

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

FOR

GMC-I PROSYS LIMITED

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GMC-I PROSYS LIMITED

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GMC-I PROSYS LIMITED

COMPANY INFORMATION

for the Year Ended 31st December 2018

DIRECTORS:

Mr D N Ebenezer
Mr A T Selcuk

REGISTERED OFFICE:

1 Potter Place
West Pimbo
Skelmersdale
WN8 9PH

REGISTERED NUMBER:

05116760 (England and Wales)

AUDITORS:

KAY JOHNSON GEE LLP
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
1 City Road East
Manchester
M15 4PN

GMC-I PROSYS LIMITED (REGISTERED NUMBER: 05116760)**STATEMENT OF FINANCIAL POSITION****31st December 2018**

| | | 2018 | | 2017 | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 4 | | 1,655,464 | | 1,403,149 |
| Tangible assets | 5 | | 334,909 | | 271,767 |
| | | | <u>1,990,373</u> | | <u>1,674,916</u> |
| CURRENT ASSETS | | | | | |
| Stocks | | 607,000 | | 619,382 | |
| Debtors | 6 | 939,026 | | 1,481,033 | |
| Cash at bank and in hand | | 603,840 | | 1,157,418 | |
| | | <u>2,149,866</u> | | <u>3,257,833</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 7 | 718,370 | | 920,223 | |
| | | | <u>1,431,496</u> | | <u>2,337,610</u> |
| NET CURRENT ASSETS | | | | | |
| | | | <u>3,421,869</u> | | <u>4,012,526</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | | <u>399,752</u> | | <u>349,189</u> |
| PROVISIONS FOR LIABILITIES | | | | | |
| | | | <u>3,022,117</u> | | <u>3,663,337</u> |
| NET ASSETS | | | | | |
| | | | <u>3,022,117</u> | | <u>3,663,337</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 9 | 1,300,000 | | 1,300,000 | |
| Retained earnings | | 1,722,117 | | 2,363,337 | |
| | | <u>3,022,117</u> | | <u>3,663,337</u> | |
| SHAREHOLDERS' FUNDS | | | <u>3,022,117</u> | | <u>3,663,337</u> |

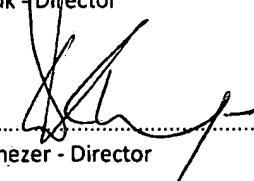
The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved and authorised for issue by the Board of Directors on 6/2/19 and were signed on its behalf by:



Mr A T Selcuk - Director



Mr D N Ebenezer - Director

The notes form part of these financial statements

GMC-I PROSYS LIMITED**STATEMENT OF CHANGES IN EQUITY**
for the Year Ended 31st December 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------------------|--|------------------------------------|-------------------------------|
| Balance at 1st January 2017 | 1,300,000 | 1,861,675 | 3,161,675 |
| Changes in equity | | | |
| Profit for the year | - | 1,401,662 | 1,401,662 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income | - | 1,401,662 | 1,401,662 |
| Dividends | - | (900,000) | (900,000) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31st December 2017 | 1,300,000 | 2,363,337 | 3,663,337 |
| | <hr/> | <hr/> | <hr/> |
| Changes in equity | | | |
| Profit for the year | - | 765,645 | 765,645 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income | - | 765,645 | 765,645 |
| Dividends | - | (1,406,865) | (1,406,865) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31st December 2018 | 1,300,000 | 1,722,117 | 3,022,117 |
| | <hr/> | <hr/> | <hr/> |

The notes form part of these financial statements

GMC-I PROSYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the Year Ended 31st December 2018**

1. STATUTORY INFORMATION

GMC-I Prosys Limited is a private company limited by share capital, incorporated in England and Wales, registration number 05116760. The address of the registered office and principal place of business is 1 Potter Place, West Pimbo, Skelmersdale, WN8 9PH

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents revenue recognised by the company in respect of goods and services supplied during the year.

Intangible fixed assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value over the useful economic life of the asset.

Amortisation is provided at the following rates:

| | |
|----------------------------------|---------------------|
| Design rights | - 20% straight line |
| Patents | - 10% straight line |
| Deferred development expenditure | - 20% straight line |

Deferred development expenditure is capitalised where there is a clearly defined project, related expenditure is separately identifiable and it has been assessed for technical feasibility and commercial viability. It is amortised from the date that sales of the related product commence.

At each balance sheet date, the company reviews the carrying amounts of its intangible fixed assets by reference to the future associated anticipated cash flows to determine whether there is any indication of impairment loss.

If any such condition exists, an impairment loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on tangible fixed assets is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

| | |
|--|---------------|
| Plant and machinery | - 20% on cost |
| Fixtures and fittings | - 10% on cost |
| Improvement to property | - 20% on cost |
| Test and development, Office equipment | - 20% on cost |

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of these stocks are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down in stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of stocks recognised as an expense in the period in which the reversal occurs.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Provisions

Provision is made for 12 month warranties given on products at 0.5% of sales, excluding VAT.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

GMC-I PROSYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 42 (2017 - 41).

