

Registration number: 00831741

Burkert UK Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2018

Rödl & Partner Limited
170 Edmund Street
Birmingham
B3 2HB

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Burkert UK Limited

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Burkert UK Limited

Company Information

Directors	Mr M I Steinemann Mr H P H Rohrbeck
Registered office	Fluid Control Centre 1 Bridge End Cirencester Gloucestershire GL7 1QY
Solicitors	Davies & Partners 135 Aztec West Almondsbury Bristol BS32 4UB
Bankers	Barclays Bank 18 Southgate Street Gloucester GL1 2DJ
Auditors	Rödl & Partner Limited 170 Edmund Street Birmingham B3 2HB

Burkert UK Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

Founded over 70 years ago and privately owned, Burkert is a market leading manufacturer, development and outsourcing partner of fluid control components and systems. With European manufacturing and innovation as a core focus of our highly skilled workforce, Burkert is now present in over 40 countries with more than 2,800 employees.

Incorporated on 18th December 1964 and now established for over 50 years, Burkert UK Limited is responsible for Burkert representation throughout the United Kingdom and the Republic of Ireland.

As suppliers of process equipment to measure and control fluids operating in every conceivable fluid control application, we have a clear focus upon the water, hygienic, micro and gas market segments.

We do not stop with standard components and component solutions, we work with our customers on selection, optimum design and customised solutions including build, installation and commissioning, striving to deliver a better customer experience with outstanding value through our Select-to-Order, Configure-to-Order and Engineer-to-Order processing categories.

2018 has built upon those initiatives set and successes boosted during the recent past creating very special, very significant record breaking business-wide results, smashing historic performances in turnover, profitability, order intake, backlog and NCD.

Well above industry norms, we are inspired and excited that our turnover figure trends > 80% above 2015, >9% above 2017.

There is growth across the main business units with System (CL) our biggest unit, 9% larger than component Solenoid Valves.

Given the nationwide economic and general market conditions within our industry we deserve to congratulate ourselves and each other for the immense and clear team effort that goes into achieving this result. We continue to be profitable, reaching ROS targets, stock is invested under our game plan and most importantly, we have a highly customer centric and innovative team with an eye on achieving our goal of profitable sales growth in 2019. The transition to a Value Proposition Leading company underpinned by a process organisation is well under way and a contributing factor to our position.

Our pipeline continues to show a considerable swing towards micro mechatronic system business, specifically solenoid valves through the OEM sales channel, which further underpins our foundation to deliver superior customer value through solution techniques. To support our projects business we bridge a closer and streamlined cooperation with our Systemhaus facilities, merging into the wider Order Winning and Customer Project Order Handling Process.

The implementation of customer specific stocking agreements, Kan Ban, Demand Line Feed, and Demand Flow Technology concepts are increasing in numbers with many customers. This puts a heavy emphasis on increased account management but does support efficient and positive customer care.

Burkert UK Limited

Strategic Report for the Year Ended 31 December 2018

There have been some organisational changes over the year, redeploying and remodelling our resources from support function towards sales, customer centric behaviour without bottleneck.

We assist customers with field commissioning, calibration, programming and service whether to get the project running, some hands on training or to sign over the ongoing maintenance of a plant, Burkert support customer needs.

Standard and customised training is offered from process automation for apprentices and graduates to customised training programs designed around specific site needs which together through partnership Burkert will pull together a perfect package.

Wherever the customer is globally, we deliver the same support, same service from the same company. When Burkert is chosen, the customer is never on their own.

Our mid-term risks are cost related of course, currency devaluation, margin and ROS will all be weakened together with longer term headaches such as import taxes, direct deliveries, local inventory and taxation triangulation which look under very real threat. Of these known threats, we persevere to mitigate the short term risk of currency devaluation through achieving agreement with Bürkert Werke to be invoiced in GBP at a fixed exchange rate throughout 2019. This agreement will continue to support our growth path during the uncertain times of Brexit and provide as secure a business platform as possible moving into 2019 and beyond.

We continue to invest within and grow our marketing and NCD capabilities, simply put, if we understand our current and future customer base landscape better, we can sell better.

Our company target in 2019 is to continue Fast Growing Company (FGC) status through profitable sales growth.

Fair review of the business

Financial overview

Turnover in the year to 31 December 2018 achieved £15,100,358; +9.2% (2017 £13,824,347).

