Schuler Presses UK Limited

Annual report and financial statements

Registered number 3834455

For the year ended 31 December 2018

Contents

Strategic report

Principal activity

The principal business activities of the company are the provision of after sales services, refurbishment and spare parts to the end users of hydraulic and mechanical power presses, the supply of new power presses, die casting machines and associated ancillary equipment through its operations in the UK.

Business review

The directors are aware of the slowdown in the market but continue to monitor the continued economic challenges that face the business and its effect on its financial performance for the reported trading period.

We have reported a decrease in turnover in the current period of £552,919 but observed a slight increase in our gross profit to 26% *(year ended 31 December 2017: 25%)*. This is due to the mix of business we have concluded this year, whereby we have been able to complete more after sales service work which is often associated with higher margins.

The annual increase of monthly overheads and the reduction in sales volumes compared to previous year has lead to an decrease in the profit for the year, at £870,734 before taxation, *(year ending 31 December 2017: £1,031,977)* despite the stabilised gross profit margins.

The company continues to observe the changes in customer spending patterns as in previous years. Customers are continuing to focus their investments on complete refurbishments, upgrades and preventative major repairs, thus increasing the life of their production equipment. This was furthermore confirmed in the values of orders secured during the reporting period with a comparatively strong order book at the end of the reporting period.

The company reported net assets at the period end of £2,738,857 *(period ended 31 December 2017: £3,795,806)* which included a decrease in the cash balance to £2,879,902 compared to the prior year end *(31 December 2017: £3,733,274)*.

With continual improvements and actions in all areas of the UK operation, alongside the relatively strong order book of £3,173,066 at the end of the year *(period ended 31 December 2017: £5,009,538)*, the directors are optimistic that profitability will continue in future years.

Risks

Credit risks

The company's financial assets are bank balances, trade and other debtors, which represent the maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade and other debtors. Credit risk is managed by monitoring new customers credit risks as soon as the offer phase begins. Existing customers are continually monitored for creditworthiness and payment behaviour is checked on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Foreign currency risks

Being a member of an international trading organisation, the company is exposed to certain foreign currency risks.

These risks are mitigated by limiting the trade to GBP, EUR or USD to our customer and supplier base. To further reduce exposure, where possible, currencies used to purchase goods or services are either passed direct to the customer or pricing is managed to reflect the possible negative currency movements.

Any significant foreign currency risks that are identified during the offer phase would be subject to the Schuler Group's currency hedging policy for forward contracts.

Approved by the board of directors and signed on its behalf by:

Philip Dawson
Director

27th September 2019

Directors' report

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

Dividends

The directors do not recommend the payment of a further dividend for the period ending 31 December 2018. *(Period ended 31 December 2017: nil).*

A dividend totaling £1,750,000 was distributed in the period ending 31 December 2018 *(Period ended 31 December 2017: £1,000,000)* as a result of the profit and loss account as at 31 December 2017.

Directors

The directors who served during the year were as follows:

P Dawson

J Kulartz

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the board of directors and signed on its behalf by:

Philip Dawson
Director

Quayside Drive
Walsall
WS2 9LA

27th September 2019

Statement of directors' responsibilities in respect of the Strategic report, directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHULER PRESSES (UK) LIMITED

Opinion

We have audited the financial statements of Schuler Presses (UK) Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27th September 2019

Profit and loss account and other Comprehensive Income
for the period ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	2	9,605,130	10,158,049
Cost of sales		(7,124,257)	(7,589,518)
Gross profit		2,480,873	2,568,531
Administrative expenses		(1,624,642)	(1,543,473)
Operating profit		856,231	1,025,058
Interest receivable and similar income	7	14,572	7,486
Interest payable and similar expense	8	(69)	(567)
Profit on ordinary activities before taxation	3	870,734	1,031,977
Tax on profit on ordinary activities	9	(167,670)	(200,248)
Profit for the financial year		703,064	831,729

There is no other comprehensive income either the current year or preceding period other than the results disclosed above.

All results arise from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

Balance sheet
at 31 December 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	*10*		36,071		20,984
Current assets					
Stock	*11*	119,208		187,527	
Debtors	*12*	1,350,759		4,208,380	
Cash at bank		2,879,902		3,733,274	
		4,349,869		8,129,181	
Creditors: Amounts falling due within one year	*14*	(1,622,070)		(4,339,359)	
Net current assets			2,727,799		3,789,822
Total assets less current liabilities			2,763,870		3,810,806
Provisions for liabilities and charges	*15*		(15,000)		(15,000)
Net assets			2,748,870		3,795,806
Capital and reserves					
Called up share capital	*16*		620,000		620,000
Profit and loss account			2,128,870		3,175,806
Shareholders' funds			2,748,870		3,795,806

These financial statements were approved by the board of directors on 27th September 2019 and signed on its behalf by:

Philip Dawson
Director

Company registered number: 3834455

The notes on pages 10 to 19 form an integral part of these financial statements.