4. INTANGIBLE FIXED ASSETS

| | Patent and design rights £ | Development costs £ | Totals £ |
|-----------------------|--|---------------------------|-------------|
| COST | | | |
| At 1st January 2018 | 68,570 | 3,260,269 | 3,328,839 |
| Additions | 11,014 | 426,438 | 437,452 |
| At 31st December 2018 | 79,584 | 3,686,707 | 3,766,291 |
| AMORTISATION | | | |
| At 1st January 2018 | 25,412 | 1,900,278 | 1,925,690 |
| Amortisation for year | 6,903 | 178,234 | 185,137 |
| At 31st December 2018 | 32,315 | 2,078,512 | 2,110,827 |
| NET BOOK VALUE | | | |
| At 31st December 2018 | 47,269 | 1,608,195 | 1,655,464 |
| At 31st December 2017 | 43,158 | 1,359,991 | 1,403,149 |

5. TANGIBLE FIXED ASSETS

| | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ |
|-----------------------|-------------------------------------|-----------------------------|----------------------------------|
| COST | | | |
| At 1st January 2018 | 44,285 | 624,659 | 40,195 |
| Additions | 29,963 | 70,286 | 10,232 |
| At 31st December 2018 | 74,248 | 694,945 | 50,427 |
| DEPRECIATION | | | |
| At 1st January 2018 | 30,805 | 517,004 | 27,691 |
| Charge for year | 8,337 | 45,855 | 3,340 |
| At 31st December 2018 | 39,142 | 562,859 | 31,031 |
| NET BOOK VALUE | | | |
| At 31st December 2018 | 35,106 | 132,086 | 19,396 |
| At 31st December 2017 | 13,480 | 107,655 | 12,504 |

GMC-I PROSYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

5. TANGIBLE FIXED ASSETS - continued

| | Test and development equipment £ | Office equipment £ | Totals £ |
|-----------------------|---|--------------------------|-------------|
| COST | | | |
| At 1st January 2018 | 419,574 | 77,023 | 1,205,736 |
| Additions | 54,021 | 14,634 | 179,136 |
| At 31st December 2018 | 473,595 | 91,657 | 1,384,872 |
| DEPRECIATION | | | |
| At 1st January 2018 | 310,205 | 48,264 | 933,969 |
| Charge for year | 47,534 | 10,928 | 115,994 |
| At 31st December 2018 | 357,739 | 59,192 | 1,049,963 |
| NET BOOK VALUE | | | |
| At 31st December 2018 | 115,856 | 32,465 | 334,909 |
| At 31st December 2017 | 109,369 | 28,759 | 271,767 |

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 763,076 | 782,864 |
| Amounts owed by group undertakings | 78,125 | 636,254 |
| Other debtors | 97,825 | 61,915 |
| | 939,026 | 1,481,033 |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 423,566 | 363,324 |
| Taxation and social security | 40,270 | 320,953 |
| Other creditors | 254,534 | 235,946 |
| | 718,370 | 920,223 |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 | 2017 |
|----------------------------|----------------|-------------|
| | £ | £ |
| Within one year | 118,550 | - |
| Between one and five years | 92,110 | - |
| | 210,660 | - |

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2018 | 2017 |
|-----------|----------|----------------|------------------|------------------|
| | | | £ | £ |
| 1,300,000 | Ordinary | £1 | 1,300,000 | 1,300,000 |

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Michael Garrett (Senior Statutory Auditor)
for and on behalf of KAY JOHNSON GEE LLP

11. CONTINGENT LIABILITIES

The company participates in a consortium loan agreement with Deutsche Bank AG and others.

As part of the agreement the company acts as a joint guarantor with other members of the group for funds drawn under this facility. At 31 December 2018 of the total €24.5m available there is a balance of €20.6m (2017 - €21.5m) drawn.

The directors do not consider there is any likelihood of a liability arising under this agreement in respect of funds drawn by other members of the group.

12. CAPITAL COMMITMENTS

| | 2018 | 2017 |
|---|-------------|-------------|
| | £ | £ |
| Contracted but not provided for in the financial statements | - | 15,445 |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st December 2018

13. ULTIMATE CONTROLLING PARTY

The immediate parent company throughout the current and preceding year is Metrawatt International GmbH, a company registered in Germany.

The parent company of the largest and smallest group that includes the Company and for which group financial statements are prepared is Apricum Capital GmbH, registered in Germany. Copies of Apricum Capital GmbH's financial statements can be obtained from the registered office at Nelkenweg 5 Ratingen, 40882 Germany.

The ultimate controlling party is Dr H P Opitz by virtue of his majority shareholding in the ultimate parent company, Apricum Capital GmbH.