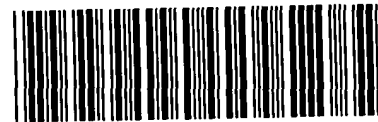


Durr Limited

Report and Financial Statements

31 December 2020

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COMPANIES HOUSE

Durr Limited

Registered number 1002684

Corporate information

Directors

D Ashmore
K Cheetham
P Kearns

Secretary

K Cheetham

Auditors

Ernst & Young LLP
No. 1 Colmore Square
Birmingham B4 6HQ

Bankers

Barclays Bank plc
One Snowhill
Snowhill Queensway
Birmingham B4 6GB

Solicitors

Buckles Solicitors LLP
Grant House
101 Bourges Boulevard
Peterborough PE1 1NG

Registered Office

Durr Limited
Broxell Close
Warwick
Warwickshire CV34 5QF

Strategic report

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

Business review

At the beginning of the year, the principal activity of the Company continued to be the design, manufacture and installation of paint finishing systems and associated equipment. However, after investments in two companies we have additional activities in the area of clean technologies systems to enhance our portfolio going forward.

On the 1st May 2020, Durr Limited acquired 100% of the issued share capital of Schenck Limited for a total consideration of £5,708k. Upon acquisition Schenck was immediately integrated into Durr Limited business through an asset hive up for a deferred consideration of £88K.

The loss for the year after taxation is £3,761,000 (2019 – profit of £1,561,000).

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

	2020	2019
	£000	£000
Turnover	30,685	33,294
(Loss) / Profit before tax	(3,681)	2,114
Orders on hand	25,204	31,646
Net working capital	(2,709)	(3,355)
Net cash position (including group cash pool)	8,548	8,704

Turnover reduced from £33m to £31m, due to Covid-19 global pandemic reflected by a reduced level of site activity during the lockdown periods and lower demand within our markets. The Company continues to focus on new customers and markets whilst reinforcing robust project and cost control.

The Company's cash position remains positive and the Company continues to have funds on hand with the group's treasury system. The cash position includes £4,749,000 (2019 – £3,698,000) in bank and £3,797,000 (2019 – £5,006,000) which is part of the amount referred to in note 20 as amounts owed by group undertakings. The Net Working Capital of the company primarily includes inventories, advance contract payments, trade receivables, trade payables and contract assets and liabilities.

The Company continues to have a good backlog of orders for execution during 2021 and beyond. We continue to seek opportunities both domestically and overseas for 2021 and beyond.

Section 172 Statement & Stakeholder Interests

A statement pursuant to Section 172 of the Companies Act 2006 is required content in these statutory accounts. The primary duty of the directors under Section 172 is to act in the way they consider would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and to do so having regard as appropriate to certain statutory factors and other relevant matters.

All director decisions are made with the Company's long-term success in mind and the directors have regard to a broad range of matters including the voice of stakeholders. Set out below is specific commentary in relation to each of the Section 172 factors:

Strategic report (continued)

The likely consequences of any decision in the long-term

The Company has adopted a five-year business planning period and sets strategy with a view to long-term success. The strategic review process was undertaken during the year with that in mind. Long-term considerations had an influence in assessing which are the most attractive markets for the Company to focus on and how to optimise the businesses' footprint. The directors also review investment decisions with a long-term view, usually 5 or 10 years.

The interests of the Company's employees

The Company depends on its employees for its success and invests considerable time and resources on employee engagement, training and development.

Health and safety of our employees is of paramount importance and receives appropriate director and management attention and investment. Reflecting this importance, the directors measure and track performance closely. As an example, the Company also reports monthly on safety KPIs, has regular meetings during the month and communicates quarterly to all employees through a town hall meeting. In addition, we carry out toolbox talks with employees, where key areas of Health and Safety are discussed with advice given on preventing accidents.

Given how important our people are to our success we maintain an active dialogue with them. Some of the channels we use to facilitate this dialogue include an annual employee survey which is undertaken during the year, quarterly town hall meetings; supplemented with Managing Director email communications and weekly departmental meetings. The directors use the data generated from this survey to continually improve our organisation. If specific local issues are identified, the directors undertake further work to gather more detail and then implement appropriate measures to drive improvement, this is measured by re-surveying to ensure measures have improved the key areas identified.

The Company is owned by Durr AG and forms part of the Durr group of companies. To support the Company the HR manager and HS&E managers (who have been in place since 1 January 2020) assist the Board in relation to employee engagement and safety measures and reports to the Board in respect of employee views presented to them.

In addition to engagement on site visits, the HS&E manager attended (virtually) the European Communications Forum at which representatives from the Durr Group discussed health and safety, strategic progress and performance and following each meeting minutes are produced and shared with the Board, management team and employees. Views expressed were positive and constructive.

