

Schuler Presses UK Limited

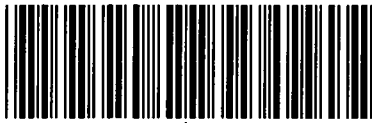
Annual report and financial  
statements

Registered number 3834455

For the year ended 31 December 2019

" AMENDINGS "

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## 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.

The company has reported a decrease in turnover in the current period of £3,213,306 but observed an increase in our gross profit to 28% (*year ended 31 December 2018: 26%*). 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 and spare parts sales which is often associated with higher margins.

The company has achieved a decrease in its monthly overheads via implementation of cost saving strategies following the anticipated reduction in sales volumes. In comparison to the previous year this has contributed to a decrease in the profit for the year, at £313,616 before taxation, (*year ending 31 December 2018: £870,734*) despite the increased gross profit margins.

The company continues to observe the changes in customer spending patterns as in previous years. Customers that were focused on complete refurbishments, upgrades and preventative major repairs, thus increasing the life of their production equipment. Have now changed to further preventative maintenance and smaller enhancements, this leads itself to small sales volumes but with slightly higher margins. This was furthermore confirmed in the values of orders secured during the reporting period being lower than the previous year and the reduced order book at the end of the reporting period.

The company reported net assets at the period end of £2,529,932 (*period ended 31 December 2018: £2,748,870*) which included a decrease in the cash balance to £2,248,896 compared to the prior year end (*31 December 2018: £2,879,902*).

With continual improvements and actions in all areas of the UK operation, alongside the relatively strong order book of £1,936,522 at the end of the year (*period ended 31 December 2018: £3,173,066*), the directors are optimistic that despite the changes in the market the company will remain profitable in future years.

### Risks

#### Brexit risk

The company continues the challenging and uncertain task of preparing for Brexit. Implications on the customer base and the basis of our future relationship with EU member countries are hard to predict. Supplies and services from EU member states contribute roughly 30% of the imported bill of materials, so any change in relationship could have a significant impact on running business for the company.

The main focus of the company in this regard is to prepare the supply chain to prevent any disruption within production.

Discussions with all suppliers have been held, with all suppliers being informed about customs and excise requirements to ensure a smooth transition towards WTO trading rules in the event of no trade agreement with the European Union.

#### Covid-19 risk

Implications of the national lockdown have of course also affected the running of the business in the year 2020. The business was shut down for several weeks in Quarter 2, in accordance with the demands of our customers.

Services resumed in the middle of June, with a slow ramp up of activities until the end of August. Service levels are slightly below pre-lockdown levels and the business is running below the budgeted expectations, but in line with re-forecasted expectations for the last quarter of the fiscal year 2020.

At the time of finalising the accounts for the year 2019, the latest forecast for the year 2020 still showed a profitable year which is achieved by using the governments job retention scheme as well as strict cost measures. Investments

## **Strategic report (*continued*)**

have been reduced and/or postponed to future years, and additional efforts have been put into improving direct costs and reducing waste.

Current expectations are that Cash Flow for the year 2020 will also be positive.

Overall, the company has delivered a satisfying result for the company's shareholders through a challenging period.

However, the situation remains uncertain, with all countries using strict measures to prevent further spreading of the virus.

The company will therefore further continue to apply strict measures on investments and costs, working in collaboration with its customers.

### **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

17<sup>th</sup> December 2020

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

### Dividends

The directors do not recommend the payment of a further dividend for the period ending 31 December 2019. (*Year ended 31 December 2018: nil*).

A dividend totaling £700,000 was distributed in the period ending 31 December 2019 (*Year ended 31 December 2018: £1,750,000*) as a result of the profit and loss account as at 31 December 2018.

### 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.

### Subsequent event

In January 2020, an outbreak of a respiratory illness caused by the coronavirus ('Covid-19') was identified in China and expanded globally into a pandemic by mid-March 2020, resulting in global business disruption and closures, travel restrictions and general uncertainty in the market.

