

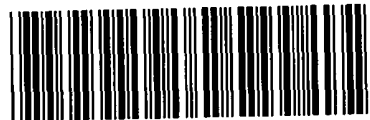
Company Registration Number 00068014

SPX FLOW TECHNOLOGY CRAWLEY LIMITED

Report and Financial Statements

For the year ended 31 December 2018

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SPX Flow Technology Crawley Limited

**Report and financial statements
for the year ended 31 December 2018**

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DIRECTORS

J M Easley
P J Ryan

SECRETARY

Eversecretary Limited

REGISTERED OFFICE

Building A, Compass House, Manor Royal, Crawley, West Sussex, RH10 9PY

BANKERS

Bank Mendes Gans nv
Bank of America

AUDITORS

BDO LLP, 55 Baker Street, London, W1U 7EU

COMPANY NUMBER

00068014

SPX Flow Technology Crawley Limited

Strategic report

for the year ended 31 December 2018

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2018.

Principal activities and business review

The company is a wholly owned subsidiary of SPX FLOW, Inc. The principal activities are the design, manufacture and installation of process equipment in the dairy and other ancillary industries including heat exchangers, homogenisers and other related product in the UK and globally. There have not been any significant changes in the company's principal activities in the year under review.

As shown in the company's statement of comprehensive income, the company's turnover has decreased by 42% to £13,324k (2017: £23,014k) with loss after tax of £2,756k (2017: loss after tax of £657k). This decrease to turnover is due to a reduction in the volume of large Food and Beverage System projects as a result of market conditions.

The directors consider the results achieved during the financial year to be in line with expectations in the current economic climate.

A preference dividend of £64k (2017: £64k) has been accrued in respect of the year. No other dividends were declared or paid in 2018 or 2017.

Key performance indicators

The company produces detailed management reports and accounts on a monthly basis and a number of key performance indicators ("KPIs") are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

The financial KPIs that are a part of this review process include turnover growth, gross profit percentage, overhead costs as a percentage of turnover and return on sales. Working capital measurement includes inventory days, debtor days, overdue accounts and trade creditor days.

The table below sets out the key financial KPIs:

KPI	2018	2017
Turnover (reduction)/increase ¹	(42)%	53%
Gross (loss)/profit percentage ²	(2)%	9%
Overhead costs percentage ³	19%	12%
Return on sales ⁴	(21)%	(3)%

The decrease in turnover has arisen as a result of the economic factors noted above. The decrease in gross profit percentage has been driven by costing pressures when completing system orders during the year. Overhead costs percentage has increased as a proportion of sales due to the company's fixed costs remaining fairly static within the business. The company's return on sales has fallen due to the reduced profitability levels noted above.

SPX Flow Technology Crawley Limited

Strategic report

for the year ended 31 December 2018 (continued)

Principal activities and business review (continued)

Key performance indicators (continued)

- ¹ Turnover reduction measures the change in turnover year-on-year from continuing operations.
 - ² Gross (loss)/profit percentage is designated as gross (loss)/profit from continuing operations expressed as a percentage of turnover from continuing operations.
 - ³ Overhead costs percentage is defined as the aggregate of distribution costs and administrative expenses expressed as a percentage of turnover from continuing operations.
 - ⁴ Return on sales is defined as the loss before taxation from continuing operations expressed as a percentage of turnover from continuing operations.
-

Going concern

As described in the post balance sheet events in note 23, SPX Flow Technology Crawley Limited reduced its ordinary share capital from £51,324,443 to £1 on 8th July 2019 as part of a group realignment programme. The directors intend to sell the trade and assets of this entity to SPX Flow Europe Limited and liquidate the company in the near future. As a result, the directors have prepared the financial statements on the basis other than that of a going concern. As a result of the financial statements being prepared on a basis other than going concern, preference shares have been reclassified as current in accordance with their terms. There were no other adjustments to the financial statements as a result of them being prepared on a basis other than going concern.

Future developments

The directors are satisfied with the performance of the company during the year however events reported within post balance sheet events in note 23 will impact the business in the future.