The group has "DurrNet" a company-wide intranet that is available to all employees and this is kept up to date with not only policy and process changes, but financial results and other announcements.

Training and development of employees is important to the directors with management and leadership training courses available alongside training programmes for specific qualifications being available to employees.

Pension scheme participants benefit from Durr Limited's approach to pension provision by way of a defined contribution pension scheme.

Strategic report (continued)

The need to foster business relationships with suppliers, customers and others

Customer service and value are at the core of our business model and strategy. The directors monitor indicators of the customer experience and welcomes the increased emphasis on the customer which management is building.

The Company works closely with partners including suppliers, distributors and agents who are closely managed from a commercial and compliance perspective. During 2020 we have been working with our suppliers on validation assessments and maintaining closer ties, continuing with a regular schedule of review meetings.

The impact of operations on the community and the environment

The Company has a positive contribution to the local community as employers, using where possible local training providers for employee training, supporting employees with charitable activity (e.g. charity bike rides) and making charitable donations.

The Company monitors minimising our impact on the environment with energy and waste initiatives. Continued progress depends upon the directors driving such initiatives and channelling investment to projects with due regard for the environment.


The desirability of maintaining a reputation for high standards of business conduct

The Company is careful of its reputation and decisions reflect this and the great importance attached to the reputation by all key stakeholders. The Company demands high standards of conduct from all directors and employees and expects management to be mindful of how and with whom business is conducted. The Company will decline to have dealings with third parties who display poor business conduct.

The need to act fairly between shareholders of the Company

The directors understand the importance of treating shareholders fairly, therefore principal decisions are made in conjunction with our shareholders, one such transaction through the year was the purchase of Schenck Limited. The Company has only one class of share in issue and one shareholder in Durr Systems AG.

Approved by the Board and signed on its behalf by:



Keith Cheetham

Financial Director

Date: 14th December 2021

Registered No. 1002684

Directors' report

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

Directors of the Company

The directors who served the company during the year and up to the date of approval of these financial statements were as follows:

D Ashmore
K Cheetham
P Kearns

Dividends

The directors did not pay a dividend in 2020 (2019: £nil)

Future developments

The Company intends to continue operating in the areas of paint finishing, balancing and clean technologies systems and associated equipment.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The company has completed 5 year future forecasts of Sales, P&L, Balance Sheet and an 18 month rolling liquidity plan.

The Directors of the company have during the latter part of the year obtained information on future market positions and financial forecasts to assess Going Concern including an evolving assessment of the impact of COVID-19 and Brexit

Based on the inquiries made the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the approval of these financial statements. Durr AG have provided a letter of support in meeting financial obligations for the coming 12 months from the date of approval of these financial statements. The Directors considered the company resources as well as the ability of Durr AG to provide support and concluded to continue adopting the going concern basis of accounting in preparing the annual financial statements.

Subsequent events

Brexit

On the 31st December 2020 the withdrawal transition period between the United Kingdom and European Union expired, at which time the UK exited the European Union. The impact of the new arrangements put in place in December are likely to take several months to become clear and reduce the uncertainty. This said the directors believe the UK's withdrawal will not have a material impact on the business although events will continue to be monitored closely, particularly foreign exchange rates and effects on the supply chain.

Research and Development

Research and development is supported by the parent undertaking and details of their research and development program is available in their annual financial statements.

Accreditation

The Company attained ISO 9001 in 1994 (transitioned to the 2015 standards in 2017), ISO14001 in 2002 (transitioned to 2015 standards in 2017) and EN1090 in 2015 (reviewed in April 2017). The Company continues to promote environmental awareness amongst necessary stakeholders.

Durr Limited

Employee involvement

The Company operates a framework for employee information and consultation through several different formats, including a quarterly communications meeting to discuss financial related topics, current and future projects and any personnel news. All presentations are then provided by means of visual communication at the employee relaxation points. In addition, a newsletter, employee surveys and employee forums are provided regularly to encourage employees to present their suggestions and views on the Company's performance along with any other relevant topics.

Directors' liabilities

A directors' and officers' liability policy were in force during the year.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' report are detailed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Keith Cheetham
Financial Director

Date: 14th December 2021

Durr Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable UK 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 for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Independent auditors' report

to the members of Durr Limited

Opinion

We have audited the financial statements of Durr Limited for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 27, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue through to no earlier than 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report (continued)

to the members of Durr Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 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 set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

observations, or have no realistic alternative but to do so. Going concern parts of accounting policy: the directors either intend to continue the company or to cease trading as a going concern, disclosing as appropriate matters related to going concern and naming the persons preparing the financial statements. The directors are responsible for assessing the company's ability to continue as a going concern, and for disclosing the results of their assessment and the directors' conclusions. It is the directors' responsibility to ensure that the financial statements are prepared on a going concern basis unless the directors are satisfied that it is appropriate to prepare the financial statements on a different basis. If the directors are not satisfied that the company can continue as a going concern, they should disclose this fact and the reasons for their conclusion. If the directors are not satisfied that the company can continue as a going concern, they should also consider the implications for the financial statements and for the company's ability to pay its debts. The directors should also consider the implications for the company's ability to continue as a going concern. The directors should also consider the implications for the company's ability to continue as a going concern.