Although the Covid-19 crisis has had a limited impact on the Company's business in 2020. The full duration and long-term impact of the crisis is not yet fully known and cannot be accurately estimated at this time. The extent of the impact from Covid-19 on the Company's operational and financial performance and cash flow may be impacted by future developments, including the duration and containment of the outbreak.

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



**Philip Dawson**  
Director

Quayside Drive  
Walsall  
WS2 9LA  
17<sup>th</sup> December 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE 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), including 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;
- 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) LTD**

### **Opinion**

We have audited the financial statements of Schuler Presses (UK) Ltd ("the company") for the year ended 31 December 2019 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 2019 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.

### **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 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;

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHULER PRESSES (UK) LTD (*continued*)**

- 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; or

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, 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](http://www.frc.org.uk/auditorsresponsibilities).



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHULER PRESSES (UK) LTD (*continued*)**

### **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.



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

17<sup>th</sup> December 2020

**Profit and loss account and other Comprehensive Income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>Year ended 31 December 2019 £</b>	Year ended 31 December 2018 £
<b>Turnover</b>	2	<b>6,391,824</b>	9,605,130
Cost of sales		<b>(4,571,609)</b>	(7,124,257)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,820,215</b>	2,480,873
Administrative expenses		<b>(1,518,965)</b>	(1,624,642)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>301,250</b>	856,231
Interest receivable and similar income	7	<b>14,264</b>	14,572
Interest payable and similar expense	8	<b>(1,898)</b>	(69)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	<b>313,616</b>	870,734
Tax on profit on ordinary activities	9	<b>167,446</b>	(167,670)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>481,062</b>	703,064
		<hr/> <hr/>	<hr/> <hr/>

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

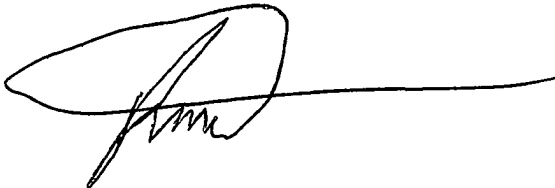
All results arise from continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

**Balance sheet**  
*at 31 December 2019*

	<i>Note</i>	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	10		77,773		36,071
<b>Current assets</b>					
Stock	11	282,364		119,208	
Debtors	12	1,511,780		1,350,759	
Cash at bank		2,248,896		2,879,902	
		<u>4,043,040</u>		<u>4,349,869</u>	
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,575,881)</u>		<u>(1,622,070)</u>	
<b>Net current assets</b>			<u>2,467,159</u>		<u>2,727,799</u>
<b>Total assets less current liabilities</b>			<u>2,544,932</u>		<u>2,763,870</u>
<b>Provisions for liabilities and charges</b>	15		<u>(15,000)</u>		<u>(15,000)</u>
<b>Net assets</b>			<u>2,529,932</u>		<u>2,748,870</u>
<b>Capital and reserves</b>					
Called up share capital	16	620,000		620,000	
Profit and loss account		1,631,407		2,128,870	
<b>Shareholders' funds</b>			<u>2,529,932</u>		<u>2,748,870</u>

These financial statements were approved by the board of directors on 17<sup>th</sup> December 2020 and signed on its behalf by:



**Philip Dawson**  
*Director*

Company registered number: 3834455

The notes on pages 11 to 24 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 2018	620,000	3,175,806	3,795,806
<b>Total comprehensive income for the year</b>			
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)
<b>Balance at 31 December 2018</b>	<b>620,000</b>	<b>2,128,870</b>	<b>2,748,870</b>
Balance at 1 January 2019	620,000	2,128,870	2,748,870
<b>Total comprehensive income for the year</b>			
Profit	-	481,062	481,062
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	481,062	481,062
Transactions with owners, recorded directly in equity			
Dividends paid	-	(700,000)	(700,000)
Total contributions by and distributions to owners	-	(700,000)	(700,000)
<b>Balance at 31 December 2019</b>	<b>620,000</b>	<b>1,909,932</b>	<b>2,529,932</b>

The notes on pages 11 to 24 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 2019

In 2019 the following amendments had been endorsed by the EU, became effective and therefore were adopted by the Company:

- IFRS 16 Leases

The above standard has 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 which the directors consider to be appropriate for the following reasons.

