

Schuler Presses UK Limited

**Annual report and financial
statements**

Registered number 3834455

For the year ended 31 December 2020



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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 an increase in turnover in the current period of £234,058 but observed a slight decrease in our gross profit to 27% (*year ended 31 December 2019: 28%*). This is due to the mix of business we have concluded this year; all areas of turnover have suffered due to the Covid-19 pandemic and localised shutdowns, with external customer turnover dropping by 8%. However, due to the worldwide travel restrictions in place, turnover has been supplemented by supporting our German sister company on a press installation project in the UK, whilst this has assisted turnover we would observe inter group lower margins.

The company has achieved a decrease in its monthly overheads via continued implementation of cost saving strategies and minor restructuring due to the Covid-19 pandemic and the government job retention scheme. In comparison to the previous year this has contributed to an increase in the profit for the year, at £516,825 before taxation, (*year ending 31 December 2019: £313,616*) despite the decreased 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. Customers are continuing to carry out further preventative maintenance and smaller enhancements, this leads itself to lower sales volumes and stabilised margins. This was furthermore confirmed in the values of orders secured during the reporting period being in line with 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 £3,047,775 (*period ended 31 December 2019: £2,529,932*) which included an increase in the cash balance to £2,451,177 compared to the prior year end (*31 December 2019: £2,248,896*).

With continual improvements and actions in all areas of the UK operation, the increase customer activity in early 2021, alongside the order book of £690,074 at the end of the year (*period ended 31 December 2019: £1,936,522*), 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 the EU-UK trade and co-operation agreement announced in late 2020.

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 were slightly below pre-lockdown levels and the business ran below the budgeted expectations, but in line with re-forecasted expectations for the last quarter of the fiscal year 2020.

Strategic report (*continued*)

At the time of finalising the accounts for the year 2020, the latest forecast for the year 2021 still showed a profitable year which is achieved by using the governments job retention scheme as well as strict cost measures. Investments 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 2021 will remain 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

Philip Dawson
Director

17th December 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Dividends

The directors do not recommend the payment of a further dividend for the period ending 31 December 2020. (*Year ended 31 December 2019: nil*).

A dividend totaling £nil was distributed in the period ending 31 December 2020 (*Year ended 31 December 2019: £700,000*) as a result of the profit and loss account as at 31 December 2019.

Directors

The directors who served during the year were as follows:

P Dawson

J Kulartz (Resigned 18th January 2021)

T Haegele (Appointed 18th January 2021)

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 Curo Professional Services Ltd, Statutory Auditors will therefore continue in office.

Covid-19

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

Philip Dawson
Director

Quayside Drive
Walsall
WS2 9LA
17th December 2021

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.

Curo Professional Services Ltd, Statutory Auditors
Curo House
Greenbox
Westonhall Road
Bromsgrove
Worcestershire
B60 4AL

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

Opinion

We have audited the financial statements of Schuler Presses UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

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

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Identifying and responding to risks of material misstatement due to fraud

The level of risk and ability to detect irregularities due to fraud was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the Company's policies, procedures and enquiries with management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and considering our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls and the risk of fraudulent transactions, in particular the risk that management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- Evaluating the business purpose of journal entries and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant bank payments and receipts and comparing these to supporting documentation.
- Walkthrough and further substantive testing on sales and purchases to identify weaknesses and override of internal controls.
- Using analytical procedures to identify any unusual or unexpected variances.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

The level of risk and ability to detect irregularities due to non-compliance with laws and regulations was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the company's policies, procedures and compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

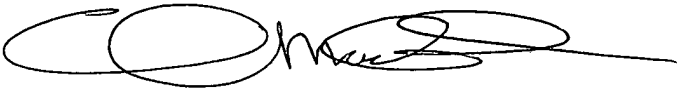
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, there is a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Anna Madden FCA (Senior Statutory Auditor)
for and on behalf of Curo Professional Services Ltd, Statutory Auditors
Curo House
Greenbox
Westonhall Road
Bromsgrove
Worcestershire
B60 4AL

21st December 2021

Profit and loss account and other Comprehensive Income
for the year ended 31 December 2020

	<i>Note</i>	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	2	6,625,882	6,391,824
Cost of sales		(4,810,533)	(4,571,609)
		<hr/>	<hr/>
Gross profit		1,815,349	1,820,215
Administrative expenses		(1,280,880)	(1,518,965)
		<hr/>	<hr/>
Operating profit		534,469	301,250
Interest receivable and similar income	7	3,114	14,264
Interest payable and similar expense	8	(20,758)	(1,898)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	516,825	313,616
Tax on profit on ordinary activities	9	1,018	167,446
		<hr/>	<hr/>
Profit for the financial year		517,843	481,062
		<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 12 to 24 form part of these financial statements.