Responsibilities of directors

- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors, remuneration specified by law are not made or
- the financial statements are not in agreement with the accounting records and returns or
- adequate accounting records have not been kept or returns substantiated for our audit have not been
- adequate accounting records have not been kept or returns substantiated for our audit have not been

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report:

course of the audit, we have not identified material misstatements in the strategic report or directors' report in the light of the knowledge and understanding of the company and its environment obtained in the

Matters on which we are required to report by exception

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.
- the financial statements are prepared in accordance with the financial statements and
- the information given in the strategic report and the directors' report for the financial year for which

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

Opinions on other matters prescribed by the Companies Act 2006

We have nothing to report in this regard.

material misstatement of the other information. We are required to report that there is no material misstatement of the other information if, based on the work we have performed, we conclude that there is no material misstatement. We are required to determine whether there is a material misstatement in the other information or otherwise appears to be materially misstated. If we identify such material inconsistencies or is otherwise inconsistent with the financial statements or our knowledge obtained in the course of the audit, our responsibility is to report the other information and, in doing so, consider whether the other information

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

contained within the annual report. The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial

Other information

to the members of our limited

Independent auditors' report (continued)

Independent auditors' report (continued)

to the members of Durr Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant those that relate to the reporting framework (FRS 101 and the Companies Act 2006), local direct and indirect tax legislation, health and safety regulations, environmental regulations and industry quality standards;
- We understood how Durr Limited is complying with those frameworks by making enquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the Company. We read the minutes of the Board of Directors and we reviewed the legal expenses incurred to identify any litigation or claims in relation to breaches of these frameworks;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management. We considered the programmes and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud, and how senior management monitors these programmes and controls. We considered that the principal areas where the risk of fraud was considered to be higher were in relation to revenue recognition and management override of the key higher risk estimate of costs to complete in respect of long-term project accounting. In these areas we performed additional procedures to address the identified fraud risk. With regards to revenue recognition these procedures principally involved identifying, through use of analytics tools, the existence of manual journals impacting revenue, and obtaining explanations and documentation to support the journal entries and corroborating these to other evidence obtained throughout the audit to provide reasonable assurance the financial statements were free from fraud. With regards the risk of management override, our procedures principally involved establishing an independent assessment of the expected cost to complete within the percentage of completion computations prepared by management. This included the following procedures:
 - We performed a review of the key terms and conditions within a sample of customer contracts to determine whether revenue had been recognised in line with IFRS 15. This sample was selected based on four key criteria being: 1) Those contracts recording revenue above our testing threshold as determined by our assigned risk of material misstatement over revenues earned on long term contracts; 2) Those contracts recording

Independent auditors' report (continued)

to the members of Durr Limited

a loss in the current year or forecasted to make a loss over the life of the contract to ensure that the loss has been accounted for correctly; 3) Those contracts with a change in margin in excess of our testing threshold as determined by our assigned risk of material misstatement over revenues earned on long term contracts to identify any unrecorded loss provisions or understated costs to complete; 4) Those contracts which at the balance sheet date had an accrued or deferred income balance in excess of our testing threshold as determined by our assigned risk of material misstatement over revenues earned on long term contracts.

- For each contract reviewed we held meetings with the project managers and inquired about the current commercial and operational status of the contract in order to identify any potential issues or costs which should be provided for. We also inquired about the expected future spend on projects to ensure these were in line with what management had provided for in their cost to complete estimates.
- We inspected the underlying signed contracts with the customers and reconciled the opening contract costs and revenues to the current position through inspection of signed variation agreements.
- We corroborated any movements in estimated costs to complete in excess of our testing threshold as determined by our assigned risk of material misstatement over revenues earned on long term contracts
- We performed look back testing over the prior year estimates of costs to complete, comparing to the final closing cost position on the contracts to determine the accuracy of management's estimate for costs to complete on long term contracts;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included enquiries of management and performing focused testing on manual journals through searches for journal entries relating to legal matters or claims using our analytics tools.

A further description of our responsibilities for the audit of the financial statements is located on 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.

