

# KraussMaffei Group UK Limited

Registered No. 992565

## Report and Financial Statements

31 December 2020



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**Directors**

M Bate  
M Bauer  
T Daniel  
O Schulz

**Secretary**

E Clarke

**Independent Auditors**

Bennett Brooks and Co Limited  
Chartered Accountants & Statutory Auditors  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

**Registered Office**

410 Europa Boulevard  
Gemini Business Park  
Warrington  
WA5 7TR

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# Strategic Report

The directors present their report for the year ended 31 December 2020

## Principal activities and review of the business

The company's principal activities during the year continued to be the selling and servicing of injection moulding equipment, extruders and polyurethane plant for the plastics industry.

Key financial data:

	12 months 2020 £	12 months 2019 £	Change %
Revenue	9,984,995	11,773,541	-15.2%
Profit/(Loss) for the financial year	353,380	(51,351)	+788%
Orders received	18,159,224	15,531,109	+16%

Machine sales are normally made on behalf of the group with KraussMaffei Group UK Limited acting as an agent and earning a commission. However, there are some circumstances by which KraussMaffei Group UK Limited acts as a reseller to the UK and Irish market, whereby the risks and rewards lie with Krauss Maffei Group UK Limited and the sale is recorded gross.

## Future Developments

The Company intends to continue operating in the selling and servicing of equipment for the plastics industry.

### COVID-19 & BREXIT impact

In 2020 most staff were furloughed for a time and the Job Retention Scheme payments received from the government were used to offset salary payments made in the year. Most office based staff still continue to work from home at 31 December 2020 and one engineer remains furloughed, this is reviewed on a monthly basis. The company is making use of the flexible furlough into 2021 and engineers are being furloughed on a day by day basis where jobs continue to be cancelled due to Covid-19.

Machine orders - The effects of Brexit made a lot of companies very cautious about investment and most stopped, especially in the Automotive sectors until they could see if there was going to be a Brexit trade agreement.

With regards to COVID-19 most companies apart from Medical shut at the first lockdown for around 2.5 to 3 months and some people remained on furlough long into the early summer 2020 even though their companies were open on a skeleton staff basis.

What COVID-19 has done is improve our medical sector market share, however this was not enough to cover shortfall from other sectors in meeting our targets for 2020

DSS - COVID-19 had an initial impact with many customers shutting down during the first lock down for 2.5 – 3 months. Customers were subsequently slow to re-establish business levels operating with skeleton staff for much of the remainder of the year. Non-essential works were cancelled, and machine productivity was down resulting in less breakdowns. This had a detrimental effect upon both spares and service revenues.

£130k worth of stock was introduced to the Company in order to reduce the impact of Brexit. We have seen some delays in spares arriving to site and there is the burden to the business of additional paperwork being required.

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## Strategic Report (continued)

### Principal risks

It is essential to identify risks effectively relating to the various business activities in order to measure, aggregate and control these. The Group installed a framework of risk principles, organizational structures as well as processes and guidelines for risk measurement and monitoring. The risk management system includes risk reporting and a compliance department.

Below is a description of select factors that, amongst other, could have a material adverse effect on the future profitability of the company.

#### *Capital equipment*

Demand is influenced by changes in micro-economic conditions, consumer spending and industrial production trends. The company's broad product line partly mitigates these exposures.

#### *Price increases*

Raw materials, especially steel and crude oil, which is the basis for the main production material used in the group's machines and the material subsequently processed (i.e plastic) may have material adverse effects on the company's profitability. The group is continuously trying to reduce costs and to develop new supply sources, thus optimising the purchasing processes.

By order of the Board

A handwritten signature in black ink, appearing to read 'E. Clark', is written over a vertical line that serves as a signature strip.

**E Clark**

Secretary

Date: 22nd October 2021

*Registered number 992565*

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## Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2020.

### Results and dividends

The profit/(loss) for the financial year ending December 2020 amounted to £353,380 (2019 – £(51,351)). The directors do not recommend a final dividend (2019 – £nil).

### Treasury policies

The company does not have a formal treasury team. This function is performed by local management and the parent company.

The company finances its activities through cash and balances due to group undertakings. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

The company does not enter into interest rate swaps or forward currency contracts. The company does not trade in financial instruments.

### Credit risk

The company does not enter into transactions on deferred terms. The company sets targets for debtors' days and doubtful debts expense against which performance is monitored.

### Liquidity risk

The company mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets and setting authorisation limits for investment.

The company funding strategy is not to rely on external finance, but to rely on group funding, the parent company having confirmed that it will continue to provide the company with financial support.