Principal risks and uncertainties

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including foreign exchange risk, cash flow risk, credit risk and liquidity risk.

Foreign Exchange Risk

It is the company's policy that no speculative trading in financial instruments is undertaken. Current policy is not to enter into forward exchange contracts as foreign exchange exposure is managed by the parent company's treasury function. However, the company operates foreign currency bank accounts to mitigate foreign currency risk.

Some of the company's sales are in currencies other than Sterling, hence it is exposed to the movement in exchange rates. The company also sources some materials in currencies other than the Sterling and thus has exposure to forex movements. The company minimises the risk of exchange rate fluctuations by operating foreign currency bank accounts where necessary.

Cash flow risk

The Cash flow volatility that may arise from the Company's dependence on trade with parties outside the SPX FLOW group is substantially mitigated by its access to the SPX FLOW finance facility which may be drawn upon, when needed to support its working capital and other financial requirements.

SPX Flow Technology Crawley Limited

Strategic report

for the year ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

Credit risk

The company's principal financial assets are bank balances and trade receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has access to a group central cash pooling account.

Approved by the Board of Directors and signed on behalf of the Board



J M Easley
Director

Date: 23rd September 2019

SPX Flow Technology Crawley Limited

Directors' report for the year ended 31 December 2018

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

Directors

The directors of the company throughout the year were:

J M Easley
P J Ryan (appointed on 31 July 2019)
S Tsois (resigned on 31 July 2019)
J W Smeltser (resigned on 17 December 2018)

Qualifying third party indemnity provisions

The ultimate parent company, SPX FLOW, Inc., has indemnified by means of directors' and officers' liability insurance, one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force as at the date of approving the report. No director had an interest in the issued share capital of the company any point during the current or prior year.

Post balance sheet events

Material post balance sheet events are disclosed in Note 23 of the financial statements.

Basis of preparation

The directors have made enquiries of the parent company SPX FLOW, Inc. about its intentions for the company for the foreseeable future. As described in the post balance sheet events in note 23, SPX Flow Technology Crawley Limited reduced its ordinary share capital from £51,324,443 to £1 on 8th July 2018 as part of a group realignment programme. The directors intend to sell the trade and assets of this entity to SPX Flow Europe Limited and liquidate the company in the near future. As a result, the directors have prepared the financial statements on the basis other than that of a going concern. As a result of the financial statements being prepared on a basis other than going concern, preference shares have been reclassified as current in accordance with their terms. There were no other adjustments to the financial statements as a result of them being prepared on a basis other than going concern.

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

SPX Flow Technology Crawley Limited

Directors' report

for the year ended 31 December 2018 (continued)

Likely future developments in the business of the company and financial risk management

Information on the company's future developments and approach to financial risk management is included in the Strategic report and hence is not reproduced here. These future developments should be read in conjunction with the subsequent event disclosed in the strategic report.

Employment of disabled persons

The company gives full and fair consideration to applications for employment from disabled persons. Company policy supports the further training, career development and promotion of any disabled persons with the company, including those persons who may have become disabled whilst employed with the company.

Employee Involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, regular newsletters and the intranet.

Approval

Approved by the Board of Directors and signed on behalf of the Board



J M Easley
Director

Date: 23rd September 2019

SPX Flow Technology Crawley Limited

Directors' responsibilities statement for the year ended 31 December 2018

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 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 then 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. As explained in notes 1 and 23 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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.

SPX Flow Technology Crawley Limited

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPX FLOW TECHNOLOGY CRAWLEY LIMITED

Opinion

We have audited the financial statements of SPX Flow Technology Crawley Limited (the 'company') for the year ended 31 December 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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).

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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Emphasis of matter – basis of preparation

We draw attention to notes 1 and 23 to the financial statements which explains that SPX Flow Technology Crawley Limited reduced its ordinary share capital from £51,324,443 to £1 on 8th July 2018 as part of a group realignment programme. The directors intend to sell the trade and assets of this entity to SPX Flow Europe Limited and liquidate the company in the near future. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in notes 1 and 23. Our opinion is not modified in this respect of this matter.