DocuSigned by:
Ernst & Young LLP

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Adam Gittens (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

Date: December 14, 2021

Statement of total comprehensive income

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	4	30,685	33,294
Cost of sales		(25,758)	(26,416)
Gross Profit		4,927	6,878
Selling expenses		(1,537)	(1,218)
Administration expenses		(2,642)	(3,111)
Other operating income	5	81	121
Impairment of investment	16	(10,916)	(494)
Operating (loss) / profit	6	(10,087)	2,176
Interest receivable	9	2	55
Income from Investment	16	6,462	-
Interest payable and similar charges	10	(58)	(117)
		(56)	(62)
(Loss) / profit on ordinary activities before taxation		(3,681)	2,114
Tax on (loss) / profit on ordinary activities	11	(80)	(553)
(Loss) / profit for the financial year		(3,761)	1,561
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain / (loss) on cash flow hedges		74	(78)
Other comprehensive income / (loss) for the financial year		74	(78)
Total comprehensive (loss) / income for the financial year		(3,687)	1,483

Statement of changes in equity

for the year ended 31 December 2019

	<i>Called up share capital £000</i>	<i>Capital reserve £000</i>	<i>Cash flow hedge reserve £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2019	3,050	-	9	3,195	6,254
Profit for the financial year	-	-	-	1,561	1,561
Other comprehensive (loss)	-	-	(78)	-	(78)
Total income for the year	-	-	(78)	1,561	1,483
Transactions with Shareholders	-	3,000	-	-	3,000
Equity dividends paid	-	-	-	(1,000)	(1,000)
At 31 December 2019	3,050	3,000	(69)	3,756	9,737

Durr Limited

Registered number 1002684

Statement of changes in equity

for the year ended 31 December 2020

	<i>Called up share capital £000</i>	<i>Capital reserve £000</i>	<i>Cash flow hedge reserve £000</i>	<i>Retained earnings £000</i>	<i>Total Equity £000</i>
At 1 January 2020	3,050	3,000	(69)	3,756	9,737
(Loss) for the financial year	-	-	-	(3,761)	(3,761)
Other comprehensive income	-	-	74		74
Total income for the year	-	-	74	(3,761)	(3,687)
At 31 December 2020	3,050	3,000	5	(5)	6,050

Durr Limited

Registered number 1002684

Balance sheet*at 31 December 2020*

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	255	306
Intangible assets	14	2,953	3,111
Rights of Use assets	15	662	996
Investments	16	0	5,210
		<u>3,870</u>	<u>9,623</u>
Current assets			
Stocks	17	236	219
Debtors	18	8,225	7,400
Financial instruments	19	5	4
Amounts owed by group undertakings	20	9,110	7,379
Cash at bank and in hand		4,749	3,698
		<u>22,325</u>	<u>18,700</u>
Creditors: amounts falling due within one year			
Creditors	21	17,908	12,990
Financial instruments	19	0	69
Amounts owed to group undertakings	22	1,276	4,084
Obligations under leases	23	602	602
		<u>19,786</u>	<u>17,745</u>
Net current assets		<u>2,539</u>	<u>955</u>
Total assets less current liabilities		<u>6,409</u>	<u>10,578</u>
Creditors: amounts falling due after more than one year	23	<u>342</u>	<u>837</u>
Provisions for liabilities: deferred taxation	11	<u>17</u>	<u>4</u>
Net assets		<u>6,050</u>	<u>9,737</u>
Capital and reserves			
Called up share capital	24	3,050	3,050
Capital reserve	25	3,000	3,000
Hedge Reserve	25	5	(69)
Retained earnings		(5)	3,756
Total Equity Shareholder's Funds		<u>6,050</u>	<u>9,737</u>

The financial statements were approved by the Board of Directors on 14 December 2021 and were signed on its behalf by:

Keith Cheetham 

Financial Director

Date: 14th December 2021

Notes to the financial statements

at 31 December 2020

1. Statement of compliance with FRS101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

The Company is a private limited company for which the financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- b. the requirements in paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- c. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79 (a)(iv) of IAS 1;
 - (ii) paragraph 73 (e) of IAS 16 *Property, Plant and Equipment*;
- d. the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- e. the requirements of IAS 7 *Statement of Cash Flows*;
- f. the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*, and
- g. the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The Company has not prepared consolidated financial statements because the results of Durr Limited are included in the consolidated financial statements of Durr AG, its ultimate parent undertaking and controlling party, whose principal place of business is at Carl-Benz-Str 34, 74321 Bietigheim-Bissingen, Germany. Group financial statements are available to the public from this address.

2. Subsequent Events

Brexit

The terms of the United Kingdom's withdrawal from the European Union were finalised in December 2020. The impact of the new arrangements put in place before the withdrawal are likely to take several months to fully understand and reduce the uncertainty that exists in 2021. The directors believe the withdrawal will not have a material impact on the business but will continue to monitor events closely, in particular the effects on the company's supply chain and foreign exchange rate movements.

