

Company Registration No. 03168991 (England and Wales)

Thermwood (Europe) Limited
Financial Statements
For The Year Ended 31 July 2017

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THERMWOOD (EUROPE) LIMITED

COMPANY INFORMATION

Director	Mr D Hildenbrand
Secretary	Eversecretary Limited
Company number	03168991
Registered office	Central Square South Orchard Street Newcastle upon Tyne Tyne and Wear NE1 3XX
Auditor	Garbutt & Elliott Audit Limited Arabesque House Monks Cross Drive York YO32 9GW

THERMWOOD (EUROPE) LIMITED

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THERMWOOD (EUROPE) LIMITED

BALANCE SHEET AS AT 31 JULY 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	3		4,255		7,446
Current assets					
Stocks		136,768		128,812	
Debtors	4	30,828		34,229	
Cash at bank and in hand		48,323		45,710	
		215,919		208,751	
Creditors: amounts falling due within one year	5	(304,955)		(239,094)	
Net current liabilities			(89,036)		(30,343)
Total assets less current liabilities			(84,781)		(22,897)
Capital and reserves					
Called up share capital			62,290		62,290
Profit and loss reserves			(147,071)		(85,187)
Total equity			(84,781)		(22,897)

The director of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and signed by the director and authorised for issue on 21/07/2017



Mr D Hildenbrand
Director

Company Registration No. 03168991

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

Company information

Thermwood (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Central Square South, Orchard Street, Newcastle upon Tyne, Tyne and Wear, NE1 3XX.

1.1 Accounting convention

These financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 July 2017 are the first financial statements of Thermwood (Europe) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The ultimate parent company is Thermwood Corporation, a company registered in the United States of America, the registered office of which is 904 Dale-Buffaloville Road, Dale, Indiana, 47523-9057.

1.2 Going concern

These financial statements are prepared on the going concern basis.

The company reported a loss for the year ended 31 July 2017 of £61,884 and at the balance sheet date had net liabilities of £84,781. Given this, the company has received confirmation of support from its parent company for a period of not less than twelve months from the date of signing these accounts. The support is also evidenced by historic funding provided by the parent company via an intercompany account. At the balance sheet date the amount owing to the parent company was £278,474.

The directors have therefore assessed the company's requirements for the next twelve months in light of this support, and as such, the accounts are prepared on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised on dispatch.

Revenue from the provision of services is recognised according to the date the service is provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	3 - 6 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2016 - 2).

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 August 2016 and 31 July 2017	30,344
Depreciation and impairment	
At 1 August 2016	22,898
Depreciation charged in the year	3,191
At 31 July 2017	26,089
Carrying amount	
At 31 July 2017	4,255
At 31 July 2016	7,446

4 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	28,329	27,817
Other debtors	2,499	6,412
	<u>30,828</u>	<u>34,229</u>

5 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	3,762	5,290
Amounts due to group undertakings	278,474	226,164
Other taxation and social security	2,329	431
Other creditors	20,390	7,209
	<u>304,955</u>	<u>239,094</u>

6 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017 £	2016 £
	840	4,200
	<u>840</u>	<u>4,200</u>

THERMWOOD (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2017

7 Related party transactions

During the year the company purchased goods and services amounting to £106,864 (2016 - £62,771) from Thermwood Corporation, this company's parent company.

Intercompany balances with Thermwood Corporation have been disclosed in note 4 and note 5 where such balances were outstanding at the year end.

8 Parent company

The company is controlled by Thermwood Corporation, a company incorporated in the United States of America, the registered office of which is 904 Dale-Buffaloville Road, Dale, Indiana, 47523-9057.

The smallest and largest group into which Thermwood (Europe) Limited is consolidated is Thermwood Corporation, the financial statements of which are not publicly available.

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Alan Sidebottom.

The auditor was Garbutt & Elliott Audit Limited.