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.

SPX Flow Technology Crawley Limited

Independent Auditor's Report (*continued*)

Other Information (*continued*)

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.

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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 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 Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' responsibilities statement, 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.

SPX Flow Technology Crawley Limited

Independent Auditor's Report (*continued*)

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.



Joseph Aswani (*Senior statutory Auditor*)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

24th September 2019

SPX Flow Technology Crawley Limited

Statement of comprehensive income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	13,324	23,014
Cost of sales		(13,524)	(20,845)
Gross (loss)/profit		(200)	2,169
Distribution costs		(664)	(540)
Administrative expenses		(1,882)	(2,311)
Operating loss	4	(2,746)	(682)
Interest receivable and similar income	7	54	12
Interest payable and similar charges	8	(64)	(64)
Loss before taxation		(2,756)	(734)
Taxation on loss	9	-	77
Loss for the financial year and total comprehensive expense for the year		(2,756)	(657)

The statement of comprehensive income has been prepared on the basis that all operations are dis-continuing operations.

There were no recognised gains or losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 14 to 26 form part of these financial statements.

SPX Flow Technology Crawley Limited

Balance Sheet

for the year ended 31 December 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	10		272		413
Current assets					
Stocks	11	440		612	
Debtors	12	2,319		7,414	
Cash at bank and in hand		13,053		13,434	
		<u>15,812</u>		<u>21,460</u>	
Creditors: amounts falling due within one year	14	(5,619)		(7,040)	
Net current assets			<u>10,193</u>		<u>14,420</u>
Total assets less current liabilities			<u>10,465</u>		<u>14,833</u>
Creditors: amounts falling due after more than one year	15		-		(1,360)
Provisions for liabilities	16		(336)		(588)
Net assets			<u>10,129</u>		<u>12,885</u>
Capital and reserves					
Called up share capital	17		51,324		51,324
Profit and loss account			(41,195)		(38,439)
Shareholders' funds			<u>10,129</u>		<u>12,885</u>

The financial statements of SPX Flow Technology Crawley Limited, registered number 00068014, were approved by the Board of Directors and authorised for issue on:

23rd September 2019

Signed on behalf of the Board of Directors by



J M Easley
Director

The notes on pages 14 to 26 form part of these financial statements.

SPX Flow Technology Crawley Limited

Statement of Changes in Equity **for the year ended 31 December 2018**

	Called-up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2017	51,324	(37,782)	13,542
Loss and total comprehensive expense for the financial year	-	(657)	(657)
At 31 December 2017	51,324	(38,439)	12,885
Loss and total comprehensive expense for the financial year	-	(2,756)	(2,756)
At 31 December 2018	51,324	(41,195)	10,129

The notes on pages 14 to 26 form part of these financial statements.

SPX Flow Technology Crawley Limited

Statement of Cash Flows for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Operating loss		(2,746)	(682)
Adjustment for:			
Depreciation for fixed assets	10	141	142
Decrease in stocks	11	172	141
Decrease/(Increase) in debtors		5,095	(2,629)
(Decrease) in creditors		(2,845)	(1,278)
(Decrease)/increase in provisions	16	(252)	404
Net cash flows from operating activities		(435)	(3,902)
Cash flow from investing activities:			
Interest received	7	54	12
Net cash flows from investing activities		54	12
Net decrease in cash and cash equivalents		(381)	(3,890)
Cash and cash equivalents at the beginning of the year		13,434	17,324
Cash and cash equivalents at the end of year		13,053	13,434

The notes on pages 14 to 26 form part of these financial statements.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018

1 Accounting policies

SPX Flow Technology Crawley Limited is a company incorporated in England & Wales under the Companies Act and limited by share capital. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Strategic report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

Company disclosure exemptions

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern

As described in the post balance sheet events in note 23, SPX Flow Technology Crawley Limited reduced its share capital from £51,324,443 to £1 on 8th July 2019 as part of a group realignment programme. The directors intend to sell the trade and assets of this entity to SPX Flow Europe Limited and liquidate the company in the near future. As a result, the directors have prepared the financial statements on the basis other than that of a going concern. As a result of the financial statements being prepared on a basis other than going concern, preference shares have been reclassified as current in accordance with their terms. There were no other adjustments to the financial statements as a result of them being prepared on a basis other than going concern.