3. Accounting policies

3.1 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the company's key sources of estimation uncertainty:

Project accounting

The company's projects are taken to revenue based on percentage of completion, derived from a cost to complete estimation, which is sensitive to the project programme. The cost to complete estimates are reassessed each month by the leader of the project and reviewed by management at a project review meeting focused on the project financials.

Notes to the financial statements (continued)

at 31 December 2020

3. Accounting policies (continued)

Goodwill impairment review

An annual assessment of goodwill is performed, at time of the assessment the future value was in excess of the carrying value. The assessment is performed based off the 4 years of future forecasts plus an ongoing annuity element, the post-tax discount rate used (based off the weighted average cost of capital) was 7.058% and the future growth rate was assumed at 1% p.a..

Where the business of acquired subsidiaries are hived-up into the entity, the investment value is reduced, and goodwill is recognised based on the excess of the consideration given for the original acquisition over the fair value of assets acquired. Subsequently goodwill is not amortised but is reviewed annually for impairment or whenever there is an indicator of impairment. This is a departure from the requirement of the Companies Act which requires the amortisation of goodwill. Hence, the company has invoked a true and fair override in order to overcome the Companies Act requirement to write off goodwill over its useful economic life. It is not practicable to reliably estimate the impact of non-amortisation in the profit and loss account because the useful economic life and pattern of diminishment of the goodwill cannot be determined.

Valuation of intangible assets on acquisition

The intangible assets were valued at fair value as determined at the acquisition date into the Durr Group (October 2018), hence these were the carrying values in each business at the time of the Durr Limited purchase.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Warranty provisioning

The company makes an estimate of the amount required to settle future warranty claims. Reference is made to contractual considerations, historical data and any other relevant factors such as specific events with an underlying product. The majority of warranty provisions relate to specific customer issues and are based upon open negotiations and past customer claims experience.

Intangible assets

Intangible assets are initially recognised at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Notes to the financial statements (continued)

at 31 December 2020

3.2 Significant accounting policies

Tangible and intangible fixed assets

Tangible fixed assets are stated at cost or deemed cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows;

Leasehold buildings	–	over 20 years
Plant and machinery	–	over 1 to 10 years
Software	–	over 3 to 8 years
Customer Relationships	–	over 0.5 to 4 years (post acquisition)

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Should an impairment be identified the asset is written down to its recoverable amount, which is the lower of the value in use or fair value less cost to sell.

Goodwill

The carrying value of goodwill is subject to an annual assessment for impairment, to ensure the carrying value is recoverable based on changes or events during the year. Should an impairment be identified the asset is written down to its recoverable amount, which is the lower of the value in use or fair value less cost to sell.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw material comprises purchases cost on a first-in, first-out basis, including transport.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Notes to the financial statements (continued)

at 31 December 2020

3. Accounting policies (continued)

Revenue recognition

Revenue from the principal activities is recognised in accordance with the percentage of completion method and applied to a contract over the performance period. The criteria for this is that the asset does not have any other alternative usage and that the Company has an enforceable right to payment for work already performed. The percentage of completion is calculated on the basis of the costs incurred relative to the total estimated costs. This ensures that both sales revenues and the associated costs are systematically recorded and therefore the profit from the contract is recognised in the period incurred over which the control over the goods or services is transferred. If the contract is loss making, then the full loss is recorded in the period of identification. Customer payments are contractually agreed and based on the progress of projects and set milestones.

Revenue from spare parts is recognised at the date on which the customer obtains control over the parts which is usually when they are delivered to the customer. The customer makes payment upon receiving the invoice depending on the contractual arrangements.

Deferred taxation

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related assets are realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any exchange differences excluding derivatives are included in the profit and loss account.

Leases

A lease is a contract that transfers the right to use an asset (the leased asset) for a period of time in exchange for consideration. Durr Limited as lessee has generally accounted for these leases as right-of-use assets and the corresponding payment obligations over the lease term as lease liabilities from the commencement date. The right-of-use assets are recognised under property, plant and equipment while the lease liabilities are recognised as part of financial liabilities.

Lease liabilities correspond to the present value of the lease payments made over the lease term. For discounting, the interest rate implicit in the lease is used if this can be determined. Otherwise, the incremental borrowing rate is used. Right-of-use assets are measured at acquisition cost, lease liabilities and right-of-use assets are subsequently measured at amortised cost.

The lease liability is reassessed if the lease agreement is modified or changes are made to the lease payments, lease term or estimates regarding the exercise of purchase options. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives and adjusted for any reassessment of the lease liability.

Notes to the financial statements (continued)

at 31 December 2020

3. Accounting policies (continued)

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or

Derivative financial instruments and hedge accounting (continued)

cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship.