### Foreign currency risk

The company buys goods and services denominated in currencies other than Sterling. As a result the company has some exposure to foreign currency risk. The company does not use foreign currency contracts.

### Interest rate risk

The company does not have any external debt. Borrowings from group undertakings which bear interest at variable rates of interest and therefore the company does have some exposure to movements in interest rates.

### Going Concern

The directors have received a commitment from the parent company Krauss Maffei Technologies GmbH that they will continue to provide the company with financial support to enable the company to continue its operations and to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements, as explained in note 1, Accounting Policies.

### Directors

The directors who served the company during the year and post year-end were as follows:

A Meehan (resigned 18.05.2020)

M Bate

M Bauer

T Daniel (appointed 11.01.2021)

O Schulz (appointed 11.01.2021)

### Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2019– £nil).

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#### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **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 101 "Reduced Disclosure Framework", 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:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 Report and Financial Statements on pages 1 to 29 were approved by the Board of Directors on 22 October 2021 and signed on its behalf by:



**M Bate**

Director

Date: 22nd October 2021

*Registered number 992565*

# **Independent auditors' report to the members of KraussMaffei Group UK Limited**

## **Opinion**

We have audited the financial statements of KraussMaffei Group UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions related to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent auditors' report to the members of KraussMaffei Group UK Limited (continued)**

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report but does not include the financial statements and our Independent Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

#### **Independent auditors' report to the members of KraussMaffei Group UK Limited (continued)**

##### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Independent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business.



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**Independent auditors' report to the members of KraussMaffei Group UK Limited (continued)**

**Audit procedures performed included:**

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations; and
- Review of board meeting minutes (where held).

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Independent auditors' report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Independent auditors' 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.



**Jason Leach FCA** (Senior Statutory Auditor)  
For and on behalf of Bennett Brooks & Co Limited  
Chartered Accountants and Statutory Auditors  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

22nd October 2021

## Income Statement

for the year ended 31 December 2020

		Year ended 31 December 2020	Year ended 31 December 2019
	Note	£	£
<i>Revenue— continuing operations</i>	2	9,984,995	11,773,541
Cost of sales		(5,219,578)	(8,752,631)
<b>Gross profit</b>		<b>4,765,417</b>	<b>3,020,910</b>
Selling expenses		(3,234,828)	(2,155,788)
Administrative expenses		(1,091,899)	(794,326)
Other operating income		688,563	100,666
Other operating expenses		(606,942)	(106,827)
<b>Operating profit</b>	3	<b>520,311</b>	<b>64,635</b>
Net Interest payables and similar expenses	6	(65,194)	(130,681)
<b>Profit/(Loss) before taxation</b>		<b>455,117</b>	<b>(66,046)</b>
Tax on profit	7	(101,737)	14,695
<b>Profit/(Loss) for the financial year</b>		<b>353,380</b>	<b>(51,351)</b>

## Statement of Comprehensive Income

for the year ended 31 December 2020

		Year ended 31 December 2020	Year ended 31 December 2019
	Note	£	£
Profit/(Loss) for the financial year		353,380	(51,351)
Actuarial (loss) on pension scheme	16	(998,000)	(91,000)
Deferred tax on actuarial (loss)	7(c)	224,945	15,470
<b>Total comprehensive (expense) for the year</b>		<b>(419,675)</b>	<b>(126,881)</b>

## Balance sheet

As at 31 December 2020

		As at 31 December 2020	As at 31 December 2019
	Note	£	£
<b>Non-current assets</b>			
Tangible assets	8	816,211	1,055,287
Right of Use Asset	12	438,286	569,914
Deferred tax	7	808,640	641,075
		<u>2,063,137</u>	<u>2,266,276</u>
<b>Current assets</b>			
Stocks	9	445,984	439,475
Debtors	10	3,193,346	3,659,231
Cash at bank and in hand		31,385	28,321
		<u>3,670,715</u>	<u>4,127,027</u>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	11	(1,401,065)	(2,283,647)
Lease liability	12	(214,871)	(223,140)
Provisions	13	(219,776)	(141,664)
		<u>(1,835,712)</u>	<u>(2,648,451)</u>
<b>Net current assets</b>		<u>1,835,003</u>	<u>1,478,576</u>
<b>Total assets less current liabilities</b>		<u>3,898,140</u>	<u>3,744,852</u>
<b>Non-current liabilities</b>			
Lease liability	12	(233,250)	(356,287)
<b>Pension fund liability</b>	15	(4,256,000)	(3,560,000)
<b>Net liabilities</b>		<u>(591,110)</u>	<u>(171,435)</u>
<b>Capital and reserves</b>			
Called up share capital	14	100,000	100,000
Profit and loss account		(552,042)	(132,367)
Merger reserve		(139,068)	(139,068)
<b>Total Shareholders' deficit</b>		<u>(591,110)</u>	<u>(171,435)</u>