Revenue

Revenue represents the invoiced value of goods and services supplied by the company to third parties, excluding value added tax. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Revenue includes the recognition of the progress in contracts carried out during the year, based on an internal and external assessment of work carried out. Once the outcome of a contract can be estimated reliably, profit is recognised in the statement of comprehensive income on a stage of contract completion basis by reference to the costs incurred to date and total forecast costs on the contract as a whole. Losses expected in bringing a contract to completion are recognised immediately in the statement of comprehensive income as soon as they are forecast.

The company records as an asset the net amount due from customers for contracts for which the costs have been incurred, plus the recorded margins, net of any losses incurred and any progress payments already invoiced. Where progress payments exceed turnover and other contract balances, the excess is shown within other payables.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018

1 Accounting policies (continued)

Onerous contracts

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Short leasehold buildings	- Term of the lease
Plant and machinery	- 7% to 35% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Impairment of fixed assets

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Stocks and long term contracts

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018

1 Accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the currency of the primary economic environment in which it operates ('the functional currency').

(b) Transactions and balances

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Current and deferred taxation

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

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 country where the company operates and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements

for the year ended 31 December 2018

1 Accounting policies (continued)

Holiday pay accrual

A liability is recognized to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Leases

All leases are treated as operating leases. Their annual rentals are charged to statement of comprehensive income on a straight-line basis over the term of the lease.

Where the company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on preference shares are recognised as expenses classified within interest payable.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 revision and future periods if the revision affects both current and future periods.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The company has intercompany receivables and payables which expectations are that all will be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the company by fellow Group undertakings, Management has considered the anticipated cash flow within the wider Group and the support from the ultimate parent company, and has deemed these balances recoverable.
- Determine whether amounts owed by customers are recoverable. Management has considered the credit rating of the customer, as well as current settlement of trading balances subsequent to the year, and has deemed the current provision against these balances to be appropriate.
- Determine whether the recoverable amount in relation to the company's stocks is appropriate. Management has considered the aging of stock lines, as well as the post year end trading of stock held at year end, and has deemed the current provision against these balances to be appropriate.
- Management has considered the detailed criteria for the recognition of revenue and in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership. With regard to larger long term contracts, we consider on a contract by contract basis as to whether the contract would meet the criteria under Section 23 of FRS 102 for being accounted for on a percentage of completion basis. Management have concluded that there is sufficient bespoke element to warrant percentage of completion accounting treatment in these larger long term contracts. With regard to long term contracts, the related amount is recorded with reference to the stage of completion approach, which is based on an internal assessment on the proportion of cost incurred to date versus the total estimated cost to complete. When it is probable that the total of the contract costs exceed the total of the contract revenues, the potential loss is recorded immediately in the statement of comprehensive income.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty

Tangible fixed assets (see note 10)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover

An analysis of the company's turnover by class of business is set out below:

	2018 £'000	2017 £'000
Food and Beverage	13,324	23,014
	<u>13,324</u>	<u>23,014</u>

An analysis of the company's turnover by geographical market is set out below:

	2018 £'000	2017 £'000
United Kingdom	9,981	18,984
Rest of Europe	2,898	1,670
Rest of the World	445	2,360
	<u>13,324</u>	<u>23,014</u>

An analysis of the company's revenue is as follows:

	2018 £'000	2017 £'000
Sale of goods	10,957	20,234
Rendering of services	2,367	2,780
	<u>13,324</u>	<u>23,014</u>

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

4 Operating loss

	2018 £'000	2017 £'000
Operating loss is stated after charging:		
Depreciation of fixed assets (note 10)	141	142
Operating lease rentals:		
- plant and machinery	35	80
- building	230	285
Foreign exchange (gain)	(51)	(41)
Costs of stock charged as an expense	5,352	12,347
Fees payable to the company's auditor for the audit of the company's annual accounts	22	20
Fees payable to the company's auditor for accounts services	2	2
	<hr/>	<hr/>