Operating profit pre taxation was £548,789 compared with £662,763 in 2017.

The profit for the year after taxation amounted to £441,202 (2017 £553,769).

Key performance indicators

We closely monitor debtor days to ensure that we optimise our cash flow, at year end our proportion of overdue debt to total debt was 8.0% (2017: 4.7%).

Within a group objective framework of sales plan development, EBT expectations and sales per FTE, key areas of local management review and control include the level of gross margin, new customer development, operating cost, new product introduction and system sales.

Entrepreneurial courage and risk-taking are key to optimise and align with our strategic local and group targets but with a mind-set towards profitable sales growth as well as courage to decline bad business.

Burkert UK Limited

Strategic Report for the Year Ended 31 December 2018

Principal risks and uncertainties

Price risk and de-commoditisation

The company is exposed to price risk from both customers and suppliers. The industry sectors in which Burkert principally operate are becoming increasingly competitive from lower cost, inferior quality imports which inevitably result in some short term squeeze on margin. Our emphasis towards clear de-complexitising and de-commoditising our customer value propositions is key and we look to continue to achieve these targets as defined by our strategy map and expect to see ongoing growth in our systems business that will further support overall growth and profitability.

We continue to simplify our online activities and driving website traffic to www.burkert.co.uk which feeds our e-shop. The majority of our customer base search for a solution and not to purchase product, so we have monitored search words and developed content around them.

Customer testimonials, regardless of the application, segment or product are the very best way to show to customers our capability to create process solutions.

For the past five years we have shifted perception that our business is not just as a solenoid valve manufacturer but that we provide solutions and other cutting edge process control products.

Interest rate risk

The company has no exposure to fluctuations in interest rate because it has no bank loans or other financial debt and a strong bank balance.

Currency risk

The company is exposed to foreign exchange translation risk, however, this is mitigated by management closely monitoring the exchange rate together with hedging forward contracts and reducing the short term risk of currency devaluation through achieving fixed agreement with Burkert Headquarters. In addition, we pay our suppliers in the most effective way to minimise exposure as well as encouraging our key customers to trade in Euros to ensure security for all.

Credit risk

The company's principal financial assets are cash and trade debtors. In order to effectively manage credit risk the directors set credit limits and terms based upon experience of the customer and market know-how within limits recommended by Dun & Bradstreet, these limits are subject to periodic review and any alerts from Dun & Bradstreet are investigated and actioned where appropriate.

Liquidity risk

The company manages financial risk by ensuring sufficient liquidity is available to meet current trading needs.

Turnover

Sales revenue continue to be impacted by global economic pressure and changes in the marketplace, however, the company has an excellent reputation in its field, a healthy cash flow, controlled stock, fine-tuned sales initiatives and most importantly we have a strong, entrepreneurial stable team with an eye on achieving our goal of profitable sales growth through blue chip and tactical partnership.

Burkert UK Limited

Strategic Report for the Year Ended 31 December 2018

Future developments

In 2018 we have strived for and delivered a fast growing company result not typical of companies in our specific industry fields this year.

Looking further ahead through reviewing our customer buying cycle we want to strengthen our balance of the following;

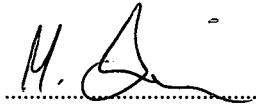
- Recruitment - and acquire more customers (NCD)
- Retention - and use loyalty tactics to maximise lifetime value (NBD)
- Reactivate - and win back/recover previous customers (Dormant)

Profiling our customers using customer centricity to question and find out their needs allowing us to position ourselves accordingly is key. Not one strategy will cover the diverse range of our customers and their sweet spots.

Balancing quick win, low hanging, component and commodity business in conjunction with longer term manufacturer and end user projects, support our growth plans pushed further by an up- and-cross selling creative platform.

Within a challenging and satisfying work environment, our strategy is sharply defined, clearly communicated, and well understood by employees, customers, partners and other Burkert processes. That said, we continually fine-tune our strategy based on changes in the marketplace, for example, a new technology, a social trend, a government regulation, or a competitor's breakaway product.