These financial statements were approved by the board of directors on 22nd October 2021 and were signed on its behalf by:



M Bate  
Director

Registered number 992565

## Statement of Changes in Equity

For the year ended 31 December 2020

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Merger reserve</i>	<i>Total shareholders' deficit</i>
	£	£	£	£
At 1 January 2019	100,000	(5,486)	(139,068)	(44,554)
Total comprehensive expense for the year	-	(126,881)	-	(126,881)
At 31 December 2019	100,000	(132,367)	(139,068)	(171,435)
Total comprehensive expense for the year	-	(419,675)	-	(419,675)
At 31 December 2020	100,000	(552,042)	(139,068)	(591,110)

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## Notes to the financial statements

For the year ended 31 December 2020

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. The accounting policies have been applied consistently, other than where new policies have been adopted.

The deferred tax asset has been restated to present separately from the pension liability. The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

#### *Leases- Accounting policy*

In these financial statements the company has, with effect from 1 January 2019, adopted IFRS 16.

#### *IFRS 16 Leases*

IFRS 16 Leases was adopted on 1 January 2019, with the use of certain practical expedients. The company applied the modified retrospective approach whereby the comparative financial information was restated.

#### *Leases*

The Company applies IFRS 16 to account for leases. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The company presents right-of-use assets in a separate category in the balance sheet and the movement during the year is analysed in Note 12.

# Notes to the financial statements

For the year ended 31 December 2020

## 1. Accounting policies (continued)

### *Leases- accounting policy (continued)*

#### *Short term leases and low value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term lease of assets that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

#### *Going concern*

The financial statements have been prepared on the going concern basis on the grounds that the directors have received a commitment from the parent company Krauss Maffei Technologies GmbH that they will continue to provide the company with financial support to enable the company to continue its operations and to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

#### *Tangible assets*

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

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	□	2 ½% on cost
Fixtures and fittings	□	10½%-33% on cost
Computer hardware	□	20-33% on cost
Computer software	□	33% on cost
Plant and machinery	□	15% on cost
Cranes	□	5% on cost

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Financial assets*

The company classifies its financial assets in the following categories:

- Amortised costs
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *a Financial assets at amortised cost*

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

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## Notes to the financial statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *Financial assets (continued)*

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

#### b Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost
  - Equity investments that are held for trading; and
  - Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.
- c Financial assets at fair value through other comprehensive income (FVOCI) comprise:
- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
  - Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

#### *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value.

#### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Pensions*

The Group operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme. The scheme is in line with IAS 19.

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.



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## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *Revenue*

Revenue consists of sales of equipment, together with spare parts, service and hire charges and commission (excluding value added tax).

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.

Where machines are subject to a performance guarantee, the company does not recognise the sales until the guarantee has been satisfied.

The directors believe that it would be prejudicial to the interest of the company to disclose the Revenue and related profit of each of the product groups.

#### *Provisions*

Provisions for warranties are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### *Government Grants*

Government grants in respect of the Coronavirus Job Retention Scheme are recognised within the Income Statement on an accruals basis.

#### *Accounting Estimates and judgements*

In the preparation of historical financial information the directors, in applying the accounting policies of the company, make some judgements and estimates that effect the reported amounts in the historical financial information. Both the present value of future pension obligations and the warranty provision above are the main areas where judgement and accounting estimates could significantly affect the financial statements.

### 2. Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties and group companies and is attributable to one continuing activity, as stated in the directors' report.

An analysis of Revenue by geographical market is given below:

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>
UK and Ireland	9,789,948	11,555,822
Rest of Europe	195,047	217,719
	<u>9,984,995</u>	<u>11,773,541</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 3. Operating profit

This is stated after charging/(crediting):

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
Auditors' remuneration		
- Audit of the financial statements	15,500	15,500
Depreciation of owned tangible fixed assets	102,195	79,633
Depreciation of right of use assets	215,647	218,736

### 4. Directors' remuneration

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
Remuneration	244,335	246,419
Pension contributions	24,237	29,735
	<u>268,572</u>	<u>276,154</u>

Highest paid director

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
Remuneration	134,660	136,720
Pension contributions	17,727	16,714
	<u>152,387</u>	<u>153,434</u>

There were two directors in the company's pension scheme until May 2020, only one for the remainder of the year (2019 – two).