5 Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2018 No.	2017 No.
Management	1	2
Marketing and distribution	5	5
Production	38	41
Administration	2	2
	<hr/>	<hr/>
	46	50
	<hr/>	<hr/>

	2018 £'000	2017 £'000
Their aggregate remuneration comprised:		
Wages and salaries	2,844	3,233
Social security costs	388	332
Other pension costs (Note 20)	196	182
	<hr/>	<hr/>
	3,428	3,747
	<hr/>	<hr/>

6 Directors' remuneration

No director received, or was due to receive, any remuneration in connection with their services to the company in either the current or the prior year.

7 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income from cash pooling account	54	12
	<hr/>	<hr/>

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

8 Interest payable and similar charges

	2018 £'000	2017 £'000
Preference share dividend for the year ended 31 December	64	64

9 Taxation

	2018 £'000	2017 £'000
The tax charge comprises:		
Current tax		
UK corporation tax	-	-
Prior year Adjustment	-	(77)
Total current tax	-	(77)
Deferred tax		
Total deferred tax (see note 13)	-	-
Total tax charge on profit	-	(77)

The rate of tax applied to reported profit is 19% (2017: 19.25%). The applicable tax rate has changed following the substantive enactment of Finance Act 2016. There is no expiry date on timing differences, unused tax losses or tax credits. The differences between the total current tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the profit before tax are as follows:

	2018 £'000	2017 £'000
Loss before tax	(2,756)	(734)
Tax on profit at standard UK corporation tax rate of 19% (2017: 19.25%)	(524)	(141)
Effects of:		
Expenses not deductible for tax purposes	49	46
Other timing differences	3	(21)
Current year adjustment - group relief	472	116
Prior year adjustment	-	(77)
Total tax (credit) for the year	-	(77)

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

9 Taxation (continued)

The Finance (No.2) Act 2015 was substantively enacted in October 2015 and reduced the main rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016 was substantively enacted in September 2016 and reduced the main rate of corporation tax further to 17% from 1 April 2020.

Factors that may affect future, current and total tax charges

The company is not aware of any other factors which might materially affect the future tax charge, apart from the announced phased reduction in corporation tax rates to 17% by 2020.

10 Tangible fixed assets

	Short leasehold buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2018 and at 31 December 2018	38	828	866
Depreciation			
At 1 January 2018	(12)	(441)	(453)
Charge for the year	(3)	(138)	(141)
At 31 December 2018	(15)	(579)	(594)
Net book value			
At 31 December 2018	23	249	272
At 31 December 2017	26	387	413

11 Stocks

	2018 £'000	2017 £'000
Long-term contract work in progress	163	356
Finished goods	151	144
Goods in transit	126	112
	440	612

There is no material difference between the balance sheet value of stocks and their replacement cost.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

12 Debtors	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,566	2,817
Amounts recoverable on contracts	435	2,118
Amounts owed by group undertakings	200	1,204
Other debtors	88	88
Prepayments and accrued income	30	1,141
Other tax and social security	-	46
	2,319	7,414

All amounts shown under debtors fall due for payment in one year except:

- Other debtors of £88,000 relating solely to the deposit held on the office lease falling on due on termination of the contract in June 2024.

13 Deferred tax	2018	2017
	£'000	£'000
The deferred tax included in the balance sheet is as follows:		
Deferred tax	-	-
Deferred tax not-recognised as follows:	£'000	£'000
Amounts falling due within one year:		
Capital losses	281	281
Excess of taxation allowances over depreciation on fixed assets	247	219
Short term timing differences	(14)	(11)
Deferred tax asset	514	489

These deferred tax assets have not been recognised on the grounds that there is insufficient evidence that there will be suitable taxable profits against which the timing difference will reverse.

The asset may be recoverable if sufficient taxable profits are generated.

Deferred tax not recognised has been calculated using the enacted rate of 17% (2017 17%).