Statement of changes in equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	620,000	3,344,077	3,964,077
Total comprehensive income for the year			
Profit	-	831,729	831,729
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	831,729	831,729
Transactions with owners, recorded directly in equity			
Dividends paid	-	(1,000,000)	(1,000,000)
Total contributions by and distributions to owners	-	(1,000,000)	(1,000,000)
Balance at 31 December 2017	620,000	3,175,806	3,795,806
Balance at 1 January 2018	620,000	3,175,806	3,795,806
Total comprehensive income for the year			
Profit	-	703,064	703,064
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	703,064	703,064
Transactions with owners, recorded directly in equity			
Dividends paid	-	(1,750,000)	(1,750,000)
Total contributions by and distributions to owners	-	(1,750,000)	(1,750,000)
Balance at 31 December 2018	**620,000**	**2,128,870**	**2,748,870**

The notes on pages 10 to 19 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Schuler Presses UK Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

New IFRS standards and interpretations adopted during 2018

In 2018 the following amendments had been endorsed by the EU, became effective and therefore were adopted by the Company:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

The above standards have not had a material impact on the Financial Statements.

The Company's ultimate parent undertaking, Andritz AG includes the Company in its consolidated financial statements. The consolidated financial statements of Andritz AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 20.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of Andritz AG include the relevant disclosures, the Company has also taken the exemption under FRS 101 available in respect of certain disclosure required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis. Management have prepared projected cash flows and forecasts for the period to December 2019. On the basis of these forecasts the directors believe that it is appropriate that the financial statements are prepared on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency (continued)

sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures and fittings - 4 years
- Office equipment - 4 years
- Plant and machinery - 4 years
- Motor vehicles - 4 years
- Design archives - 10 years
- Leasehold improvements - over the life of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.6 Financial Instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.7 Impairment excluding stocks and deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.10 Turnover

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. A provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less costs transferred to the profit and loss account, after deducting foreseeable loses and payments receive don account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Short term contracts

Turnover from short terms contracts is recognised when the significant risks and rewards of the ownership of the goods or service has been passed to the buyer (usually on despatch of goods or on full completion of service), the turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.11 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include_interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Estimates and Assumptions by Management

In the preparation of the financial statements, management will be required to make certain estimates and assumptions in order to assess and evaluate the effects of uncertain future events. The estimates and assumptions are based on current knowledge of the management at the time of the financial reporting, and can have an impact on the reported amounts of assets and liabilities, income and expenses and any contingent liabilities for the reporting period.

Due to the fluctuating market and economic conditions, actual amounts may differ from the original estimates used. Where there is a change in the current knowledge or actual events deviate from our expectations, the underlying estimates and assumptions and, where appropriate, the carrying amount of the assets and liabilities affected are adjusted.

Notes *(continued)*

2 Turnover

Turnover represents amounts invoiced to customers (excluding VAT) in respect of services provided during the year and the amount recognised under long term contracts. Turnover can be analysed by geographical area as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
UK	**8,074,787**	9,058,061
Europe	**1,519,674**	1,094,128
North America	**6,031**	5,052
Rest of the world	**4,638**	808
	9,605,130	10,158,049

3 Notes to the profit and loss account

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation:		
Owned assets	**12,005**	10,078
Profit on disposal of fixed assets	**-**	(901)
Operating lease rentals:		
Land and buildings	**75,074**	75,074
Other	**75,708**	75,303
Auditor's remuneration:		
Audit of these financial statements	**22,900**	19,250
Taxation services	**6,000**	5,200

4 Remuneration of directors

The remuneration of the directors was as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Directors' emoluments	**148,204**	147,014

One director was remunerated by the company.

One director was remunerated by other Andritz AG group companies.

Note: The share of remuneration of the other directors in relation to their time on Schuler has not been shown as it is not considered a material part of their emoluments.

Notes *(continued)*

5 Dividends

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Dividends paid	**1,750,000**	1,000,000

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees Year ended 31 December 2018	Year ended 31 December 2017
Design and service	**15**	14
Management and administration	**7**	7
Sales and marketing	**3**	3
	25	24

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	**960,117**	909,269
Social security costs	**108,467**	101,148
Other pension costs	**29,604**	26,363
	1,098,188	1,036,780

7 Interest receivable and similar income

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Bank interest receivable	**14,570**	7,208
Other	**2**	278
	14,572	7,486

Notes *(continued)*

8 Interest payable and similar expense

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Bank interest payable	-	-
Other	69	567
	69	567