The directors have completed a going concern assessment for the company, including the preparation of cashflow forecasts for the 12 months ending 31 December 2021. Following the outbreak of the Covid-19 pandemic in the year, the Company undertook a detailed review of its forecasted trading position assessing and revising the short to medium term prospects for its core revenue streams and implementing a number of cost control and mitigation measures.

## Notes (continued)

### 1 Accounting policies (continued)

The company has already taken swift actions including, but not limited to, deferring non-critical spending and leveraging the Coronavirus Job Retention Scheme, to reduce the impact of the lower level of productivity. The forecasts take into account severe but plausible downsides as a result of Covid 19, summarised as follows;

- reduced revenue based on the experience of early stages of Covid-19 restriction, which will gradually recover back to pre-Covid-19 levels by 2022.
- Internal reduction of staff to cope with lower levels of productivity.

The directors, after reviewing these forecasts, including changes arising from the Covid-19 pandemic, are of the opinion that taking account of severe but plausible downsides, the company will have sufficient funds in the form of cash reserves to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements 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 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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.

#### 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 losses and payments received on 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Expenses

##### *Operating lease payments (policy applicable before 1 January 2019)*

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.

#### 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.

#### 1.14 Leases (policy applicable from 1 January 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.



## Notes (continued)

### 1 Accounting policies (continued)

#### *As a lessee*

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 1.15 Changes in significant accounting policies

The Company has initially applied IFRS 16 from 1 January 2019 a modified retrospective approach with cumulative effect method on transition to IFRS 16, hence comparative information has not been restated on transition to this standard (see note 1.14 and 24).

**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 2019 £	Year ended 31 December 2018 £
UK	5,807,349	8,074,787
Europe	530,326	1,519,674
North America	50,656	6,031
Rest of the world	3,493	4,638
	6,391,824	9,605,130

**3 Notes to the profit and loss account**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation:		
Owned assets	15,356	12,005
Right of use assets	140,085	-
Lease interest expense	1,898	-
Lost on disposal of fixed assets	22	(901)
Operating lease rentals:		
Land and buildings (2018: IAS17)	900	75,074
Other Short Term Lease (2018: IAS17)	8,016	75,708
	29,500	22,900
<i>Auditor's remuneration:</i>		
Audit of these financial statements	29,500	22,900

**4 Remuneration of directors**

The remuneration of the directors was as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Directors' emoluments	113,721	148,204

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 2019 £	Year ended 31 December 2018 £
Dividends paid	700,000	1,750,000
	<u>                    </u>	<u>                    </u>

**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 2019	Year ended 31 December 2018
Design and service	14	15
Management and administration	7	7
Sales and marketing	3	3
	<u>          </u>	<u>          </u>
	24	25
	<u>                    </u>	<u>                    </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Wages and salaries	834,470	960,117
Social security costs	92,232	108,467
Other pension costs	32,298	29,604
	<u>                    </u>	<u>                    </u>
	959,000	1,098,188
	<u>                    </u>	<u>                    </u>

**7 Interest receivable and similar income**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Bank interest receivable	14,264	14,570
Other	-	2
	<u>                    </u>	<u>                    </u>
	14,264	14,572
	<u>                    </u>	<u>                    </u>

**Notes (continued)**

**8 Interest payable and similar expense**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Leasing interest payable	1,898	-
Other	-	69
	1,898	69
	1,898	69

