

Kardex Systems (UK) Limited

Annual report and financial statements

Registered number 960163

For the year ended 31 December 2019



DIRECTORS AND ADVISERS

DIRECTORS

Atle Jensen
Mike Paull

COMPANY SECRETARY

RPC Secretaries Limited

REGISTERED OFFICE

1st Floor Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Maurice Wilkes Building
St. John's Innovation Park
Cowley Road
Cambridge
CB4 0DS

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Strategic report

Kardex Systems (UK) Limited remains the market leader in the UK for the supply and servicing of automated storage and retrieval systems.

The profitable financial results of 2012-2018 continued into 2019. 2019 ended with turnover of £14,714,000 (2018: £14,240,000), a 4% increase on 2018. Demand for our product and solutions remains strong, as customers look to improve on storage capacity, increase productivity and improve picking accuracy. The investment in additional sales and marketing resources during 2018 and early 2019 produced a very strong finish to the year and leaves us optimistic for the future. We continue our investment in technical resource to support our drive into more complex solution selling.

Our Service department revenue continues to grow, and we continue to gain market share. Our customers continue to benefit from our investment in Field Service and support resources to further enhance our geographic coverage. We also show improvement in our technical ability through training and market leading technological initiatives. This investment will continue as we further enhance our market leading position.

Key Performance Indicators

The key financial measures that the directors consider important are turnover and gross profit margin. These are described in the directors' report.

Principal risks and uncertainties

The principal risks and uncertainties are the competitive market in which the company operates, the GBP to Euro exchange rate and the general UK economic climate. The UK directors regularly discuss ways to mitigate the impact of these factors.

On behalf of the Board



Mike Paull
Director



Atle Jensen
Director

North Suite
First Floor
Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA

28th August 2020

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be the marketing, distribution and servicing of industrial storage systems, software and ancillary equipment.

Risk Management

As part of its duty to supervise the Company, the Board of Directors of the parent company, Kardex AG, performs a systematic risk assessment at least once a year. The risk assessment is based on a company-specific risk universe and on information obtained from interviews with division and Group management, including Directors of Kardex Systems (UK) Limited. Risks are recorded according to their likelihood, reputational risk and potential financial impact. This process is supported by a risk matrix that describes and values the substantial risks valid for the Group according to the following categories: external environment, strategy, management and leadership, production, market and sales, information technology and finance and compliance. Measures to mitigate these risks are also contained in the risk matrix.

Business review

During the year the company continued to benefit from favourable trading conditions and strong market demand for our product. The full year turnover increased promisingly from £14,240,000 to £14,714,000. The Gross Margin for the year was 38% (2018: 36%). The profit before taxation for the year was £2,026,000 (2018: £1,333,000).

Going concern

The directors, having made appropriate enquiries, consider that the company has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going-concern basis in preparing the financial statements. The outlook for the automated storage and retrieval market remains strong as manufacturers continue to look to automation for productivity improvements. We may however see some lengthening of the decision-making process due to Brexit uncertainty particularly within our multinational customers. The directors, having made appropriate enquiries, consider that the company has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going-concern basis in preparing the financial statements.

The COVID-19 outbreak has developed rapidly in 2020. Government measures taken and the macroeconomic uncertainty has caused disruption to economic activity, and it is unknown what the longer term impact may be.

Our base case cashflow forecast shows that we have sufficient resources to meet our liabilities as they fall due for more than 12 months from the date of signing the financial statements.

However, in light of the uncertainty caused by the COVID-19 pandemic, we have modelled downside scenarios reflecting a deeper and more prolonged economic downturn than assumed in our base case forecast and we continue to have sufficient resources to meet our liabilities as they fall due for at least 12 months from the date of signing the financial statements.

