

COMPANIES HOUSE COPY

KHS UK Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 1131717

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COMPANIES HOUSE

KHS UK Limited

Report and financial statements for the year ended 31 December 2013

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Directors

H Rath
E G Petsche
G Unkrig

Secretary and registered office

S J Priest, Unit 6 Monkspath Business Park, Highlands Road, Shirley, Solihull, West Midlands, B90 4NY

Company number

1131717

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

KHS UK Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Interim dividends of 83p per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities

The company's principal activity is the selling and servicing of machinery and spares for the beverage and food industries.

Directors

The directors of the company during the year were:

H Rath
E G Petsche
G Unkrig

Directors' responsibilities

The directors are responsible for preparing 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;
- 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.

KHS UK Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the board



S J Priest
Secretary

14.5.14

KHS UK Limited

Independent auditor's report

To the members of KHS UK Limited

We have audited the financial statements of KHS UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KHS UK Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies' regime, and from the requirement to prepare a strategic report.

BDO LLP

Graham Whittaker (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

21 May 2014

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

KHS UK Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	7,036,443	5,779,925
Cost of sales		<u>5,051,182</u>	<u>3,679,910</u>
Gross profit		1,985,261	2,100,015
Administrative expenses		<u>1,623,223</u>	<u>1,756,573</u>
Operating profit	3	362,038	343,442
Other interest receivable and similar income		260	257
Interest payable and similar charges	6	<u>(9,307)</u>	<u>(11,600)</u>
Profit on ordinary activities before taxation		352,991	332,099
Taxation on profit on ordinary activities	7	<u>91,198</u>	<u>89,202</u>
Profit on ordinary activities after taxation		<u>261,793</u>	<u>242,897</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

KHS UK Limited

Balance sheet at 31 December 2013

Company number 1131717	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	9		56,325		71,244
Current assets					
Stocks	10	395,093		324,621	
Debtors	11	1,699,794		1,580,205	
Cash at bank and in hand		1,053,029		386,669	
		<u>3,147,916</u>		<u>2,291,495</u>	
Creditors: amounts falling due within one year	12	<u>2,418,849</u>		<u>1,589,140</u>	
Net current assets			<u>729,067</u>		<u>702,355</u>
Total assets less current liabilities			<u>785,392</u>		<u>773,599</u>
Capital and reserves					
Called up share capital	14		300,000		300,000
Profit and loss account	15		485,392		473,599
Shareholders' funds	16		<u>785,392</u>		<u>773,599</u>

The financial statements were approved by the board of directors and authorised for issue on 14 MAY 2014



H Rath
Director

The notes on pages 8 to 16 form part of these financial statements.

KHS UK Limited

Cashflow statement for the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operating activities	20		1,090,508		303,055
Returns on investments and servicing of finance					
Interest received		260		257	
Interest paid: other loans		(9,307)		(11,600)	
Net cash outflow from returns on investments and servicing of finance			(9,047)		(11,343)
Taxation					
Corporation tax paid			(157,304)		(100,841)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(8,882)		(16,394)	
Receipts from sale of tangible fixed assets		1,085		-	
Net cash outflow from capital expenditure and financial investment			(7,797)		(16,394)
Dividends paid			(250,000)		(200,000)
Cash inflow/(outflow) before use of financing			666,360		(25,523)
Financing					
Capital element of finance leases repaid			-		(1,303)
Increase/(Decrease) in cash	21		666,360		(26,826)

The notes on pages 8 to 16 form part of these financial statements.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going concern

After making enquiries, and considering the uncertainties as a result of the current economic climate, the directors have a reasonable expectation that they have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual reports and accounts.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover is recognised upon delivery of goods or services, or for installation and modification sales, based on agreed milestones reflecting work performed and earned.

Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Improvements to property	- Straight line over the life of the lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost

Stocks

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

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Financial instruments

Financial instruments are measured initially and subsequently at cost.

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.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

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

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

	2013 £	2012 £
Analysis by geographical market:		
United Kingdom	6,745,357	5,433,130
Europe	291,086	346,795
	<hr/>	<hr/>
	7,036,443	5,779,925
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

3 Operating profit

	2013 £	2012 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	22,716	21,751
Hire of other assets - operating leases	137,237	147,096
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	14,500	13,900
Exchange differences	(19,821)	6,647
Land and building lease rentals	67,725	67,725
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2013 £	2012 £
Wages and salaries	1,823,913	1,883,825
Social security costs	254,086	245,841
Other pension costs	68,929	69,102
	<u> </u>	<u> </u>
	2,146,928	2,198,768
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2013 Number	2012 Number
Management	3	3
Selling and distribution	12	12
Servicing	20	22
Administration	2	2
	<u> </u>	<u> </u>
	37	39
	<u> </u>	<u> </u>

5 Directors' remuneration

	2013 £	2012 £
Aggregate emoluments and pension contributions	122,141	124,490
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2012 - 1).