**9 Taxation**

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

	Year ended 31 December 2019		Year ended 31 December 2018	
	£	£	£	£
<b>Current tax</b>				
Current tax on income for the year	-		174,635	
Adjustments in respect of prior years	(174,635)		-	
	-		174,635	
<b>Total current tax</b>		(174,635)		174,635
<b>Deferred tax (see note 13)</b>				
Origination and reversal of timing differences	8,270		(7,784)	
Effect of law change	(871)		819	
Adjustments in respect of prior years	(210)		-	
	7,189		(6,965)	
<b>Total deferred tax</b>		7,189		(6,965)
<b>Total Tax</b>		(167,446)		167,670

**(ii) Factors affecting the charge for the current year**

The effective current tax rate for the year is lower (*period ended 31 December 2018: higher*) than the standard rate of corporation tax in the UK of 19% (*period ended 31 December 2018: 19%*).

The differences are explained below:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Profit for the year	430,268	703,064
Total Tax Expense	(167,446)	(167,670)
Profit excluding taxation	262,822	870,734
Tax at 19% ( <i>period ended 31 December 2018: 19%</i> )	49,936	165,439
<b>Effects of</b>		
Adjustment to tax charge in respect of previous periods	(174,845)	-
Expenses not deductible for tax purposes	1,328	1,412
Tax rate changes	(871)	819
Effects of group relief/ other reliefs	(42,993)	-
Other	(1)	-
	(176,382)	-
<b>Total tax charge (see above)</b>	(167,446)	167,670

## 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 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the unrecognised deferred asset in respect of the unutilised tax losses as at 30 June 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

### 10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and office equipment	Plant and machinery	Motor vehicles	Design archives	Total
	£	£	£	£	£	£
<b>Cost</b>						
Balance at 1 January 2019	36,066	64,209	116,110	31,380	580,000	827,765
Recognition of right-of-use assets on initial application of IFRS 16	55,293	22,854	-	95,516	-	173,663
Additions	18,504	1,567	3,430	-	-	23,501
Disposals	-	(2,123)	(10,988)	-	-	(13,111)
<b>Balance at 31 December 2019</b>	<b>109,863</b>	<b>86,507</b>	<b>108,552</b>	<b>126,896</b>	<b>580,000</b>	<b>1,011,818</b>
<b>Depreciation</b>						
Balance at 1 January 2019	33,968	61,049	98,251	18,426	580,000	791,694
Charged in year	75,895	11,715	6,813	61,018	-	155,441
Disposals	-	(2,115)	(10,975)	-	-	(13,090)
<b>Balance at 31 December 2019</b>	<b>109,863</b>	<b>70,649</b>	<b>94,089</b>	<b>79,444</b>	<b>580,000</b>	<b>934,045</b>
<b>Net book value</b>						
At 30 December 2018	2,098	3,160	17,859	12,954	-	36,071
<b>At 31 December 2019</b>	<b>-</b>	<b>15,858</b>	<b>14,463</b>	<b>47,452</b>	<b>-</b>	<b>77,773</b>

#### Right-of-use assets

At 31 December 2019, property, plant and equipment includes right-of-use assets as follows:

	Leasehold improvements	Fixtures, fittings and office equipment	Plant and machinery	Motor vehicles	Design archives	Total
	£	£	£	£	£	£
<b>Right-of-use assets</b>						
At 31 December 2019	-	13,812	-	38,270	-	52,082

**Notes (continued)**

**11 Stocks**

	2019 £	2018 £
Raw materials and parts	2,062	737
Work in progress	280,302	118,471
	282,364	119,208
	282,364	119,208

**12 Debtors**

	2019 £	2018 £
Percentage of Completion receivables	372,378	78,419
Trade debtors	792,131	1,086,807
Amounts owed by group undertakings	19,150	80,022
Other debtors	200	221
Prepayments	94,916	89,339
Deferred tax asset	8,762	15,951
Corporation tax	224,243	-
	1,511,780	1,350,759
	1,511,780	1,350,759