Dividends

£2,000,000 of dividends were paid to Kardex AG (100% shareholder) in respect of the current financial year (2018: £500,000).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were;
Mike Paull (appointed 1 August 2018)
Atle Jensen (appointed 1 August 2018)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK

and Republic of Ireland”, and applicable law). 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 the financial statements, the directors are required to:

- ① select suitable accounting policies and then apply them consistently;
- ① state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- ① make judgements and accounting estimates that are reasonable and prudent; and
- ① 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- ① so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP were appointed as the auditor in 2014.

On behalf of the board



Mike Paull
Director



Atle Jensen
Director

North Suite
First Floor
Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA

28 August 2020

Independent auditors' report to the members of Kardex Systems (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kardex Systems (UK) Limited's financial statements:

- ① give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- ① have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- ① have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- ① the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ① 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
28 August 2020

Profit and loss account
for the year ended 31 December 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	14,714	14,240
Cost of sales		(9,162)	(9,119)
Gross profit		5,552	5,121
Distribution costs		(1,207)	(1,142)
Administrative expenses		(2,365)	(2,687)
Operating profit		1,980	1,292
Interest receivable and similar income	3	44	45
Interest payable and similar expenses	4	2	(4)
Profit before taxation	5	2,026	1,333
Tax on profit	6	(387)	(235)
Profit for the financial year		1,640	1,098

Statement of comprehensive income
for the year ended 31 December 2019

	2019 £000	2018 £000
Profit for the financial year	1,640	1,098
Other comprehensive income		
Re-measurements of net defined benefit pension liability	-	-
Movement on deferred tax relating to pension deficit	-	-
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	1,640	1,098

The notes on pages 10 to 23 form part of the financial statements.

Balance sheet
at 31 December 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed assets			
Tangible assets	9	88	67
Current assets			
Stocks	10	836	786
Debtors	11	2,541	2,278
Cash at bank and in hand		6,827	6,863
		10,205	9,927
Creditors: amounts falling due within one year	12	(6,099)	(5,440)
Net current assets		4,106	4,487
Total assets less current liabilities		4,194	4,554
Post-employment benefits	13	-	-
Net assets		4,194	4,554
Capital and reserves			
Called up share capital	14	828	828
Share premium account		3	3
Capital redemption reserve		10	10
Profit and loss account		3,353	3,713
Total Shareholders' funds		4,194	4,554

The notes on pages 10 to 23 form part of the financial statements. These financial statements were approved by the board of directors on 28th August 2020 and were signed on its behalf by:



Mike Paull
Director



Atle Jensen
Director

Company registration number: 960163

Statement of changes in equity
for the year ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000	£000
Balance at 1 January 2018	828	3	10	3,115	3,956
Profit for the financial year	-	-	-	1,098	1,098
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,098	1,098
Dividends paid (note 14)	-	-	-	(500)	(500)
Balance at 1 January 2019	828	3	10	3,713	4,554
Profit for the financial year	-	-	-	1,640	1,640
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,353	6,194
Dividends paid (note 14)	-	-	-	(2,000)	(2,000)
Balance at 31 December 2019	828	3	10	3,353	4,194

Notes to the financial statements
(forming part of the financial statements)

1 General information

Kardex Systems (UK) Limited ("the company") supplies and services automated storage and retrieval systems. The company is a private company limited by shares and is incorporated and domiciled in England and Wales (United Kingdom). The address of its registered office is: North Suite, First Floor, Stag House Old London Road, Hertford, Hertfordshire, SG13 7LA.

Statement of Compliance

The individual financial statements of Kardex Systems (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1.1 Summary of significant accounting policies

The principal accounting policies which are considered material in relation to the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in this note.

Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions, given its results are included in the consolidated financial statements of its parent company, Kardex AG. These financial statements can be obtained from the address given in note 17.

