Andritz Feed & Biofuel Limited

Annual report and financial statements

Registered number 4122501

31 December 2018

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Company information

Directors	S Weber
Company secretary	R Anderson
Company number	4122501
Registered office	Unit 1, Stoneferry Park Foster Street Hull East Yorkshire HU8 8BT
Auditor	Garbutt & Elliott Audit Limited Triune Court Monks Cross Drive Huntington York YO32 9GZ

Strategic Report

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and Business review

The company is a wholly owned subsidiary of Andritz AG and operates as part of the Group's European division. The principal activity of the company comprises the manufacture, sale and service of pelleting presses and machinery for both the Feed and Biofuel industries.

There have not been any significant changes in the company's principal activities. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. The directors expect the company to continue to trade at its current scale for the foreseeable future.

As shown in the company's statement of comprehensive income on page 7, the company's sales have decreased by 11% as a result of three key customers implementing lean production costs strategy which have directly affected activities with the company. Also, profit before tax has decreased from £749,675 to £687,059 because of an increase in low margin sales. The directors expect the company to show growth in the future.

The balance sheet on page 8 of the financial statements shows the company's financial position at the year end. The cash balance has decreased as a result of negative working capital movements. Net assets have decreased by £46,257 (2017: increased by £126,146) as a result of profit from operations less a dividend payment. The directors do not recommend payment of a final dividend (2017: £nil). An interim dividend of £613,316 (2017: £513,708) was paid.

The company's operations form part of the business of the wider Andritz group. The group is managed on a divisional basis and, as such, the company's directors believe that further key performance indicators in addition to those above are not necessary or appropriate for an understanding of the development, performance or position of the company.

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance and uncertainties in the general economic environment, show that the company should be able to operate without the need for new financing facilities for at least the two years to 31st December 2020.

Principal risks and uncertainties

The principal risk faced by the company is credit risk arising from its trade receivables. Trade receivables are reviewed by management for impairment and the amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of payment and abide by the terms of payment.

Future developments

The directors expect the general level of activity to increase in the forthcoming year. This is a result of plans to expand the refurbishment side of the business through investment in capex acquisitions.

This report was approved by the Board on 28.10.2019 and signed on its behalf by:

S Weber
Director

Directors' Report

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

The Company's principal activities and business review are detailed in the Strategic Report on page 2.

Proposed dividend

The directors have proposed and paid an interim ordinary dividend in respect of the current financial year of £613,316 (2017: £513,708). The directors do not propose a final dividend (2017: £nil).

Directors

The Directors who have held office during the year and to the date of this report are as follows:

C P J Stevenaar (resigned 28 June 2019)
S Weber

Employees

The Company's policy continues to be that wherever possible full consideration is given to the employment, training, career development and promotion of disabled persons. In addition it is the policy of the Company to provide information to consult with and involve all employees wherever practicable to help make them aware of any factors affecting the Company.

Political Contributions

The Company made £nil political contributions during the period (2017: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Garbutt & Elliott Audit Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

By order of the Board

S Weber
Director

1, Stoneferry Park
Foster Street
Hull
East Yorkshire
HU8 8BT
2018

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to The Members of Andritz Feed & Biofuel Limited

Opinion
We have audited the financial statements of Andritz Feed & Biofuels Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard , and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Garbutt & Elliott Audit Limited

Martin Davey (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited 29/10/2019

Chartered Accountants
Statutory Auditor

Garbutt & Elliott Audit Limited
Triune Court
Monks Cross Drive
Huntington
York
YO32 9GZ

Profit and loss account and other comprehensive income
for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	4,561,377	5,197,441
Cost of sales		(2,776,469)	(3,380,189)
Gross profit		1,784,908	1,817,252
Other operating expenses (net)		(1,098,038)	(1,416,510)
Profit on disposal of fixed assets			348,764
Operating profit		686,870	749,506
Interest receivable	5	189	169
Profit on ordinary activities before taxation	6	687,059	749,675
Tax on profit on ordinary activities	7	(130,000)	(105,328)
Profit for the financial year		557,059	644,347
Other comprehensive income		-	-
Total comprehensive income		557,059	644,347

The notes on pages 10 to 19 form an integral part of these financial statements.