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

6 Interest payable and similar charges

	2013 £	2012 £
Loans from group companies	8,634	10,857
Other interest payable	673	743
	<u>9,307</u>	<u>11,600</u>

7 Taxation on profit on ordinary activities

	2013 £	2012 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	94,894	94,106
Adjustment in respect of previous periods	(3,696)	(4,904)
	<u>91,198</u>	<u>89,202</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>352,991</u>	<u>332,099</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2012 - 24%)	81,188	79,704
Effect of:		
Expenses not deductible for tax purposes	8,629	10,010
Depreciation for period in excess of capital allowances	1,870	2,482
Rate variance	3,207	1,910
Adjustment to tax charge in respect of previous periods	(3,696)	(4,904)
	<u>91,198</u>	<u>89,202</u>

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

8 Dividends

	2013 £	2012 £
Ordinary shares		
Interim dividend paid for year ended 31 December 2013 of 83.33p (2012 - 66.67p) per share	250,000	200,000

9 Tangible fixed assets

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 January 2013	147,898	10,851	133,613	292,362
Additions	5,800	-	3,082	8,882
Disposals	(3,700)	-	(704)	(4,404)
	149,998	10,851	135,991	296,840
<i>Depreciation</i>				
At 1 January 2013	101,860	8,169	111,089	221,118
Provided for the year	12,475	1,818	8,423	22,716
Disposals	(2,616)	-	(703)	(3,319)
	111,719	9,987	118,809	240,515
<i>Net book value</i>				
At 31 December 2013	38,279	864	17,182	56,325
At 31 December 2012	46,038	2,682	22,524	71,244

10 Stocks

	2013 £	2012 £
Finished goods and goods for resale	395,093	324,621

There is no material difference between the replacement cost of stocks and the amounts stated above.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

11 Debtors

	2013 £	2012 £
Trade debtors	1,248,015	1,084,296
Amounts owed by group undertakings	291,737	367,020
Other debtors	55,352	66,983
Prepayments and accrued income	104,690	61,906
	<u>1,699,794</u>	<u>1,580,205</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	48,242	69,643
Amounts owed to group undertakings	1,720,588	948,191
Corporation tax	28,000	94,106
Other taxation and social security	237,142	232,151
Accruals and deferred income	384,877	245,049
	<u>2,418,849</u>	<u>1,589,140</u>

13 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £68,929 (2012 - £69,102). Contributions amounting to £6,053 (2012 - £6,765) were payable to the fund and are included in creditors.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

14 Share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
300,000 Ordinary shares of £1 each	300,000	300,000

15 Reserves

	Profit and loss account £
At 1 January 2013	473,599
Profit for the year	261,793
Dividends	(250,000)
At 31 December 2013	485,392

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the year	261,793	242,897
Dividends	(250,000)	(200,000)
Net additions to shareholders' funds	11,793	42,897
Opening shareholders' funds	773,599	730,702
Closing shareholders' funds	785,392	773,599

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Operating leases which expire:				
Within one year	-	3,034	-	35,668
In two to five years	67,725	110,238	67,725	67,658
	<u>67,725</u>	<u>113,272</u>	<u>67,725</u>	<u>103,326</u>

18 Related party disclosures

Related party transactions and balances

	Sales to related party £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2013				
Related party				
KHS GmbH	1,814,859	2,989,446	226,330	1,463,430
KHS Inc.	-	26,148	-	150
Kisters Limited	-	-	-	253,588
KHS Corpoplast GmbH	153,773	51,966	65,407	-
KHS Skan	-	-	-	3,420
	<u></u>	<u></u>	<u></u>	<u></u>
2012				
Related party				
KHS GmbH	639,606	1,157,983	231,131	692,148
KHS Inc.	21,677	47,503	-	2,455
Kisters Limited	-	-	-	253,588
KHS Corpoplast GmbH	395,659	10,792	115,949	-
KHS Skan	87,001	-	19,940	-
	<u></u>	<u></u>	<u></u>	<u></u>

Included within purchases from KHS GmbH, is an amount of £8,634 (2012: £10,857) relating to interest paid on a loan (see note 6).

The related parties are all members of the same group which is controlled by the ultimate parent undertaking Salzgitter Ag.

KHS UK Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

19 Ultimate parent company and parent undertaking of larger group

The company's immediate parent undertaking is KHS GmbH, which is incorporated in Germany.

In the directors' opinion, the company's ultimate parent company is Salzgitter Ag which is incorporated in Germany. The registered office of Salzgitter Ag is Eisenhüttenstraße 99, 38239 Salzgitter, Germany.

20 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	362,038	343,442
Depreciation of tangible fixed assets	22,716	21,751
(Increase)/decrease in stocks	(70,472)	6,148
Increase in debtors	(119,589)	(243,502)
Increase in creditors	895,815	175,216
	<hr/>	<hr/>
Net cash inflow from operating activities	1,090,508	303,055
	<hr/>	<hr/>

21 Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase/(decrease) in cash	666,360	(26,826)
Cash inflow from changes in debt	-	1,303
	<hr/>	<hr/>
Movement in net funds	666,360	(25,523)
Opening net funds	386,669	412,192
	<hr/>	<hr/>
Closing net funds	1,053,029	386,669
	<hr/>	<hr/>

22 Analysis of net funds

	At 1 January 2013 £	Cashflow £	At 31 December 2013 £
Cash at bank and in hand	386,669	666,360	1,053,029
	<hr/>	<hr/>	<hr/>
Total	386,669	666,360	1,053,029
	<hr/>	<hr/>	<hr/>