

Company Registration No. 04432340 (England and Wales)

SUTCO UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR

SUTCO UK LIMITED

CONTENTS

	Page
Statement of financial position	1
Notes to the financial statements	2 - 7

SUTCO UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Current assets					
Stocks		773,268		1,209,442	
Debtors	3	131,420		162,676	
Cash at bank and in hand		166,988		1,435,427	
		<u>1,071,676</u>		<u>2,807,545</u>	
Creditors: amounts falling due within one year	4	<u>(794,096)</u>		<u>(2,482,538)</u>	
Net current assets			277,580		325,007
Capital and reserves					
Called up share capital	5		1,000		1,000
Profit and loss reserves			276,580		324,007
Total equity			<u>277,580</u>		<u>325,007</u>

The director of the company has elected not to include a copy of the income statement 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 3 April 2020

Mr M Ludden
Director

Company Registration No. 04432340

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Sutco UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Palmerston House, 814 Brighton Road, Purley, Surrey, CR8 2BR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "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 £.

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

1.2 Turnover

Revenue Recognition

Revenue is measured as the fair value of work done and goods and services provided in the normal course of business, net of discounts and VAT.

Revenue from construction contracts is recognised in accordance with the company's accounting policy on construction contracts (see below)

Turnover is attributable to the one continuing activity, being that of electrical and mechanical contracting, and arose entirely within the United Kingdom.

Construction Contracts

On uncompleted contracts, revenue and work in progress are measured at prime cost plus overheads and a prudent proportion of the estimated profit attributable to the work carried out to date. The earliest point at which profit has been taken is that at which the outcome of the contract, based on an assessment by officials of the company, can be reliably foreseen taking into account the circumstances of each contract. Full provision is made for any losses to completion but no account is taken for claims receivable until agreed.

The company considers that the recognition of profit on construction contracts represents the key source of estimation uncertainty. This is due to the process whereby applications are made during the course of the contract with variations often being agreed as part of the final account negotiation.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 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, direct labour costs and 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.

1.4 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.

1.5 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 statement of financial position 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.

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.

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

1.6 Equity instruments

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

1.7 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 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.

1.10 Retirement benefits

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

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018 - 2).

3 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	88,460	81,064
Corporation tax recoverable	41,079	41,080
Amounts owed by group undertakings	-	150
Other debtors	960	12,100
Prepayments and accrued income	921	28,282
	<u>131,420</u>	<u>162,676</u>

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Creditors: amounts falling due within one year

	2019	2018
	£	£
Other borrowings	5,430	-
Trade creditors	164,549	507,739
Amounts owed to group undertakings	609,963	1,682,381
Taxation and social security	8,013	281,587
Accruals and deferred income	6,141	10,831
	<u>794,096</u>	<u>2,482,538</u>

5 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
500 Ordinary Shares - A of £1 each	500	500
500 Ordinary Shares - B of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

6 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 qualified and the auditor reported as follows:

Disclaimer of opinion on financial statements

We were engaged to audit the financial statements of Sutco UK Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

SUTCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Audit report information

(Continued)

Basis for disclaimer of opinion

The financial statements include a work in progress balance of £773,268 in respect of the construction of a renewable energy plant. The contract under which this work was carried out has been terminated and, whilst management have reduced the work in progress balance to a figure which they consider to be recoverable, based on proposed revised contract terms, these terms are subject to negotiation and there is currently insufficient evidence to support management's estimate. In addition to there being no contract in place for the completion of the project, Sutco UK Limited personnel and tools have left the construction site and there is no timetable for the negotiation of a new contract or for completion of works. On this basis we have been unable to form a conclusion that the work in progress balance is recoverable.

In addition, the financial statements include a creditor balance of £131,000 relating to the development of a recycling plant. Management have provided for this creditor on the basis that Sutco UK Limited has an obligation to incur these costs under the contract terms. We have been unable to obtain sufficient appropriate audit evidence to confirm that there is an existing obligation under this contract and we have therefore been unable to conclude whether a liability to incur these costs exists.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded work in progress or trade creditors, and the elements making up the statement of comprehensive income.

The senior statutory auditor was Mr James Holland-Leader FCA.

The auditor was Knox Cropper LLP Chartered Accountants and Statutory Auditor.

7 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:

2019	2018
£	£
-	1,310
<u> </u>	<u> </u>

8 Related party transactions

The company has taken advantage of the exemption available in section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

9 Parent company

The company is owned by Sutco RecyclingTechnik GmbH (100% shareholding) a company incorporated in Germany.

The ultimate parent company is LM Holding GmbH & Co. KG, a company registered in Germany. LM Holding GmbH & Co. KG prepares group financial statements and copies can be obtained from Essener Straße 13, D-49716, Meppen, Germany.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.