Balance sheet
at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	200,441	122,384
Current assets			
Stocks	10	922,916	863,511
Debtors	11	1,215,984	969,715
Cash at bank and in hand		915,366	1,009,406
		3,054,266	2,842,632
Creditors: amounts falling due within one year	12	(1,296,843)	(959,673)
Net current assets		1,757,423	1,881,737
Total assets less current liabilities		1,957,864	2,004,121
Provisions for liabilities	13	(51,400)	(51,400)
Net assets		1,906,464	1,952,721
Capital and reserves			
Called up share capital		1,000,000	1,000,000
Profit and loss account		906,464	952,721
Shareholders' funds		1,906,464	1,952,721

The notes on pages 10 to 19 form an integral part of these financial statements.

These financial statements were approved by the board on 28.10.2019 and were signed on its behalf by:

S Weber
Director

Registration number 4122501

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

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2017	1,000,000	822,082	1,822,082
Profit for the financial year and total comprehensive income		644,347	644,347
Dividends paid on equity shares		(513,708)	(513,708)
At 31 December 2017	1,000,000	952,721	1,957,721
Profit for the financial year and total comprehensive income		557,059	557,059
Dividends paid on equity shares		(603,316)	(603,316)
At 31 December 2018	1,000,000	906,464	1,906,464

The notes on pages 10 to 19 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1. Accounting policies

General information and basis of accounting

Andritz Feed & Biofuel Limited is a company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.
The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied.
The functional currency of Andritz Feed & Biofuel Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.
Andritz Feed & Biofuel Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Andritz Feed & Biofuel Limited is consolidated in the financial statements of its parent, Andritz AG, which may be obtained from the address in note 19. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance and uncertainties in the general economic environment, show that the company should be able to operate without the need for new financing facilities for at least the two years ended 31st December 2020.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Plant and machinery	10% per annum
Computer equipment	33% per annum
Fixtures and fittings	6.66% per annum

Stocks

Stocks are stated at the lower of cost and fair value less costs to sell. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Fair value less costs to sell is based on estimated 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.

Notes *(continued)*

1. Accounting policies *(continued)*

Turnover

Turnover represents amounts receivable for goods and services delivered/provided to customers in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover in relation to goods is recognised on the despatch of goods and service revenue is recognised when the work is performed, this is deemed to be when risk and rewards have been transferred.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.
Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.
Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Deferred tax assets and liabilities are offset only if:
a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in income the profit in the period in which it arises.

Notes *(continued)*

1. *Accounting policies (continued)*

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.
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 Group after deducting all of its liabilities.

(i) Basic financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Notes *(continued)*

1. Accounting policies (continued)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 section 23 Revenue and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods on dispatch of the goods.

The valuation of the trade debtors and stock includes an estimation of the recoverable amount from customers.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes *(continued)*

3. Turnover

The turnover is attributable to the principal activity and represents monies earned in the normal course of business. An analysis of the Company's revenue is as follows:

	2018 £	2017 £
Sale of goods	3,503,961	3,954,701
Rendering of services	1,057,416	1,242,740
Total revenue	4,561,377	5,197,411

An analysis of the Company's turnover by geographical market is set out below.

	2018 £	2017 £
UK	3,890,629	4,302,313
Rest of Europe	485,722	657,628
Asia	74,744	68,195
North America	94,784	165,305
Africa	15,498	4,000
	4,561,377	5,197,441

4. Information regarding directors and employees

	2018 £	2017 £
Directors' remuneration		
Emoluments	-	136,119
Company contributions to money purchase pension scheme	-	6,460

The director's remuneration is fully disclosed in the accounts of the parent company, Andritz AG. One director had retirement benefits accruing under money purchase pension schemes (2017: one).

	2018 Number	2017 Number
Average monthly number of persons employed		
Production	12	10
Sales	1	1
Administration	2	2
	15	13

Notes *(continued)*

4. Information regarding directors and employees *(continued)*

	2018 £	2017 £
Staff costs during the year (including directors)		
Wages and salaries	446,786	613,197
Social security costs	47,178	64,293
Pension costs	28,905	33,701
	522,869	711,191

5. Interest receivable

	2018 £	2017 £
Interest receivable from fellow group companies	189	169

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:	2018 £	2017 £
Depreciation of tangible fixed asset (note 10)	11,709	20,582
Operating lease rentals – other	92,675	48,311
Foreign exchange losses/(gains)	7,157	7,049
Auditor remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	11,500	15,500
Total audit fees	11,500	15,500
Tax compliance service	5,000	-
Total non-audit fees	5,000	-