Pensions

The Company operates a defined contribution scheme and contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The company has completed future forecasts of Sales, P&L, Balance Sheet and liquidity that cover the whole of 2021 in detail.

The Directors of the company have during the latter part of the year obtained information on future market positions and financial forecasts to assess Going Concern including an evolving assessment of the impact of COVID-19 and Brexit

Based on the inquiries made the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the approval of these financial statements. Durr AG have provided a letter of support in meeting financial obligations for the coming 12 months from the date of approval of these financial statements. The Directors considered the company resources as well as the ability of Durr AG to provide support and concluded to continue adopting the going concern basis of accounting in preparing the annual financial statements

Notes to the financial statements (continued)

at 31 December 2020

3. Accounting policies (continued)

Business Combinations

The acquisition method (IFRS3 “Business Combinations”) was used for merging of the Megtec, Universal and Schenck companies. The goodwill is allocated to the Clean Technologies Systems division of Durr Limited. All assets and liabilities acquired are included in the financial position at the acquisition date.

Government grants

Government grants including the Coronavirus Job Retention Scheme are recognised in the income statement on a systematic basis over the periods in which the company recognises expenses for the related costs for which the grants are intended to compensate

4. Turnover

Turnover recognised in the income statement is analysed as follows:

	2020 £000	2019 £000
Sales revenue from equipment sales	20,297	16,152
Service including spare parts	10,388	17,142
	<u>30,685</u>	<u>33,294</u>

Turnover by geographical area, based on the customer location:

	2020 £000	2020 £000
United Kingdom	27,710	30,602
United States of America	166	322
Africa	541	62
Rest of Europe	1,516	2,105
Asia and Australia	533	203
UAE	143	-
South America	76	-
	<u>30,685</u>	<u>33,294</u>

5. Other operating income

Rental income relating to the subletting of property amounted to £81,000 (2019 – £121,000).

Notes to the financial statements (continued)

at 31 December 2020

6. Operating (loss) / profit

This is stated after charging / (crediting):

	2020	2019
	£000	£000
Research and development costs	640	755
Group management fees	453	648
Depreciation of property, plant and equipment	117	116
Amortisation of intangible assets	165	80
Depreciation of right of use assets	478	418
Furlough Income	91	-
R&D expenditure credits	(352)	(145)
Net foreign currency exchange differences	(126)	157

7. Auditors' remuneration

	2020	2019
	£000	£000
Audit of the financial statements	78	49
Taxation services	21	6
	99	55

8. Staff costs and directors' remuneration

(a) *Staff costs*

	2020	2019
	£000	£000
Wages and salaries	6,853	6,334
Furlough Income	91	-
Social security	803	750
Pension costs	444	369
	8,191	7,453

The average number of employees during the year was as follows:

	No.	No.
Design and construction	76	97
Sales and marketing	13	13
Administration	16	19
	105	129

Notes to the financial statements (continued)

at 31 December 2020

8. Staff costs and directors' remuneration (continued)

(b) Directors' remuneration

	2020	2019
	£000	£000
Remuneration	349	215
Company contributions to money purchase pension schemes	32	18
Number of directors accruing benefits under defined contribution schemes	3	2

The amounts in respect of the highest paid director are as follows:

	2020	2019
	£000	£000
Remuneration	163	108
Company contributions paid to money purchase pension scheme	10	9

9. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group undertakings	1	52
Interest receivable from third party	1	3
Total interest receivable	2	55

10. Interest payable

	2020	2019
	£000	£000
Interest charges payable under leases	53	76
Interest payable to third party	5	41
Total interest payable	58	117

Notes to the financial statements (continued)

at 31 December 2020

11. Taxation

(a) Tax charge / (credit) in the income statement:

	2020 £000	2019 £000
Current income tax:		
UK corporation tax on the profit / (loss) for the year	34	564
Adjustments under provided in previous year	33	-
Total current income tax	67	564
Deferred tax:		
Origination and reversal of timing differences	13	(11)
Tax expense in the income statement	80	553

(b) Reconciliation of the total tax expense / (credit)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £000	2019 £000
(Loss) / profit for the period on ordinary activities before tax	(4,285)	2,114
Tax calculated at UK standard rate of corporation tax of 19% (2019: 19%)	(814)	402
Effects of:		
Tax under provided in previous years	33	-
Expenses not deductible for tax purposes	2,078	123
Income not taxable for tax purposes	(1,233)	-
R&D Credit	(32)	28
Other differences	48	-
Total tax charge reported in the income statement	80	553

(c) Change in Corporation Tax rate

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 had already been substantively enacted on 06 September 2016. From 1st April 2023 the rate will increase to 25%. Deferred Tax balances were calculated at a rate of 19%.

Notes to the financial statements (continued)

at 31 December 2020

11. Taxation (continued)

This change is not expected to have a material impact on the financial statements.

