545</u>

During the year retirement benefits were accruing to 1 director (2016 -1) in respect of defined contribution pension schemes.

Key management personnel

Key management personnel is deemed to be the Director only.

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Interest receivable

	2017 £	2016 £
Other interest receivable	269	1,508

10. Interest payable and similar charges

	2017 £	2016 £
Preference share dividends	22,500	22,500
Other interest payable	60	-
	22,560	22,500

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	403,481	395,617
Adjustments in respect of previous periods	-	76
Total current tax	403,481	395,693
Deferred tax		
Origination and reversal of timing differences	17,391	192
Taxation on profit on ordinary activities	420,872	395,885

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	2,133,698	1,935,502
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	410,737	387,100
Effects of:		
Profit and loss adjustments for tax purposes	(1,248)	6,915
(Capital allowances for year in excess of depreciation)/Depreciation for the year in excess of capital allowances	(5,976)	1,602
Adjustments to tax charge in respect of prior periods	-	76
Short term timing difference leading to a decrease in taxation	(32)	-
Movement on deferred tax	17,391	192
Total tax charge for the year	420,872	395,885

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2017 £	2016 £
Equity dividends paid on ordinary shares	202,122	224,622
Equity dividends paid on ordinary redeemable non-voting shares	1,275,378	1,252,878
Dividends paid on shares classed as debt	22,500	22,500
	1,500,000	1,500,000

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2017	100,000
At 31 December 2017	100,000
Amortisation	
At 1 January 2017	59,722
Charge for the year	20,000
At 31 December 2017	79,722
Net book value	
At 31 December 2017	20,278
At 31 December 2016	40,278

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Demo and rental machines £	Total £
Cost						
At 1 January 2017	308,213	396,735	471,977	187,054	13,796	1,377,775
Additions	15,178	92,358	210,178	-	-	317,714
Disposals	-	(800)	(136,215)	-	-	(137,015)
At 31 December 2017	323,391	488,293	545,940	187,054	13,796	1,558,474
Depreciation						
At 1 January 2017	171,217	280,713	356,378	144,736	13,796	966,840
Charge for the year on owned assets	24,019	48,049	113,614	15,375	-	201,057
Disposals	-	(800)	(134,524)	-	-	(135,324)
At 31 December 2017	195,236	327,962	335,468	160,111	13,796	1,032,573
Net book value						
At 31 December 2017	128,155	160,331	210,472	26,943	-	525,901
At 31 December 2016	136,996	116,022	115,599	42,318	-	410,935

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Stocks

	2017 £	2016 £
Finished goods and goods for resale	3,964,875	2,769,384

Stock recognised in cost of sales during the year as an expense was £5,767,191 (2016 - £4,698,709).

16. Debtors

	2017 £	2016 £
Due after more than one year		
Trade debtors	77,662	-
	77,662	-
Due within one year		
Trade debtors	2,991,791	2,710,098
Prepayments and accrued income	349,981	128,466
	3,419,434	2,838,564

17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,113,688	1,974,506

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	219,403	167,794
Amounts owed to group undertakings	2,313,014	1,858,834
Corporation tax	228,685	179,070
Other taxation and social security	694,324	566,904
Accruals and deferred income	406,167	336,553
	3,861,593	3,109,155

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017 £	2016 £
Share capital treated as debt	750,000	750,000

Secured loans

Disclosure of the terms and conditions attached to the non-equity shares is made in note 24.

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	77,662	-
Financial assets that are debt instruments measured at amortised cost	2,991,791	2,710,098
	3,069,453	2,710,098

Financial liabilities

Financial liabilities measured at amortised cost	(3,282,417)	(3,120,839)
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Financial assets measured at fair value through profit or loss comprise Trade debtors on payment plans due in more than one year.

Financial assets measured at amortised cost comprise Trade debtors due within one year.

Financial Liabilities measured at amortised cost comprise Trade creditors, Amounts owed to group undertakings and Share capital treated as debt.

21. Deferred taxation

	2017 £	2016 £
At 1 January 2016	16,848	16,656
Charged to profit or loss	17,391	192
At 31 December 2016	34,239	16,848

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	<u>34,239</u>	<u>16,848</u>

22. Provisions

	Leasehold dilapidations provision £	Warranty provision £	Total £
At 1 January 2017	21,600	12,179	33,779
Charged to profit or loss	3,600	1,754	5,354
At 31 December 2017	<u>25,200</u>	<u>13,933</u>	<u>39,133</u>

Leasehold dilapidation provision

Under the terms of the lease the Company is required to meet any dilapidations costs at the termination of the lease in 2030.

Warranty provision

The Company provides for warranties at a fixed rate based on actual machine sales completed during the period. All warranty work is recorded as part of service activity and provided for on a monthly basis.

23. Reserves**Profit and loss account**

The profit and loss account contains all current and prior year retained profits and losses.

HANDTMANN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
130,000 Ordinary shares of £1 each	130,000	130,000
820,000 Redeemable ordinary shares of £1 each	820,000	820,000
	<u>950,000</u>	<u>950,000</u>
	2017 £	2016 £
Shares classified as debt		
Allotted, called up and fully paid		
750,000 3% redeemable (non-voting) preference shares of £1 each	<u>750,000</u>	<u>750,000</u>

Redeemable ordinary shares carry full voting rights (on a show of hands, every member shall have one vote and on a poll, every member shall have one vote for every share of which he is a holder), receive notices and can attend meetings.

The Redeemable ordinary shares rank pari passu with the ordinary shares of the Company except for the following provisions.

The Company may redeem the whole or any part of those shares by giving no less than three months notice in writing. There shall be no premium paid on redemption.

The 3% redeemable cumulative preference shares carry the right to a fixed dividend of 3% per annum payable in arrears within three months of the year end. In the event of the Company being wound up the shares carry the right to receive the capital paid up and any arrears of dividend. They carry no other rights to participation in the profit or assets of the Company.

25. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>483</u>	<u>10,080</u>

HANDTMANN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

26. Pension commitments

During the year the Company paid pension contributions of £139,430 (2016 - £130,835) into a defined contributions scheme (earmarked money purchase scheme) and a Group Personal Pension Plan. There were no outstanding contributions at 31 December 2017 or 31 December 2016.

27. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	127,480	125,388
Later than 1 year and not later than 5 years	423,982	431,785
Later than 5 years	280,997	376,979
	<u>832,459</u>	<u>934,152</u>

During the year the annual charge in the profit and loss account in respect of operating lease charges is £126,901 (2016 - £118,656).

28. Related party transactions

During the year the Company has traded with other members of the group and has not disclosed such transactions in accordance with FRS102, section 33.1A as Handtmann Limited are a 100% owned subsidiary.

Consolidated accounts are available to the public upon request from:

Handtmann Beteiligungen GmbH
Arthur-Handtmann-Str.23
88400 Biberach
Germany

M Garrod (a Director of Handtmann Limited) is also a Trustee of The Handtmann Limited Retirement Benefit Scheme. During the year the company paid pension contributions to the scheme totalling £25,251 (2016 - £24,688).

29. Controlling party

The ultimate parent undertaking is Handtmann Beteiligungen GmbH, a Company registered in Germany.

The ultimate controlling parties are Herr A A Handtmann and Herr T Handtmann.