Notes *(continued)*

7. Tax on profit on ordinary activities

The tax charge comprises

	2018 £	2017 £
Current tax		
UK corporation tax	130,000	122,123
Total current tax	130,000	122,123
Deferred tax		
Origination and reversal of timing differences	-	(18,960)
Effect of changes in tax rates	-	2,165
Total tax on profit on ordinary activities	130,000	105,328

The 2017 budget announced changes to the main UK corporation tax rate. The rate (currently 19%) will reduce to 17% from 1 April 2020.

Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

The difference between the total tax charge shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £	2017 £
Profit for the year		
Total tax expense		
Profit on ordinary activities excluding tax	687,059	741,331
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	130,541	142,681
Effects of:		
Expenses not deductible	(541)	(38,394)
Movement in short term timing differences	-	(1,041)
Total tax charge for the year	130,000	105,328

The company has an overall deferred tax asset at 31 December 2018 of £ 25,855 (2017: £25,855) which was recognised as management consider current trading supports the recognition of the asset. This asset is made up as follows:

Notes *(continued)*

7. Tax on profit on ordinary activities *(continued)*

	2018 £	2017 £
Excess of tax allowances over depreciation	(5,605)	(5,605)
Other short term timing differences	31,460	31,460
	25,855	25,855

8. Dividends

	2018 £	2017 £
Interim dividend paid of 61.3316 per share (2017: 51.3708p)	613,316	513,708

9. Tangible fixed assets

	Fixtures and Fittings £	Leasehold improvements £	Plant and machinery £	Computer equipment £	Total £
Cost					
At 31 December 2017	-	-	262,861	138,904	401,765
Additions	11,998	76,283	46,972	-	135,253
Disposals	-	-	(17,450)	(138,904)	(156,354)
At 31 December 2018	11,998	76,283	292,383	-	380,664
Depreciation					
At 31 December 2017	-	-	170,937	108,445	279,382
Charge for the year	408	937	10,364	-	11,709
Disposals	-	-	(2423)	(108,445)	(110,868)
At 31 December 2018	408	937	178,878	-	180,223
Net book value					
31 December 2018	11,590	75,346	113,505	-	200,441
At 31 December 2017	-	-	91,925	30,459	122,384

Notes *(continued)*

10. Stocks

	2018 £	2017 £
Work-in-progress	12,487	77,988
Finished goods and goods for resale	910,429	785,523
	922,916	863,511

11. Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,113,757	795,107
Amounts owed by group undertakings	41,696	41,486
Prepayments and accrued income	34,676	40,855
Corporation tax	-	66,412
Deferred taxation (see note 8)	25,855	25,855
	1,215,984	969,715

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Payments received on account	30,804	29,308
Trade creditors	228,498	366,745
Amounts owed to group undertakings	795,396	267,191
Other taxes and social security	111,000	68,233
Corporation tax	63,588	-
Accruals and deferred income	67,557	228,206
	1,296,843	959,683

Notes *(continued)*

13. Provisions for liabilities

	Product warranties £
At 1 January 2018	51,400
Released in the year	-
Charged to profit and loss account	-
At 31 December 2018	51,400

14. Financial commitments

At 31 December 2018 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2018 £	Other 2018 £	Land and buildings 2017 £	Other 2017 £
- within 1 year	29,925	7,868	29,925	31,597
- between 2 and 5 years	129,675	-	159,600	7,868
- after 5 years	-	-		

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

15. Pension arrangements

The company operates a defined contribution scheme for which the pension charge for the year amounted to £28,905 (2017: £33,701). At the year end the amount due to the scheme was £ Nil (2017: £ Nil) which is included in creditors: amounts falling due within one year.

16. Related party transactions

Paragraph 33.1A of FRS 102 exempts the Company from the need to disclose transactions carried out on an arms-length basis with fellow wholly owned subsidiaries. At the balance sheet dates, amounts owed from or to are disclosed in notes 11 and 12.

17. Ultimate controlling party

The directors regard Andritz AG, a company incorporated in Austria, as the immediate parent, ultimate parent company and the ultimate controlling party.

Andritz AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Andritz AG's registered office, Stattegger Strasse 18, A-8045 Graz, Austria.