(a) Deferred tax liability

	2020 £000	2019 £000
Provision at start of year	4	15
Deferred tax charge to income statement for the period	13	(11)
Provision at end of year	<u>17</u>	<u>4</u>

The deferred tax relates to timing differences.

12. Dividends

There was no dividend paid in 2020 (there was a dividend paid during 2019 of 33 pence per share amounting to £1,000,000 which related to 2018).

13. Tangible fixed assets

	<i>Land and buildings</i> £000	<i>Office and technical</i> £000	<i>Total</i> £000
<i>Cost or deemed cost:</i>			
At 1 January 2020	106	919	1,025
Additions	-	5	5
Transfer from Acquisitions	-	61	61
Disposals	-	(15)	(15)
At 31 December 2020	<u>106</u>	<u>970</u>	<u>1,076</u>
<i>Depreciation and impairment:</i>			
At 1 January 2020	(54)	(665)	(719)
Provided during the year	(18)	(99)	(117)
Disposals	-	15	15
At 31 December 2020	<u>(72)</u>	<u>(749)</u>	<u>(821)</u>
<i>Carrying amount:</i>			
At 31 December 2020	<u>34</u>	<u>221</u>	<u>255</u>
At 31 December 2019	<u>52</u>	<u>254</u>	<u>306</u>

Notes to the financial statements (continued)

at 31 December 2020

14. Intangible fixed assets

	Software £000	Goodwill £000	Customer Relationship £000	Total £000
<i>Cost or deemed cost:</i>				
At 1 January 2020	238	2,675	467	3,380
Transfer from Acquisitions	7	-	-	7
At 31 December 2020	<u>245</u>	<u>2,675</u>	<u>467</u>	<u>3,387</u>
<i>Depreciation and impairment:</i>				
At 1 January 2020	(193)	-	(76)	(269)
Provided during the year	-	-	(165)	(165)
At 31 December 2020	<u>(193)</u>	<u>0</u>	<u>(241)</u>	<u>(434)</u>
<i>Carrying amount:</i>				
At 31 December 2020	<u>52</u>	<u>2,675</u>	<u>226</u>	<u>2,953</u>
At 31 December 2019	<u>45</u>	<u>2,675</u>	<u>391</u>	<u>3,111</u>

15. Rights of Use assets

	Land and buildings £000	Vehicles £000	Total £000
Cost at 1 January 2020	3,891	449	4,340
Additions	-	96	96
Transfer from Acquisitions	8	108	116
Disposals	-	(346)	(346)
At 31 December 2020	<u>3,899</u>	<u>307</u>	<u>4,206</u>
<i>Depreciation and impairment:</i>			
Cost at 1 January 2020	(3,129)	(215)	(3,344)
Provided during the year	(301)	(232)	(533)
Disposals	-	333	333
At 31 December 2020	<u>(3,430)</u>	<u>(114)</u>	<u>(3,544)</u>
<i>Carrying amount:</i>			
At 31 December 2020	<u>469</u>	<u>193</u>	<u>662</u>
At 31 December 2019	<u>762</u>	<u>234</u>	<u>996</u>

The Company's leasing activities include the lease of buildings which are used as operating premises and cars.

Notes to the financial statements (continued)

at 31 December 2020

16. Investment in subsidiaries

On the 31st May 2019 the company purchased 100% of the share capital of two companies namely:

Megtec Environmental Limited,

registered address: Unit 133 Bradley Hall Ind Estate, Bradley Lane, Standish, Wigan Lancashire, WN6 0XQ, a private limited company registered in England.

The nature of the business is the manufacture of non-electronic industrial process control equipment.
and

Durr Universal Europe Limited,

Registered address: Unit 24, Barleyfield, Hinckley, Leicestershire, LE10 1YE, a private limited company registered in England.

The nature of the business is the manufacture of other special purpose machinery not elsewhere classified.

On the 1st May 2020 the company purchased 100% of the share capital of:

Schenck Limited,

Registered address: Broxell Close, Warwick, CV34 5QF, a private limited company registered in England.

The nature of the business is the manufacture of other special purpose machinery not elsewhere classified.

	2020	2019
	£000	£000
Investment value at 1 Jan	5,210	-
Share Purchase	5,708	8,813
Write down of investment	(10,916)	(3,603)
Investment value at 31 Dec	<u>-</u>	<u>5,210</u>

During the year, Durr integrated through a hive up process the newly acquired Schenck business. All integrated businesses started the process to liquidate the original companies, in the course of the process dividend in specie were received by Durr Limited from each entity totalling £6,462k. At the point of receiving the dividend the remaining investment balances were written down to zero. Megtec Environmental Limited and Durr Universal Limited both made MVL applications during 2020, with Schenck Limited expected to make an application in 2021.