Approved by the Board on 04.04.19 and signed on its behalf by:



Mr M I Steinemann
Director

Burkert UK Limited

Directors' Report for the Year Ended 31 December 2018

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

Directors of the company

The directors who held office during the year were as follows:

Mr M I Steinemann

Mr H P H Rohrbeck

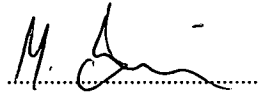
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Rödl & Partner Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 04.04.19 and signed on its behalf by:



Mr M I Steinemann
Director

Burkert UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Burkert UK Limited

Independent Auditor's Report to the Members of Burkert UK Limited

Opinion

We have audited the financial statements of Burkert UK Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, Balance Sheet, 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Burkert UK Limited

Independent Auditor's Report to the Members of Burkert UK Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Burkert UK Limited

Independent Auditor's Report to the Members of Burkert UK Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Imran Farooq (Senior Statutory Auditor)
For and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: 4th April 2019

Burkert UK Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	3	15,100	13,824
Cost of sales		<u>(11,527)</u>	<u>(10,276)</u>
Gross profit		3,573	3,548
Distribution costs		(44)	(48)
Administrative expenses		<u>(2,984)</u>	<u>(2,838)</u>
Operating profit	5	545	662
Other interest receivable and similar income	6	<u>4</u>	<u>1</u>
Profit before tax		549	663
Taxation	11	<u>(108)</u>	<u>(109)</u>
Profit for the financial year		441	554
Retained earnings brought forward		2,280	2,476
Dividends paid		<u>-</u>	<u>(750)</u>
Retained earnings carried forward		<u><u>2,721</u></u>	<u><u>2,280</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Burkert UK Limited

(Registration number: 00831741)
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	12	256	306
Current assets			
Stocks	13	1,013	1,327
Debtors	14	2,288	3,028
Cash at bank and in hand	15	2,021	1,043
		5,322	5,398
Creditors: Amounts falling due within one year	16	(2,336)	(2,912)
Net current assets		2,986	2,486
Total assets less current liabilities		3,242	2,792
Provisions for liabilities		(21)	(12)
Net assets		3,221	2,780
Capital and reserves			
Called up share capital	18	500	500
Profit and loss account		2,721	2,280
Total equity		3,221	2,780

Approved and authorised by the Board on 04.04.19 and signed on its behalf by:



Mr M I Steinemann
Director

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Fluid Control Centre
1 Bridge End
Cirencester
Gloucestershire
GL7 1QY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational currency used to prepare the financial statements is Sterling (£) and amounts have been rounded to the nearest £1,000.

Summary of disclosure exemptions

As the Company is a 100% wholly owned subsidiary of Burkert International AG, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has taken advantage of the exemption available under FRS 102 in respect of the following disclosures:

- Related Party Disclosures with other members of that group
- Statement of Cash Flows.

Revenue recognition

The turnover shown in the Statement of Income represents the value of services delivered and goods provided to customers in the year net of Value Added Tax.

Revenue from services include non-warranty repairs and installation and are recognised at completion. Sales of goods are recognised at the point of despatch.

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long leasehold	10% on cost
Plant and machinery	12.5% on cost and 10% on cost
Office equipment	33.33% on cost
Motor vehicles	16.66% on cost

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks and work in progress are valued at the lowest of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

Leases

Rentals under operating leases are charged to the statement of income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted onto the prevailing market rate.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchases are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated of future periods. The finance element of the rental payment is charged to the statement of income so as to produce a constant periodic rate of charge on the net obligation outstanding in the period.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. The forward currency exchange contracts are measured at fair value at each reporting date. The movement in fair value is recognised in the profit and loss for the period.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
Sale of goods, UK	13,958	12,912
Sale of goods, Europe	1,142	912
	<u>15,100</u>	<u>13,824</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2018 £ 000	2017 £ 000
Gain (Loss) on disposal of property, plant and equipment	(2)	(3)
Gain (Loss) from changes in bad debts provisions	21	(22)
	<u>19</u>	<u>(25)</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Depreciation expense	80	75
Foreign exchange losses	128	41
Operating lease expense - plant and machinery	<u>137</u>	<u>133</u>

6 Other interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on bank deposits	<u>4</u>	<u>1</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	1,649	1,611
Social security costs	225	198
Pension costs, defined contribution scheme	128	119
	<u>2,002</u>	<u>1,928</u>

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

	2018 No.	2017 No.
Administrative	7	7
Sales	20	19
Technical & Store	6	5
	<u>33</u>	<u>31</u>

8 Directors' remuneration

Remuneration for the directors in both the current and prior period has been borne by other group companies and no recharge is made to the company in respect of that remuneration as the directors did not provide material qualifying services to the company.

