Andritz Feed & Biofuel Limited

Directors' report and financial statements

Registered number 4122501

31 December 2017

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Contents

Company information

Director	P C Mullen (resigned 30 September 2017) H M Jepsen (resigned 20 July 2017) C P J Stevenaar (appointed 30 September 2017) S Weber (appointed 21 July 2017)
Company secretary	R Anderson
Company number	4122501
Registered office	Unit 1, Stoneferry Park Foster Street Hull East Yorkshire HU8 8BT
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

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 9% 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 increased from £710,594 to £745,182 because of an increase in higher 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 increased as a result of positive working capital movements. Net assets have increased by £126,146 (2016: decreased by £170,260) as a result of profit from operations less a dividend payment. The directors do not recommend payment of a final dividend (2016: £nil). An interim dividend of £513,708 (2016: £733,950) 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 2019.

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 11 DECEMBER 2018 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 2017.

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 £513,708 (2016: £733,950). The directors do not propose a final dividend (2016: £nil).

Directors

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

P C Mullen (resigned 30 September 2017)
H M Jepsen (resigned 20 July 2017)
C P J Stevenaar (appointed 30 September 2017)
S Weber (appointed 21 July 2017)

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 (2016: £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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

S Weber
Director

1, Stoneferry Park
Foster Street
Hull
East Yorkshire
HU8 8BT
11 December 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 FRS 102 *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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 & Biofuel Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Rachel Fleming

Rachel Fleming (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

12 December 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	5,197,441	5,684,749
Cost of sales		(3,380,189)	(3,549,547)
Gross profit		1,817,252	2,135,202
Other operating expenses	5	(1,421,003)	(1,424,982)
Profit on disposal of fixed assets	6	348,764	-
Operating profit		745,013	710,220
Interest receivable	7	169	374
Profit on ordinary activities before taxation	6	745,182	710,594
Tax on profit on ordinary activities	8	(105,328)	(146,904)
Profit for the financial year		639,854	563,690
Other comprehensive income		-	-
Total comprehensive income		639,854	563,690

The notes on pages 10 to 20 form an integral part of these financial statements.

Balance sheet
at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	117,280	304,948
Current assets			
Stocks	11	863,511	857,047
Debtors	12	969,715	1,128,590
Cash at bank and in hand		1,009,406	484,207
		2,842,632	2,469,844
Creditors: amounts falling due within one year	13	(960,284)	(898,637)
Net current assets		1,882,348	1,571,207
Total assets less current liabilities		1,999,628	1,876,155
Provisions for liabilities	14	(51,400)	(54,073)
Net assets		1,948,228	1,822,082
Capital and reserves			
Called up share capital	15	1,000,000	1,000,000
Profit and loss account		948,228	822,082
Shareholders' funds		1,948,228	1,822,082

The notes on pages 10 to 20 form an integral part of these financial statements.

These financial statements were approved by the board on 11 December 2018 and were signed on its behalf by:

S Weber
Director

Registration number 4122501

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2016	1,000,000	992,342	1,992,342
Profit for the financial year and total comprehensive income	-	563 690	563,690
Dividends paid on equity shares	-	(733,950)	(733,950)
At 31 December 2016	1,000,000	822,082	1,822,082
Profit for the financial year and total comprehensive income	-	639,854	639,854
Dividends paid on equity shares	-	(513,708)	(513,708)
At 31 December 2017	1,000,000	948,228	1,948,228

The notes on pages 10 to 20 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. 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 the presentation of a cash flow statement, remuneration of key management personnel and certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 2019.

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value 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.

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.

Notes *(continued)*

1. Accounting policies *(continued)*

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 conditions are subsequently measured at amortised cost using the effective interest method:

(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).

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.

Notes *(continued)*

1. Accounting policies *(continued)*

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.

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:

	2017 £	2016 £
Sale of goods	3,954,701	4,189,620
Rendering of services	1,242,740	1,495,129
Total revenue	5,197,441	5,684,749

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

	2017 £	2016 £
UK	4,302,313	4,550,718
Rest of Europe	657,628	875,518
Asia	68,195	73,430
North America	165,305	171,907
Africa	4,000	13,176
	5,197,441	5,684,749

4. Information regarding directors and employees

	2017 £	2016 £
Directors' remuneration		
Emoluments	136,119	91,360
Company contributions to money purchase pension scheme	6,460	7,630

One director had retirement benefits accruing under money purchase pension schemes (2016: one).