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	334	1,053
Payments received on account	871	2,998
Amounts owed to group undertakings	882	542
Other taxation and social security	370	107
Dividend payable	749	686
Accruals and deferred income	1,093	1,654
Preference shares	1,320	-
	5,619	7,040

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

The Preference shares confer the right to a fixed cumulative preference dividend at a rate of 4.9% per annum on the capital paid. The shares rank in priority to the ordinary shares with respect to both dividends and capital, but do not confer to any right to participate in the assets of the company. The preference shares have been reclassified to show as due within one year, rather than due in greater than one year, due to their legal terms, as disclosed in note 1.

15 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Preference shares	-	1,320
Accruals and deferred income	-	40
	-	1,360

16 Provisions for liabilities

	Dilapidations provisions £'000	Loss provisions £'000	Total £'000
At 1 January 2018	163	425	588
Released to profit and loss account	5	(257)	(252)
At 31 December 2018	168	168	336

The dilapidations provision is based on the dilapidation costs to be incurred on exiting property leases.

The loss provision is based on contracts where it is probable that the total of the contract costs exceed the total of the contract revenues; the potential loss is recorded immediately in the statement of comprehensive income.

SPX Flow Technology Crawley Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

17 Called up share capital and reserves

	2018 £'000	2017 £'000
Authorised, allotted, called up and fully-paid 205,297,772 Ordinary shares of 25p each	51,324	51,324

In addition to the ordinary shares, the company has in issue 1,320,000 4.9% cumulative preference shares of £1 each. These are presented within creditors as they have the properties of debt. The dividend can be paid only if the company has distributable reserves.

18 Financial commitments

There were no capital commitments at either year-end.

Commitments under non-cancellable operating leases are as follows:

	2018 Land and buildings £'000	2018 Other items £'000	2017 Land and buildings £'000	2017 Other items £'000
Operating leases which expire:				
Within 1 year	292	6	292	46
Between 1 to 5 years	1,168	5	1,168	6
After more than 5 years	146	-	438	5
	<u>1,606</u>	<u>11</u>	<u>1,898</u>	<u>57</u>

19 Contingencies

The company has, in the normal course of business, entered into indemnities of £635,789 (2017: £621,983) in respect of advance payment guarantees and performance bonds.

20 Employee benefits

The company participates in a defined contribution pension scheme which is offered to its UK employees. Contributions payable are charged to the profit and loss account in respect of the accounting periods to which they relate. The charge for the year amounted to £196,000 (2017: £182,000). Outstanding contributions at 31 December 2018 amounted to £nil (2017: £nil).

21 Related parties

The company has taken the exemption available within Section 33.11 of FRS102 not to disclose transactions with other wholly owned subsidiaries of SPX FLOW, Inc. There were no transactions with entities other than members of the SPX FLOW group which require disclosure.

SPX Flow Technology Crawley Limited

**Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)**

22 Ultimate controlling party and immediate parent company

The directors regard SPX FLOW, Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

SPX FLOW, Inc. is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from the registered address: 13320 Balfour Corporate Place, Charlotte, North Carolina, 28277, USA. This is also the parent undertaking of the smallest group for which group financial statements are drawn up and of which the company is a member.

The immediate parent company as at 31 December 2018 was SPX International Ltd, a company registered in England & Wales. The immediate parent company changed to SPX Flow Europe Limited, a company registered in England & Wales in August 2019. The ultimate parent company remained unchanged.

23 Post balance sheet event

As part of a group realignment programme on 8th July 2019 the company reduced the ordinary share capital of the Company from 205,297,772 ordinary shares of £0.25 to 4 ordinary shares of £0.25. Following this the Company paid a preference share dividend of £812,775 in cash and repaid the holder of the preference shares £1,320,000 which represented the full capital paid on the preference shares.

Following the above, an ordinary share cash dividend of £7m was paid to the sole shareholder, SPX International Limited.

The immediate parent company changed in August 2018 after SPX International Limited sold its remaining 4 ordinary shares of £0.25 each to SPX Flow Europe Limited. The ultimate parent company remained unchanged.