- Under FRS 102 paragraph 1.12(b), the company is exempt from the requirement to prepare a cash flow statement on the basis that it is a qualifying entity and its ultimate parent company, Kardex AG, includes the company's cash flows in its own published consolidated financial statements;
- Under FRS102 paragraph 33.1A, the company is exempt from disclosing transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties);
- Under FRS102 paragraph 33.7, the company is exempt from the disclosure of key management personnel compensation in total.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives over the following periods:

- | | |
|----------------------------------|---|
| Leasehold improvements | - ten years or the unexpired period of the lease if less than ten years |
| Fixtures, fittings and equipment | - three to five years |

Each asset is depreciated on a straight line basis.

Notes to the financial statements (continued)

1.1 Summary of significant accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Costs include a relevant proportion of overhead expenses.

Taxation

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 a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

The company's functional and presentational currency is pound sterling.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Turnover

Turnover is the total amount receivable by the Company in the ordinary course of business with outside customers for goods supplied and services provided excluding VAT. Revenue is recognised on delivery of goods and services to the customer.

Long term contract revenues are recognised when the outcome of the transaction can be assessed reliably. Revenue is recognised by reference to the stage of completion which is dependent on the nature of the contract, but will generally be based on costs incurred up to the reporting date or achievement of contractual milestones where appropriate.

Leases

Finance leases

Assets acquired under finance leases or hire purchase contracts are capitalised and the corresponding liability is included in creditors.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes to the financial statements (continued)

1.1 Summary of significant accounting policies (continued)

Pensions

The company operates a defined benefit pension scheme providing benefits based on final pensionable pay. A defined benefit scheme is a pension plan that is not a defined contribution scheme. The assets of the scheme are held separately from those of the company. This scheme is closed to future entrants and also to existing members to make further contributions.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan is a surplus. No net pension assets are recognised when the plan is a surplus as Kardex Systems (UK) Ltd is not able to recover the surplus either through reduced contributions in the future or through funds from the plan.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with FRS 102 fair value hierarchy. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate on a high quality corporate bond of equivalent term and currency to the liability. The surplus of assets over the defined benefit obligation is recognised only to the extent that the company is able to recover the surplus either through reduced contributions or through refunds from the plan in the future.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as re-measurement of net defined benefit liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. This cost is recognised in profit and loss as finance expense.

The company also participates in a group defined contribution pension plan based on stakeholder rules. The assets of the scheme are held separately from those of the company. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

Critical judgements in applying the entity's accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The main estimates and assumptions are set out below, but these are not considered to be critical, as there is not deemed to be a significant risk of material adjustment within the next financial year.

Defined benefit pension scheme

The company has obligations to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, pension increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet.

Notes to the financial statements (continued)

2 Turnover

All turnover of the company is derived from the company's principal business as described in the Directors' report. An analysis of turnover by geographical market is given below:

	2019 £000	2018 £000
United Kingdom	14,238	13,469
Rest of Europe	476	771
	<u>14,714</u>	<u>14,240</u>

3 Interest receivable and similar income

	2019 £000	2018 £000
Interest income on intercompany loan	44	45
	<u>44</u>	<u>45</u>

4 Interest payable and similar expenses

	2019 £000	2018 £000
Other interest	(3)	4
	<u>(3)</u>	<u>4</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2019 £000	2018 £000
Depreciation	34	22
Operating lease charges – plant and machinery	12	11
Operating lease charges - hire of other assets	210	299
(Gain)/loss on foreign exchange	(34)	5
<i>Auditors' remuneration</i>		
Audit of these financial statements	21	20
	<u>21</u>	<u>20</u>

Notes to the financial statements (continued)

6 Tax on profit on ordinary activities

Analysis of charge in year	2019 £000	2018 £000
<i>UK Corporation Tax</i>		
Current tax on income for the period	379	226
Adjustment in respect of previous years	-	-
	<hr/>	<hr/>
Current tax at 19% (2018: 19%)	379	226
<i>Deferred taxation</i>		
Origination and reversal of timing differences	5	9
Adjustments in respect of prior periods	2	-
	<hr/>	<hr/>
Total deferred tax	7	9
	<hr/>	<hr/>
Tax on profit on ordinary activities	386	235
	<hr/>	<hr/>

The tax assessed for the year is lower (2018: lower) than the standard corporation rate in the UK of 19% (2018: 19%).

