

Registration number: 06606708

Schaltbau Machine Electrics Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

THURSDAY



A83M86BE

A08

18/04/2019

#176

COMPANIES HOUSE

Schaltbau Machine Electrics Limited

Contents

Company Information	1
Directors' Report	2 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Income Statement	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 21

Schaltbau Machine Electrics Limited

Company Information

Directors	T Fox
	D R Konrad
Registered office	335 Woodside Way Springvale Industrial Estate Cwmbran Torfaen NP44 5BR
Auditors	Rödl & Partner Limited 170 Edmund Street Birmingham B3 2HB

Schaltbau Machine Electrics 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:

T Fox

D R Konrad

R A Phillips (resigned 15 January 2018)

Principal activity

The principal activity of the company is the manufacture, repair and distribution of electrical components for use in a broad spread of industries.

Fair review of the business

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£000	6,078.00	5,325.00
Gross profit margin	%	38.00	37.00
Profit before tax	£000	312.00	15.00
Profit before tax as a percentage of turnover	%	5.13	.28

Business review

Principal risks and uncertainties

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets of £1,646,000 (2017: £1,293,000) represents the maximum credit exposure. In addition the Company has established a credit policy under which each new customer is analysed for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company also maintains for each customer sale limits that if exceeded require approval from management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company is supported by the parent Company with a line of credit that can be drawn down to meet short-term financing requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Schaltbau Machine Electrics Limited

Directors' Report for the Year Ended 31 December 2018

The results for the year are set out in the Profit and Loss Account on page 9.

Although the Company continues to operate in a difficult trading environment, a positive earnings before interest and tax (EBIT) was achieved for 2018. The directors consider that the indicated support from Schaltbau GmbH and its planned revenues and profits should enable the Company to continue in operational existence for the foreseeable future.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2017: £nil).

Employment of disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The company's policy is to consult and discuss with employees, through staff meetings, all matters likely to affect employees' interests.

Information on matters of concern to employees is given through bulletins and reports that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Future developments

New products remain the key drivers for growth. A strong range is being well stocked for 2018 and this is expected to continue into 2019. This together with the continuation of increased marketing and PR should produce positive growth in the coming year.

Research and development

No significant research and development was conducted during the year. This is mainly conducted by the immediate parent Schaltbau GmbH.

Going concern

The company's business activities, together with factors likely to affect its future development and position, are set out above.

The company is expected to continue to generate positive cash flows and as such the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Schaltbau Machine Electrics Limited

Directors' Report for the Year Ended 31 December 2018

Reappointment of auditors

The auditors Rödl & Partner Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on13/3/19..... and signed on its behalf by:



.....
T Fox

Director

Schaltbau Machine Electrics 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101'). 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 FRS 101 has 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. 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.

Schaltbau Machine Electrics Limited

Independent Auditor's Report to the Members of Schaltbau Machine Electrics Limited

Opinion

We have audited the financial statements of Schaltbau Machine Electrics Limited (the 'Company') for the year ended 31 December 2018, which comprise the Income Statement, Statement of Financial Position, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

Schaltbau Machine Electrics Limited

Independent Auditor's Report to the Members of Schaltbau Machine Electrics 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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 5], 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.

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

Schaltbau Machine Electrics Limited

Independent Auditor's Report to the Members of Schaltbau Machine Electrics Limited

- 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: 13th March 2019

Schaltbau Machine Electrics Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Revenue	3	6,078	5,325
Cost of sales		<u>(3,788)</u>	<u>(3,372)</u>
Gross profit		2,290	1,953
Administrative expenses		<u>(1,968)</u>	<u>(1,930)</u>
Operating profit	4	322	23
Finance costs		<u>(10)</u>	<u>(8)</u>
Profit before tax		312	15
Income tax receipt	8	<u>138</u>	<u>16</u>
Profit for the year		<u>450</u>	<u>31</u>

The above results were derived from continuing operations.

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

Schaltbau Machine Electrics Limited

(Registration number: 06606708)

Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Assets			
Non-current assets			
Property, plant and equipment	9	252	224
Deferred tax assets	8	329	182
		<u>581</u>	<u>406</u>
Current assets			
Inventories	10	994	799
Trade and other receivables	11	769	558
Cash and cash equivalents	12	547	553
		<u>2,310</u>	<u>1,910</u>
Total assets		<u>2,891</u>	<u>2,316</u>
Equity and liabilities			
Equity			
Called up share capital	13	590	590
Capital redemption reserve		4,372	4,372
Profit and loss account		(3,203)	(3,653)
		<u>1,759</u>	<u>1,309</u>
Non-current liabilities			
Deferred tax liabilities	8	26	18
Current liabilities			
Trade and other payables	15	1,106	989
Total liabilities		<u>1,132</u>	<u>1,007</u>
Total equity and liabilities		<u>2,891</u>	<u>2,316</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 13/3/19 and signed on its behalf by:



T Fox
Director

Schaltbau Machine Electrics Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	590	4,372	(3,653)	1,309
Profit for the year	-	-	450	450
At 31 December 2018	<u>590</u>	<u>4,372</u>	<u>(3,203)</u>	<u>1,759</u>

	Share capital £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	590	4,372	(3,684)	1,278
Profit for the year	-	-	31	31
At 31 December 2017	<u>590</u>	<u>4,372</u>	<u>(3,653)</u>	<u>1,309</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Schaltbau Machine Electrics 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 and domiciled in England.

The address of its registered office is:

335 Woodside Way
Springvale Industrial Estate
Cwmbran
Torfaen
NP44 5BR

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.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The presentation currency of these financial statements is Sterling. All amounts have been rounded to the nearest £1,000.