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5. Staff costs

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
Wages and salaries	2,484,489	2,548,374
Social security costs	255,970	267,871
Other pension costs - defined contribution	158,822	145,035
Pension costs – defined benefit	79,000	70,000
	<u>2,978,281</u>	<u>3,031,280</u>

The number of employees during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Sales and service	33	35
Administrative and management	11	11
	<u>44</u>	<u>46</u>

### 6. Net Interest payable and similar expenses

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
Interest (received)/Expense	2,035	(1,924)
Foreign exchange (gains) / losses	(22,526)	8,154
Interest on lease liabilities	16,435	16,451
Net interest on pension scheme	69,250	108,000
	<u>65,194</u>	<u>130,681</u>

### 7. Tax on (loss)/profit

(a) Tax on (loss)/profit

The tax (credit)/charge is made up as follows:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
<b>Current tax:</b>		
UK corporation tax on the (loss)/profit for the period	44,357	-
Under provision in prior years	-	1,643
Total current tax	<u>44,357</u>	<u>1,643</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Deferred tax on pension scheme	57,380	(16,338)
Total deferred tax (note 7(c))	<u>57,380</u>	<u>(16,338)</u>
Total tax	<u>101,737</u>	<u>(14,695)</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 7. Tax on profit (continued)

#### (b) Factors affecting tax profit for the period

The tax assessed for the year 2020 differs from the standard rate of corporation tax in the UK of 19.00% (2019 – 19%). The differences are explained below:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit/(Loss) before taxation	453,919	(66,046)
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19%)	86,245	(12,549)
<i>Effects of:</i>		
Pension Scheme	15,492	-
Adjustment in respect of prior periods	0	1,643
Deferred tax not recognised	-	(3,789)
Taxable income	-	-
Total Tax Charge/(Credit)	101,737	(14,695)

#### (c) Deferred tax asset

The amounts provided for deferred taxation is set out below:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Deferred tax asset	808,640	641,075
		<i>Deferred tax</i> £
At 1 January 2020 including deferred tax on defined benefit pension liability		641,075
Charge to the profit and loss for the year (note 7)		(57,380)
Credit to other comprehensive income		189,620
Due to Change in Rate		35,325
At 31 December 2020 including deferred tax on defined benefit pension liability		808,640

## Notes to the financial statements (continued)

For the year ended 31 December 2020

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
<i>The deferred taxation asset is made up as follows:</i>	<i>£</i>	<i>£</i>
Accelerated capital allowances	-	-
Other timing differences	-	-
	(808,640)	(641,075)
Included in defined benefit pension liability (note 15)	<u>(808,640)</u>	<u>(641,075)</u>

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020 and has been reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Any impact would not be material to the value of deferred tax recognised.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 8. Tangible assets

	<i>Freehold land and buildings</i> £	<i>Fixtures and fittings</i> £	<i>Plant and machinery /equipment</i> £	<i>Total</i> £
Cost:				
At 1 January 2020	1,160,854	218,428	622,094	2,001,376
Additions	-	1,399	9,910	11,309
Disposal	-		(173,396)	(173,396)
At 31 December 2020	1,160,854	219,827	458,609	1,839,290
Accumulated depreciation:				
At 1 January 2020	575,363	131,744	238,982	946,089
Provided during the year	23,104	14,281	64,810	102,195
			(25,205)	(25,205)
At 31 December 2020	598,467	146,025	278,587	1,023,079
Net book value:				
At 31 December 2020	562,388	73,802	180,021	816,211
At 31 December 2019	585,491	86,684	383,112	1,055,287

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 9. Stocks

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
Machines for resale	-	945
Spares stock	204,994	247,981
Work in progress	49,853	2,715
Goods in transit	191,137	187,834
	<u>445,984</u>	<u>439,475</u>

There is no significant difference between the replacement costs of stocks and their carrying amounts. Stocks are stated after provisions for impairment of £201,855 (2019: £188,463)

### 10. Debtors

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
Trade debtors	2,319,597	2,422,030
Prepayments and accrued income	131,689	238,262
Amounts owed from group undertakings	742,060	998,939
	<u>3,193,346</u>	<u>3,659,231</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand. Trade debtors are stated after provisions for impairment of £34,961 (2019: £95,731)