Factors affecting the tax charge for the current year

	2019 £000	2018 £000
Profit before taxation	2,026	1,333
	<hr/>	<hr/>
Current tax at 19% (2018: 19%)	385	253
<i>Effects of:</i>		
Income not taxable for tax purposes	-	(18)
Expenses not deductible for tax purposes	-	-
Tax rate differences	(1)	-
Adjustments in respect of previous years	2	-
	<hr/>	<hr/>
Total tax charge	386	235
	<hr/>	<hr/>

Notes to the financial statements (continued)

7 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Sales and services	65	61
Administrative and management	7	7
	<hr/>	<hr/>
	72	68
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	3,179	2,918
Social security costs	365	412
Other pension costs	132	99
	<hr/>	<hr/>
	3,676	3,429
	<hr/>	<hr/>

8 Remuneration of directors

	2019	2018
	£000	£000
Directors' emoluments	170	60
Company contributions to money purchase pension schemes	6	2
	<hr/>	<hr/>
	176	62
	<hr/>	<hr/>

The remuneration of the directors is partially borne by other group companies for which a recharge is made.

	Number	
	2019	2018
Number of directors who are:		
Members of money purchase pension schemes	-	-
	<hr/>	<hr/>

Notes to the financial statements (continued)

9 Tangible assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£000	£000	£000
<i>Cost</i>			
At 1 January 2019	94	248	342
Additions	11	44	55
	<hr/>	<hr/>	<hr/>
At 31 December 2019	105	292	397
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2019	59	216	275
Charge for the year	8	26	34
	<hr/>	<hr/>	<hr/>
At 31 December 2019	67	242	309
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	38	50	88
	<hr/>	<hr/>	<hr/>
At 31 December 2018	35	32	67
	<hr/>	<hr/>	<hr/>

10 Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	153	127
Contract work in progress	683	659
	<hr/>	<hr/>
	836	786
	<hr/>	<hr/>

The replacement value of stock does not materially differ from the carrying values.

Notes to the financial statements (continued)

11 Debtors

	2019	2018
	£000	£000
Trade debtors	2,158	1,944
Amounts owed by group undertakings	56	58
Other debtors	102	54
Deferred tax asset (see note 15)	-	1
Prepayments and accrued income	226	221
	2,541	2,278

Amounts owed by group undertakings are interest-free, unsecured and repayable on demand.

12 Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	599	138
Payments on account	2,076	1,763
Amounts owed to group undertakings	129	443
Other taxation and social security	487	471
Corporation tax	91	3
Accruals and deferred income	2,716	2,622
	6,098	5,440

Amounts owed to group undertakings are interest-free, unsecured and repayable on demand.

Notes to the financial statements (continued)

13 Post-employment benefits

Defined Contribution Scheme

The company operates a defined contribution scheme for employees. The contributions during the year amounted to £132,171 (2018: £99,000).

Defined Benefit Scheme

In addition, the company operates a pension scheme closed to new members providing benefits based on final pensionable pay. The assets of the scheme are held in separately administered funds.

Pension contributions are determined with the advice of an independent qualified actuary, First Actuarial Services Limited, on the basis of triennial valuations using the projected unit credit method. A full actuarial valuation was carried out at 30 June 2015 and updated to 31 December 2019 for FRS 102 purposes.

The Company made payments of £99,999 (2018: £400,000) including £0 (2018: £6,600) accrued payments from the prior year.