Notes to the financial statements (continued)

at 31 December 2020

17. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	90	152
Work in progress	146	67
	<u>236</u>	<u>219</u>

18. Debtors

	2020	2019
	£000	£000
Trade debtors	6,276	5,429
Contract assets	1,403	1,873
Prepayments and accrued income	159	38
Corporation Tax	358	32
Other debtors	29	28
	<u>8,225</u>	<u>7,400</u>

19. Forward currency contracts

The fair value of forward currency exchange contracts was determined using quoted forward exchange rates matching the maturity of the contracts. The cash flow hedges of the expected future sales in 2021 were assessed as effective and an un-realised gain of £70,000 (net of tax) was included within other comprehensive income.

	Asset	Liability	Total
	£000	£000	£000
2019	4	(69)	(65)
Movement in the year	1	69	70
2020	<u>5</u>	<u>-</u>	<u>5</u>

20. Amounts owed by group undertakings

	2020	2019
	£000	£000
Intercompany Trade debtors	5,313	2,373
Cash pooling	3,797	5,006
	<u>9,110</u>	<u>7,379</u>

Notes to the financial statements (continued)

at 31 December 2020

21. Creditors

	2020	2019
	£000	£000
Trade creditors	3,226	1,475
Other taxes and social security costs	1,001	231
Corporation Tax	151	251
Contract liabilities	11,778	8,346
Accruals and deferred income	1,752	2,687
	<u>17,908</u>	<u>12,990</u>

22. Amounts owed to group undertakings

	2020	2019
	£000	£000
Intercompany Trade creditors	1,276	4,080
Loan	-	4
	<u>1,276</u>	<u>4,084</u>

23. Maturity analysis of lease payments due as at reporting date

<i>Minimum payment due</i>	<i>Within 1 year</i>	<i>1-2 years</i>	<i>2-3 years</i>	<i>3-4 years</i>	<i>Total</i>
Building	479	152	80	-	711
Vehicles	117	57	53	-	227
Office Equipment	6	-	-	-	6
Lease Payments Due at 31 Dec 2020	602	209	133	-	944
Lease Payments Due at 31 Dec 2019	602	581	181	75	1,439

24. Issued share capital

		2020		2019
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	3,050,000	<u>3,050</u>	3,050,000	<u>3,050</u>

Notes to the financial statements (continued)

at 31 December 2020

25. Movements on other reserves

Hedge reserve

The fair value of forward currency exchange contracts, determined using quoted forward exchange rates matching the maturity of the contracts is an asset of £5,000 (2019 – a liability of £69,000)

Capital Reserve

Durr AG injected £3m of cash into Durr Limited on the 31st May 2019 to assist with the purchase of Megtec and Universal.

26. Acquisitions

Schenck Limited

On the 1st May 2020, Durr Limited acquired 100% of the issued share capital of Schenck Limited.

Also on the 1st May 2020 Durr Limited hived up the assets of Schenck, at which point a deferred consideration (via an inter-company receivable) was agreed.

Business Combination - Hive Up

£000s

Deferred Consideration upon Hive Up

88

Assets acquired and liabilities assumed

The NBV and fair values of the assets and liabilities as at the date of transfer were:

	NBV £000	Adjustment £000	Fair Value £000
Tangible assets	61	-	61
Right of Use assets	108	-	102
Contract Assets	117	-	117
Inventory	45	-	45
Debtors	661	-	667
Down Payments & Prepayments	344	-	344
Other assets	14	-	14
Provisions	(135)	-	(135)
Creditors	(1,003)	-	(1,003)
Financial Liabilities	(102)	-	(102)
Other Liabilities	(22)	-	(22)
	<u>88</u>	<u>-</u>	<u>88</u>

Upon the integration of Schenck the assets and liabilities transferred were assessed and categorised in line with Durr Limited accounting policies.

The book value of the debtors £661k, it is expected that the full contractual amounts can be collected.

Notes to the financial statements (continued)

at 31 December 2020

26. Acquisitions (continued)

With the acquisition company being part of the Durr group prior to the Durr Limited acquisition the lease liabilities and right of use assets transferred at the carrying value, as these have been accounted for in line with group policy.

From the date of acquisition, Schenck Limited contributed £2,802k in turnover and £334k loss before tax from continuing operations. Had the combination taken place from the beginning of the year the contribution would have been £3,902k turnover and £309k loss from the continuing operations.

27. Ultimate holding company

The directors regard Durr AG, a company incorporated in Germany, as the ultimate holding company and controlling party. The smallest and largest group that the company is consolidated into is headed by Durr AG.

Copies of the ultimate parent's consolidated financial statements may be obtained from Durr AG, Carl-Benz-Strasse 34, D-74321 Bietigheim-Bissingen