Summary of disclosure exemptions

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, Schaltbau Holding AG includes the Company in its consolidated financial statements. The consolidated financial statements of Schaltbau Holding AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Hollerithstrasse 5, 81829, Munich.

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 share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned group companies;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs

As the consolidated financial statements of Schaltbau Holding AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures required by IFRS 7 Financial Instrument Disclosures, which have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

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

Schaltbau Machine Electrics Limited

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

Going concern

The financial statements are prepared on a going concern basis. The directors have considered the working capital requirements for a period of 12 months from the date of this report. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Judgements

The company has a formal policy for making provisions for stock and debtors to ensure they are stated at the lower of cost and net realisable value.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company activities.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency 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. Foreign exchange differences arising on translation are recognised in the profit and loss account. 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.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

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

Trade and other creditors

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Schaltbau Machine Electrics Limited

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

Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Tax

The tax expense for the period comprises 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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment 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
Plant and equipment	3-7 years
Fixtures and fittings	3-7 years

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 changes in value.

Schaltbau Machine Electrics Limited

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

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables 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 receivables 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard costing.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables

Trade payables 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 payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Schaltbau Machine Electrics Limited

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

Financial assets and liabilities

Classification

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at historic cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Recognition and measurement

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.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment

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.

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.

3 Turnover

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

	2018 £ 000	2017 £ 000
Sale of goods	6,078	5,325

The analysis of the company's turnover for the year by market is as follows:

	2018 £ 000	2017 £ 000
UK	2,334	2,025
Europe	2,038	1,965
Rest of world	1,706	1,335
	6,078	5,325

Schaltbau Machine Electrics Limited

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

4 Operating profit

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Foreign exchange gains/(losses)	<u>8</u>	<u>(55)</u>

5 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	914	939
Social security costs	79	86
Pension costs, defined contribution scheme	<u>35</u>	<u>34</u>
	<u>1,028</u>	<u>1,059</u>

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

	2018 No.	2017 No.
Production	17	16
Administration and support	<u>19</u>	<u>19</u>
	<u>36</u>	<u>35</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	145	185
Contributions paid to money purchase schemes	<u>8</u>	<u>11</u>
	<u>153</u>	<u>196</u>

7 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>16</u>	<u>16</u>

Schaltbau Machine Electrics Limited

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

8 Income tax

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(138)</u>	<u>(16)</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 - 20%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>312</u>	<u>15</u>
Corporation tax at standard rate	59	3
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	-	27
Tax decrease from utilisation of tax losses	(192)	(149)
Adjust closing deferred tax to average rate	69	(45)
Adjust opening deferred tax to average rate	(74)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>148</u>
Total tax credit	<u>(138)</u>	<u>(16)</u>

Deferred tax

Deferred tax assets and liabilities

2018	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	-	(26)	(26)
Tax losses carry-forwards	275	-	275
Other items	<u>55</u>	<u>-</u>	<u>55</u>
	<u>329</u>	<u>(26)</u>	<u>303</u>

Schaltbau Machine Electrics Limited

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

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	(18)	(9)	(26)
Tax losses carry-forwards	136	138	275
Other items	46	9	55
Net tax assets/(liabilities)	<u>164</u>	<u>139</u>	<u>303</u>

9 Property, plant and equipment

	Motor vehicles £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2018	4	1,014	1,018
Additions	-	70	70
At 31 December 2018	<u>4</u>	<u>1,084</u>	<u>1,088</u>
Depreciation			
At 1 January 2018	4	790	794
Charge for the year	-	42	42
At 31 December 2018	<u>4</u>	<u>832</u>	<u>836</u>
Carrying amount			
At 31 December 2018	<u>-</u>	<u>252</u>	<u>252</u>
At 31 December 2017	<u>-</u>	<u>224</u>	<u>224</u>

Schaltbau Machine Electrics Limited

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

10 Inventories

	2018 £ 000	2017 £ 000
Raw materials and consumables	196	150
Work in progress	359	351
Finished goods and goods for resale	439	298
	<u>994</u>	<u>799</u>

11 Trade and other receivables

	2018 £ 000	2017 £ 000
Trade receivables	531	389
Receivables from related parties	146	72
Prepayments	89	69
Other receivables	3	28
Total current trade and other receivables	<u>769</u>	<u>558</u>

12 Cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank	<u>547</u>	<u>553</u>

13 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>590</u>	<u>590</u>	<u>590</u>	<u>590</u>

Schaltbau Machine Electrics Limited

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

14 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Within one year	108	114
Between one and five years	108	409
	<u>216</u>	<u>523</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £114,706 (2017 - £109,500)

15 Trade and other payables

	2018 £ 000	2017 £ 000
Trade payables	380	289
Accruals and deferred income	134	102
Amounts due to related parties	513	531
Social security and other taxes	46	26
Other payables	33	41
	<u>1,106</u>	<u>989</u>

16 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The total expense relating to this plan in the current year was £20,020 (2017 - £17,215). In addition, the company made contributions into employees' private pension schemes of £14,636 (2017 - £18,142).

17 Related party transactions

The Company is controlled by Schaltbau GmbH who owns 100% of the share capital of Schaltbau Machine Electrics Limited. Schaltbau GmbH is a subsidiary of the ultimate controlling party, Schaltbau Holding AG.

18 Parent and ultimate parent undertaking

The Company is a subsidiary undertaking of Schaltbau Holding AG which is the ultimate parent company incorporated in Germany.

The largest group in which the results of the Company are consolidated is that headed by Schaltbau Holding AG. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Hollerithstrasse 5, 81829, Munich.