	2017 Number	2016 Number
Average monthly number of persons employed		
Production	10	18
Sales	1	5
Administration	2	2
	13	25

Notes *(continued)*

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

	2017	2016
	£	£
Staff costs during the year (including directors)		
Wages and salaries	613,197	722,351
Social security costs	64,923	72,678
Pension costs (note 17)	33,071	35,378
	711,191	830,407

5. Other operating expenses (net)

	2017	2016
	£	£
Administrative expenses	1,143,981	1,311,737
Distribution costs	52,326	138,245
Other operating income	(23,288)	(25,000)
Restructuring costs	247,984	-
	1,421,003	1,424,982

6. Profit on ordinary activities before taxation

	2017	2016
Profit on ordinary activities before taxation is stated after charging/(crediting):	£	£
Depreciation of tangible fixed asset (note 10)	20,582	20,462
Operating lease rentals – other	48,311	41,617
Foreign exchange losses	7,049	8,148
Profit on disposal of fixed assets	(348,764)	-
Auditor remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	15,500	14,714

Notes *(continued)*

7. Interest receivable

	2017	2016
	£	£
Interest receivable from fellow group companies	169	374

8. Tax on profit on ordinary activities

The tax charge comprises

	2017	2016
	£	£
Current tax		
UK corporation tax	122,123	139,580
Total current tax	122,123	139,580
Deferred tax		
Origination and reversal of timing differences	(18,960)	8,712
Effect of changes in tax rates	2,165	(1,388)
Total deferred tax (note 12)	(16,795)	7,324
Total tax on profit on ordinary activities	105,328	146,904

The 2016 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 2017 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes *(continued)*

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:

	2017	2016
	£	£
Profit on ordinary activities excluding tax	745,182	710,594
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	143,448	142,248
Effects of:		
Expenses not deductible	(37,627)	4,995
Movement in short term timing differences	1,041	(339)
Total tax charge for the year	105,328	146,904

The company has an overall deferred tax asset at 31 December 2017 of £ 25,855 (2016: £9,060) which was recognised as management consider current trading supports the recognition of the asset. This asset is made up as follows:

	2017	2016
	£	£
Excess of tax allowances over depreciation	(5,605)	(7,271)
Other short term timing differences	31,460	16,331
	25,855	9,060

9. Dividends

	2017	2016
	£	£
Interim dividend paid of 51.3708p per share (2016: 73.395p)	513,708	733,950

Notes *(continued)*

10. Tangible fixed assets

	Freehold buildings	Plant and machinery	Computer equipment	Total
	£	£	£	£
Cost				
At 31 December 2016	411,724	262,714	104,730	779,168
Additions	-	-	30,800	30,800
Disposals	(411,724)	(2,905)		(414,629)
At 31 December 2017	-	259,809	135,530	395,339
Depreciation				
At 31 December 2016	201,629	167,861	104,730	474,220
Charge for the year	12,209	8,373	-	20,582
Disposals	(213,838)	(2,905)		(216,743)
At 31 December 2017	-	173,329	104,730	278,059
Net book value				
31 December 2017	-	86,480	30,800	117,280
At 31 December 2016	210,095	94,853	-	304,948

11. Stocks

	2017	2016
	£	£
Work-in-progress	77,988	41,803
Finished goods and goods for resale	785,523	815,244
	863,511	857,047

12. Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	795,107	1,008,228
Amounts owed by group undertakings	41,486	59,061
Prepayments and accrued income	40,855	52,241
Corporation tax	66,412	-
Deferred taxation (see note 8)	25,855	9,060
	969,715	1,128,590

Notes *(continued)*

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Payments received on account	29,909	16,008
Trade creditors	366,745	275,287
Amounts owed to group undertakings	267,191	345,945
Other taxes and social security	68,233	189,551
Corporation tax	-	10,506
Accruals and deferred income	228,206	61,340
	960,284	898,637

14. Provisions for liabilities

	Product warranties £
At 1 January 2017	54,073
Released in the year	(2,673)
Charged to profit and loss account	-
At 31 December 2017	51,400

15. Called up share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

The company's other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes *(continued)*

16. Financial commitments

At 31 December 2017 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2017 £	Other 2017 £	Land and buildings 2016 £	Other 2016 £
- within 1 year	29,925	31,597	20,600	36,571
- between 2 and 5 years	159,600	7,868	10,300	59,498
- 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.

17. Pension arrangements

The company operates a defined contribution scheme for which the pension charge for the year amounted to £33,071 (2016: £35,378). At the year end the amount due to the scheme was £ Nil (2016: £6,365) which is included in creditors: amounts falling due within one year.

18. 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.

19. 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, Stattegger Strasse 18, A-8045 Graz, Austria.