Balance sheet
at 31 December 2020

	<i>Note</i>	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	<i>10</i>		168,608		77,773
Current assets					
Stock	<i>11</i>	265,348		282,364	
Debtors	<i>12</i>	1,974,188		1,511,780	
Cash at bank		2,451,177		2,248,896	
		4,690,713		4,043,040	
Creditors: Amounts falling due within one year	<i>14</i>	(1,704,026)		(1,575,881)	
Net current assets			2,986,687		2,467,159
Total assets less current liabilities			3,155,295		2,544,932
Creditors: Amounts falling due after more than one year	<i>15</i>		(92,520)		-
Provisions for liabilities and charges	<i>16</i>		(15,000)		(15,000)
Net assets			3,047,775		2,529,932
Capital and reserves					
Called up share capital	<i>17</i>		620,000		620,000
Profit and loss account			2,427,775		1,909,932
Shareholders' funds			3,047,775		2,529,932

These financial statements were approved by the board of directors on 17th December 2021 and signed on its behalf by:

Philip Dawson

Philip Dawson
 Director

Company registered number: 3834455

The notes on pages 12 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 2019	620,000	2,128,870	2,748,870
Total comprehensive income for the year			
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)
Balance at 31 December 2019	620,000	1,909,932	2,529,932
Balance at 1 January 2020	620,000	1,909,932	2,529,932
Total comprehensive income for the year			
Profit	-	517,843	517,843
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	517,843	517,843
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 December 2020	620,000	2,427,775	3,047,775

The notes on pages 12 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.

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 21.

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.

- i) The presentation currency of the financial statements is Pound Sterling (£)
- ii) The financial statements are rounded to the nearest £1

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 term 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

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.

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 2020 £	Year ended 31 December 2019 £
UK	5,186,474	5,807,349
Europe	1,439,098	530,326
North America	310	50,656
Rest of the world	-	3,493
	<u>6,625,882</u>	<u>6,391,824</u>

3 Notes to the profit and loss account

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation:		
Owned assets	12,089	15,356
Right of use assets	51,568	140,085
Lease interest expense	20,758	1,898
Loss on disposal of fixed assets	-	22
Operating lease rentals:		
Land and buildings (2018: IAS17)	68,575	900
Other Short-Term Lease (2018: IAS17)	14,952	8,016
	<u>15,000</u>	<u>29,500</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	15,000	29,500

4 Remuneration of directors

The remuneration of the directors was as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Directors' emoluments	<u>153,065</u>	<u>113,721</u>

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 2020 £	Year ended 31 December 2019 £
Dividends paid	-	700,000
	<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 2020	Year ended 31 December 2019
Design and service	12	14
Management and administration	7	7
Sales and marketing	3	3
	<u> </u>	<u> </u>
	22	24
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Wages and salaries	701,273	834,470
Social security costs	86,174	92,232
Other pension costs	26,501	32,298
	<u> </u>	<u> </u>
	813,948	959,000
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Bank interest receivable	3,114	14,264
Other	-	-
	<u> </u>	<u> </u>
	3,114	14,264
	<u> </u>	<u> </u>

Notes *(continued)*

8 Interest payable and similar expense

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Leasing interest payable	20,758	1,898
Other	-	-
	20,758	69
	20,758	69

9 Taxation

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	£	£	£	£
<i>Current tax</i>				
Current tax on income for the year	-		-	
Adjustments in respect of prior years	-		(174,635)	
	-		(174,635)	
Total current tax		-		(174,635)
<i>Deferred tax (see note 13)</i>				
Origination and reversal of timing differences	(191)		8,270	
Effect of law change	(1,010)		(871)	
Adjustments in respect of prior years	183		(210)	
	(1,018)		7,189	
Total deferred tax		(1,018)		7,189
Total Tax		(1,018)		(167,446)

(ii) Factors affecting the charge for the current year

The effective current tax rate for the year is lower (*period ended 31 December 2019: Lower*) than the standard rate of corporation tax in the UK of 19% (*period ended 31 December 2019: 19%*).