The main assumptions used by the actuary were:

	2019 %	2018 %
Rate of decrease in pensions in payment	2.3	2.4
Discount rate	1.9	2.6
Inflation assumption RPI	3.3	3.5
Inflation assumption CPI	2.3	2.5

The mortality assumptions used were as follows:

	2019 Years	2018 Years
Longevity at age 65 for current pensioners		
- Male	23.1	23.7
- Female	25.1	25.5
Longevity at age 65 for future pensioners		
- Male	24.4	25.0
- Female	26.6	27.0

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes to the financial statements (continued)

13 Post-employment benefits (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long years and thus inherently uncertain, were:

	2019	2018
	£000	£000
Diversified Growth Funds	0	2,630
LDI Funds	3,167	2,679
Diversified Credit Funds	2,911	3,313
Cash and net current assets	5,431	2,055
	<hr/>	<hr/>
Total market value of assets	11,509	10,677
Present value of scheme liabilities	(9,037)	(8,585)
	<hr/>	<hr/>
Pension surplus	2,472	2,092
Limit on recognising surplus	2,472	(2,092)

Movements in present value of defined benefit obligation

	2019	2018
	£000	£000
At 1 January 2019	8,585	9,405
Interest cost	218	210
Actuarial gains/(losses)	603	(483)
Benefits paid	(369)	(547)
	<hr/>	<hr/>
At 31 December 2019	9,037	8,585

Movements in fair value of plan assets

	2019	2018
	£000	£000
At 1 January 2019	10,677	11,107
Interest income	218	210
Return on plan assets excluding interest income	938	(436)
Contributions by employer	100	400
Administration Fee	(55)	(57)
Benefits paid	(369)	(547)
	<hr/>	<hr/>
At 31 December 2019	11,509	10,677

Notes to the financial statements (continued)

13 Post-employment benefits (continued)

The return on plan assets was:

	2019 £000	2018 £000
Interest income	218	210
Return on plan assets excluding interest income	938	(436)
	<hr/>	<hr/>
Total return on plan assets	1,156	(226)
	<hr/>	<hr/>

Analysis of other pension costs charged in arriving at operating profit:

	2019 £000	2018 £000
Current service cost	-	-
Curtailment	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Analysis of amounts included in other finance costs:

	2019 £000	2018 £000
Interest income	218	210
Interest cost	(218)	(210)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

14 Called up Share capital

Called up share capital	2019 £000	2018 £000
Allotted, called up and fully paid:		
828,000 (2018: 828,000) ordinary shares of £1 each	828	828
	<hr/>	<hr/>

Dividends of £2,000,000 (2018: £500,000) were paid in the year amounting to 241.5 pence per share (2018: 60.4 pence per share).

Notes to the financial statements (continued)

15 Deferred taxation

The elements of deferred taxation are as follows:

	2019 £000	2018 £000
At start of year – asset	1	10
Charge to profit and loss account for the year	(7)	(9)
	<hr/>	<hr/>
At end of year – (liability) / asset	(6)	1
	<hr/>	<hr/>

	Recognised 2019 £000	Unrecognised 2019 £000	Recognised 2018 £000	Unrecognised 2018 £000
Difference between accumulated depreciation and capital allowances	(6)		1	-
Short term timing differences			-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax (liability) / asset (see note 11)	(6)		1	-
	<hr/>	<hr/>	<hr/>	<hr/>

16 Commitments

The company had no capital commitments at either the current or preceding year end.

At 31 December, the company had the following minimum lease payments under non-cancellable operating leases for each of the following years:

	2019		2018	
	£000	£000	£000	£000
	Land & Buildings	Other	Land & Buildings	Other
Amounts payable:				
Not later than one year	144	135	144	129
Later than one year and not later than five years	243	238	387	134
	<hr/>	<hr/>	<hr/>	<hr/>
	387	373	531	263
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

17 Ultimate parent undertaking and controlling party

Within the meaning of the Companies Act 2006, Kardex AG, a company incorporated in Switzerland, is the company's ultimate parent company and controlling party, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Kardex AG owns 100% of the issued share capital of Kardex Systems (UK) Limited. Copies of the Kardex AG financial statements are available from the investor relations section of the Kardex AG web site www.kardex.com.