9 Key management personnel costs

	2018 £ 000	2017 £ 000
Salaries	487	449
Pension	52	51
Other benefits	29	25
	<u>568</u>	<u>525</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>21</u>	<u>17</u>
Other fees to auditors		
All other non-audit services	<u>3</u>	<u>3</u>

11 Taxation

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	125	135
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(17)</u>	<u>(26)</u>
Tax expense in the income statement	<u>108</u>	<u>109</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>549</u>	<u>663</u>
Corporation tax at standard rate	104	128
Effect of expense not deductible in determining taxable profit (tax loss)	3	2
Deferred tax credit relating to changes in tax rates or laws	(2)	-
Increase in UK and foreign current tax from unrecognised temporary difference from a prior period	3	-
Deferred tax credit from unrecognised temporary difference from a prior period	-	(21)
Tax increase from effect of capital allowances and depreciation	<u>-</u>	<u>1</u>
Total tax charge	<u>108</u>	<u>110</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
2018	
Fixed asset timing differences	25
Short term timing differences	(4)
	<u>21</u>
2017	
Fixed asset timing differences	35
Short term timing differences	(23)
	<u>12</u>

12 Tangible assets

	Long leasehold £ 000	Plant and machinery £ 000	Office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation					
At 1 January 2018	414	141	219	22	796
Additions	-	22	12	-	34
Disposals	-	(5)	(2)	(22)	(29)
At 31 December 2018	<u>414</u>	<u>158</u>	<u>229</u>	<u>-</u>	<u>801</u>
Depreciation					
At 1 January 2018	208	84	182	16	490
Charge for the year	43	15	18	4	80
Eliminated on disposal	-	(3)	(2)	(20)	(25)
At 31 December 2018	<u>251</u>	<u>96</u>	<u>198</u>	<u>-</u>	<u>545</u>
Carrying amount					
At 31 December 2018	<u>163</u>	<u>62</u>	<u>31</u>	<u>-</u>	<u>256</u>
At 31 December 2017	<u>206</u>	<u>57</u>	<u>37</u>	<u>6</u>	<u>306</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

13 Stocks

	2018 £ 000	2017 £ 000
Finished goods	<u>1,013</u>	<u>1,327</u>

14 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	2,219	2,958
Amounts owed by related parties	3	-
Other debtors	1	-
Prepayments	<u>65</u>	<u>70</u>
	<u>2,288</u>	<u>3,028</u>

15 Cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank	<u>2,021</u>	<u>1,043</u>

16 Creditors

	2018 £ 000	2017 £ 000
Due within one year		
Hire purchase contracts	-	2
Trade creditors	21	115
Amounts due to related parties	1,505	1,648
Social security and other taxes	70	58
Other payables	-	16
Accrued expenses	314	316
Corporation tax liability	24	99
VAT	<u>402</u>	<u>658</u>
	<u>2,336</u>	<u>2,912</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £128,486 (2017 - £118,959).

Contributions totalling £13,423 (2017 - £11,979) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	<u>500,000</u>	<u>500</u>	<u>500,000</u>	<u>500</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Burkert UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

19 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	5	2
Later than one year and not later than five years	19	-
Later than five years	8	-
	<u>32</u>	<u>2</u>

Operating leases

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	219	94
Later than one year and not later than five years	329	138
	<u>548</u>	<u>232</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £136,560 (2017 - £132,902).

20 Dividends

	2018 £ 000	2017 £ 000
Final dividend of £Nil (2017 - £1.50) per ordinary share	<u>-</u>	<u>750</u>

21 Parent and ultimate parent

The directors consider Burkert International AG, a company incorporated in Switzerland, as the parent company by virtue of its 100% interest in the issued share capital of Burkert UK Limited. The ultimate controlling party is Bürkert Verwaltungs-GmbH.

The parent company of the smallest and largest group undertaking of which the company is a member and which prepares consolidated accounts is Bürkert Verwaltungs-GmbH. These accounts are available on the German Federal Gazette, Bundesanzeiger.

The notes on pages 13 to 23 form an integral part of these financial statements.