9 Taxation

(i) Total tax expense recognised in the profit and loss account

	Year ended 31 December 2018 £	£	Year ended 31 December 2017 £	£
Current tax				
Current tax on income for the period	174,635		199,757	
Adjustments in respect of prior periods	-		265	
Total current tax		174,635		200,022
Deferred tax (see note 13)				
Origination and reversal of timing differences	(7,784)		256	
Effect of law change	819		(30)	
Adjustments in respect of prior periods	-		-	
Total deferred tax		(6,965)		226
Total Tax		167,670		200,248

(ii) Factors affecting the charge for the current year

The effective current tax rate for the year is higher *(period ended 31 December 2017: higher)* than the standard rate of corporation tax in the UK of 19% *(period ended 31 December 2017: 19.25%)*.
The differences are explained below:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit for the year	703,064	831,729
Total Tax Expense	167,670	200,248
Profit excluding taxation	870,734	1,031,977
Tax at 19% *(period ended 31 December 2017: 19.25%)*	165,439	198,619
Effects of		
Expenses not deductible for tax purposes	1,412	1,394
Capital allowances less than depreciation	-	-
Adjustment to tax charge in respect of previous periods	-	265
Tax rate changes	819	(30)
Total tax charge (see above)	167,670	200,248

Notes *(continued)*

9 Taxation *(continued)*

(iii) Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2

018 has been calculated based on these rates.

10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and office equipment	Plant and machinery	Motor vehicles	Design archives	Total
	£	£	£	£	£	£
Cost						
At beginning of year	36,066	64,209	104,103	16,295	580,000	800,673
Additions	-	-	12,007	15,085	-	27,092
Disposals	-	-	-	-	-	-
At end of year	36,066	64,209	116,110	31,380	580,000	827,765
Depreciation						
At beginning of year	31,396	58,326	93,672	16,295	580,000	779,689
Charged in year	2,572	2,723	4,579	2,131	-	12,005
Disposals	-	-	-	-	-	-
At end of year	33,968	61,049	98,251	18,426	580,000	791,694
Net book value						
At 31 December 2018	**2,098**	**3,160**	**17,859**	**12,954**	**-**	**36,071**
At 30 December 2017	4,670	5,883	10,431	-	-	20,984

11 Stocks

	2018	2017
	£	£
Raw materials and parts	737	28,555
Work in progress	118,471	158,972
	119,208	187,527

12 Debtors

	2018	2017
	£	£
Percentage of Completion receivables	78,419	267,658
Trade debtors	1,086,807	3,784,834
Amounts owed by group undertakings	80,022	52,309
Other debtors	221	7,967
Prepayments	89,339	86,626
Deferred tax asset	15,951	8,986
	1,350,759	4,208,380

Notes *(continued)*

13 Deferred Taxation

	Deferred taxation £
At beginning of year	8,986
Charge to the profit and loss account for the year (see note 9)	6,965
At end of year	**15,951**

The elements of the deferred tax asset are as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Difference between accumulated depreciation and capital allowances	**5,519**	6,105
Other timing differences	**10,432**	2,881
Deferred tax asset	**15,951**	8,986

14 Creditors: Amounts falling due within one year

	2018 £	2017 £
Intercompany (Percentage of Completion)	**74,971**	1,557,967
Trade creditors	**173,035**	103,254
Amounts owed to group undertakings	**644,858**	985,174
Social security and other taxes	**178,632**	638,617
Corporation tax	**77,892**	135,459
Payments received in advance	**57,890**	34,608
Accruals	**414,792**	884,280
	1,622,070	4,339,359

15 Provision for liabilities and charges

	Other provisions £
At beginning and end of year	15,000

Other provisions represent amounts due in respect of warranty claims, which are expected to be paid out in more than one year.

16 Share capital

	2018 £	2017 £
Allotted, called up and fully paid:		
620,000 ordinary shares of £1 each	**620,000**	620,000

Notes *(continued)*

17 Pension

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company and amounted to £29,604 *(2017: £26,363)*. There were no outstanding or prepaid contributions at either the beginning or end of the year.

18 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, amounted to £Nil *(2017: £Nil)*.

19 Operating Leases

Total commitments under non-cancellable operating leases are as follows:

	2018 Land and buildings	Other	2017 Land and buildings	Other
	£	£	£	£
Less than one year	56,531	67,678	75,074	58,382
Between one and five years	-	65,334	55,631	97,268
More than five years	-	-	-	-
	56,531	133,012	130,705	155,650

The company leases its factory and a number of vehicles under operating leases. Land and buildings have been considered separately for lease classification.

During the year £150,782 was recognised as on expense in the profit and loss account in respect of operating leases *(2017: £150,377)*.

20 Parent undertaking

The company's immediate parent company at 31 December 2018 is Andritz AG, a company incorporated in Austria.

At 31 December 2018, the directors regard Andritz AG, a company incorporated in Austria, as the ultimate parent company. The largest group in which the results of the company are consolidated is that headed by Andritz AG. Copies of these financial statements may be obtained from:

Andritz AG
Stattegger Strasse 18
8045 Graz
Austria