The differences are explained below:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit for the year	517,843	430,268
Total Tax Expense	(1,018)	(167,446)
Profit excluding taxation	516,825	262,822
Tax at 19% (<i>period ended 31 December 2019: 19%</i>)	98,197	49,936
<i>Effects of</i>		
Adjustment to tax charge in respect of previous periods	183	(174,845)
Expenses not deductible for tax purposes	556	1,328
Tax rate changes	(1,010)	(871)
Effects of group relief/ other reliefs	(98,945)	(42,993)
Other	1	(1)
	(1,018)	(167,446)
Total tax charge (see above)	(1,018)	(167,446)

Notes (continued)

9 Taxation (continued)

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

In the March 2020 Budget, it was announced that the UK corporation tax rate will remain at 19% and not reduce to 17% from 1 April 2020. This was substantively enacted on 19 March 2021, and the deferred tax liability has been calculated based on this rate. An increase in the UK corporation tax rate from 19% to 25% (with effect from 1 April 2023) was substantively enacted on 24 May 2021. This will have a consequential effect on the company's future tax charge.

10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and office equipment	Plant and machinery	Motor vehicles	Design archives	Total
	£	£	£	£	£	£
<i>Cost</i>						
Balance at 1 January 2020	109,863	86,507	108,552	126,896	580,000	1,011,818
Additions	-	13,908	1,278	139,307	-	154,493
Disposals	-	(2,378)	-	(74,016)	-	(76,394)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	109,863	98,037	109,830	192,187	580,000	1,089,917
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
Balance at 1 January 2020	109,863	70,649	94,089	79,444	580,000	934,045
Charged in year	-	10,402	6,980	46,276	-	63,658
Disposals	-	(2,378)	-	(74,016)	-	(76,394)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	109,863	78,673	101,069	51,704	580,000	921,309
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At 30 December 2019	-	15,858	14,463	47,452	-	77,773
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	19,364	8,761	140,483	-	168,608
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Right-of-use assets

At 31 December 2020, 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
	£	£	£	£	£	£
Right-of-use assets						
At 31 December 2020	-	11,970	-	135,072	-	147,042
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

11 Stocks

	2020	2019
	£	£
Raw materials and parts	1,720	2,062
Work in progress	263,628	280,302
	265,348	282,364
	265,348	282,364

12 Debtors

	2020	2019
	£	£
Percentage of Completion receivables	-	372,378
Trade debtors	882,436	792,131
Amounts owed by group undertakings	747,806	19,150
Other debtors	200	200
Prepayments	79,223	94,916
Deferred tax asset	9,780	8,762
Corporation tax	254,743	224,243
	1,974,188	1,511,780
	1,974,188	1,511,780

13 Deferred Taxation

	Deferred taxation £
At beginning of year	8,762
Charge to the profit and loss account for the year (see note 9)	974
	9,780
	9,780

The elements of the deferred tax asset are as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Difference between accumulated depreciation and capital allowances	6,667	5,818
Other timing differences	3,113	2,944
	9,780	8,762
	9,780	8,762

Notes *(continued)*

14 Creditors: Amounts falling due within one year

	2020 £	2019 £
Intercompany	403,542	316,521
Trade creditors	242,396	79,505
Amounts owed to group undertakings	289,417	446,271
Social security and other taxes	124,151	98,526
Corporation tax	-	-
Payments received in advance	22,541	312,684
Accruals	568,941	269,512
Lease Liabilities	53,038	52,559
Other Creditors	-	303
	1,704,026	1,575,881
	1,704,026	1,575,881

15 Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease Liabilities	92,520	-
	92,520	-
	92,520	-

16 Provision for liabilities and charges

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

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

17 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid:</i>		
620,000 ordinary shares of £1 each	620,000	620,000
	620,000	620,000

18 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 £26,501 (2019: £32,298). There were no outstanding or repaid contributions at either the beginning or end of the year.

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 2020	-	13,812	38,270	52,082
Additions to right-of-use assets	-	7,221	139,307	146,528
Depreciation charge for the year	-	(9,063)	(42,505)	(51,568)
Disposals	-	-	-	-
Balance at 31 December 2020	-	11,970	135,072	147,042

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 1.7508% - 2.6273% (2019: 1.826% - 1.8586%)

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

	£
2020 – Leases under IFRS 16	
Interest expense on lease liabilities	20,758
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	(1,288)
Expenses relating to short-term leases	11,558
Total	32,694

	£
2019 – Leases under IFRS 16	
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
Total	6,435

Maturity of Lease Liabilities at 31 December were as follows:

	2020 £	2019 £
Due within one year	53,038	52,559
Due between one and five years	92,520	-
Due after more than five years	-	-
	145,558	52,559

Notes *(continued)*

20 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 21 gives details of how to obtain a copy of the published financial statements of Andritz AG.

21 Parent undertaking

The company's immediate parent company at 31 December 2020 is Schuler Pressen GmbH, a company incorporated in Germany.

At 31 December 2020, 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