**13 Deferred Taxation**

	Deferred taxation £
At beginning of year	15,951
Charge to the profit and loss account for the year (see note 9)	(7,189)
At end of year	8,762

The elements of the deferred tax asset are as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Difference between accumulated depreciation and capital allowances	5,818	5,519
Other timing differences	2,944	10,432
Deferred tax asset	8,762	15,951

**Notes (continued)**

**14 Creditors: Amounts falling due within one year**

	2019 £	2018 £
Intercompany	316,521	74,971
Trade creditors	79,505	173,035
Amounts owed to group undertakings	446,271	644,858
Social security and other taxes	98,526	178,632
Corporation tax	-	77,892
Payments received in advance	312,684	57,890
Accruals	269,512	414,792
Lease Liabilities	52,559	-
Other Creditors	303	-
	1,575,881	1,622,070

**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**

	2019 £	2018 £
<i>Allotted, called up and fully paid:</i> 620,000 ordinary shares of £1 each	620,000	620,000

**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 £32,298 (2018: £29,604). 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 (2018: £Nil).

**Notes (continued)**

**19 Leases as a lessee**

*Right-of-use assets*

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 10):

	Leasehold improvements	Fixtures, fittings and office equipment	Motor vehicles	Total
	£	£	£	£
Balance at 1 January 2019	-	-	-	-
Recognition of right-of-use assets on initial application of IFRS 16	55,293	22,854	95,516	173,663
Additions to right-of-use assets	18,504	-	-	18,504
Depreciation charge for the year	(73,797)	(9,042)	(57,246)	(140,085)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>13,812</b>	<b>38,270</b>	<b>52,082</b>

The company leases its factory, a number of vehicles, large format printing equipment and photocopiers.

*Amounts recognised in the profit and loss*

The incremental borrowing rate ranges from 1.826% - 1.8586%

The following amounts have been recognised in the profit and loss for which the company is a lessee

	£
<b>2019 – Leases under IFRS 16</b>	
Interest expense on lease liabilities	1,898
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	1,666
Expenses relating to variable lease payments not included in the measurement of lease liabilities	2,871
<b>Total</b>	<b>6,435</b>

	£
<b>2018 – Operating Leases under IAS 17</b>	
Lease expense	150,782
<b>Total</b>	<b>150,782</b>

	2019 £
<b>Lease Liabilities</b>	
Current Liability	52,559
	<b>52,559</b>



## Notes (continued)

### 20 Change in significant accounting policies

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

#### 20 (a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition, the Company has reassessed all contracts to assess whether they contain a lease based upon this definition.

#### 20 (b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

#### *Leases classified as operating leases under IAS 17*

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019 (see note 19).

Right-of-use assets were measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);

### 21 Subsequent event

In January 2020, an outbreak of a respiratory illness caused by the coronavirus ('Covid-19') was identified in China and expanded globally into a pandemic by mid-March 2020, resulting in global business disruption and closures, travel restrictions and general uncertainty in the market.

Although the Covid-19 crisis has had a limited impact on the Company's business in 2020. The full duration and long-term impact of the crisis is not yet fully known and cannot be accurately estimated at this time. The extent of the impact from Covid-19 on the Company's operational and financial performance and cash flow may be impacted by future developments, including the duration and containment of the outbreak.

### 22 Related Party Transactions

The Company has taken advantage of the exemption available under paragraph 8(k) of FRS 101 not to disclose details of its transactions with other undertakings within the group of companies headed by Andritz AG Limited of which the Company is a member. Note 23 gives details of how to obtain a copy of the published financial statements of Andritz AG.

**Notes** *(continued)*

**23 Parent undertaking**

The company's immediate parent company at 31 December 2019 is Schuler Pressen GmbH, a company incorporated in Germany.

At 31 December 2019, 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