### 11. Creditors: amounts falling due within one year

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
Trade creditors	217,262	209,107
Other taxes and social security costs	394,018	451,824
Corporation tax	46,000	1,643
Accruals and deferred income	259,511	311,102
Amounts due to group undertakings	409,047	853,019
Payments received on account	75,227	456,952
	<u>1,401,065</u>	<u>2,286,647</u>

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

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 12. Leases

The movement in the right of use assets by category is set out below:

Vehicle Leases	<u>2020</u>
Cost or valuation:	
As at 1 January 2020	788,650
Additions	<u>84,019</u>
As at 31 December 2020	872,669
Accumulated depreciation:	(218,736)
Provided during the year	<u>(215,647)</u>
As at 31 December	(434,383)
Position at 31 December	
Purchase value	872,669
Accumulated depreciation	<u>(434,383)</u>
Net book value at 31 December	<u>438,286</u>

The depreciation charge is presented within administrative expenses in the Income Statement. Any expense for short term and low-value leases is not material and has not been presented.

The contractual maturity of lease liabilities is set out below:

Lease liabilities	<u>2020</u>
Maturity analysis – contractual undiscounted cash flows	
Less than one year	(214,871)
More than one year, less than two years	(169,117)
More than two years, less than three years	(60,050)
More than three years, less than four years	(14,159)
More than four years, less than five years	-
More than five years	<u>-</u>
Total undiscounted lease liabilities at year end	(458,197)
Impact of discounting	<u>10,076</u>
Total discounted lease liabilities at year end	<u>(448,121)</u>
Lease liabilities included in the balance sheet	
Current	(214,871)
Non-current	<u>(233,250)</u>
	<u>(448,121)</u>



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## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 13. Provisions

	<i>Warranty Provision</i>	<i>Deferred Tax</i>	<i>Total</i>
	£	£	£
At 1 January 2020	141,664	-	141,664
Arising during the year	200,254	-	200,254
Utilised	(122,142)	-	(122,142)
At 31 December 2020	<u>219,776</u>	<u>-</u>	<u>219,776</u>

A provision is recognised for expected warranty claims on products sold during the last 3 years and it is expected that most of these costs will be incurred over the next 18 months.

### 14. Called up share capital

		<i>Year ended 31 December 2020</i>		<i>Year ended 31 December 2019</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	£	<i>No.</i>	£
Ordinary shares of £1 each	100,000	<u>100,000</u>	100,000	<u>100,000</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 15. Pension fund liability

The company operates a defined benefit, final salary pension scheme, the Krauss Maffei (UK) Limited Pension Fund.

The pension fund was closed in January 2009, no changes since year end.

A full actuarial valuation of the scheme was carried out as at 1 January 2017, which has been updated to 31 December 2020 by a qualified independent actuary.

Overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Pension contributions of £450,000 were made in the period to 31 December 2020 (2019 – £450,000).

Contributions expected to be paid to the scheme during the annual period following the year ended 31 December 2020 is £450,000 (2019 – £450,000).

The major assumptions used by the actuary were:

	<i>Year ended 31 December 2020 %</i>	<i>Year ended 31 December 2019 %</i>	<i>Year ended 31 December 2018 %</i>
Inflation	3.15	2.95	3.4
Rate of increase for pensions in payment and deferred pension			
Until 01.07.03	3.05	2.85	3.2
From 01.07.03	3.05	2.85	3.2
Discount rate	1.35	2.05	3.05

Demographic assumption:

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>
Assumed life expectancy in years on retirement at 65		
Retiring today:		
Males	21.40	21.3
Females	23.40	23.2
Retiring in 25 years		
Males	22.80	22.7
Females	24.90	24.8

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 15. Pension fund liability (continued)

The main categories of scheme assets as a percentage of total assets are as follows:

	<i>Year ended 31 December 2020 %</i>	<i>Year ended 31 December 2019 %</i>
Equities/Property	38.46	68.06
Bonds	5.46	24.66
Cash	8.96	7.28
Liability Driven Investments	47.12	-
	<u>100.00</u>	<u>100.00</u>

The amounts recognised in the balance sheet are:

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>
Fair value of scheme assets	5,444,000	4,740,000
Present value of scheme liabilities	(9,700,000)	(8,300,000)
Deficit in the scheme	(4,256,000)	(3,560,000)
Related deferred tax asset	808,640	641,075
Net pension liability	<u>(3,447,360)</u>	<u>(2,918,925)</u>

Changes in the present value of the defined benefit liability are as follows:

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>
At 1 January	8,300,000	8,300,000
Current service cost	79,000	70,000
Interest cost	169,000	241,000
Actuarial gain/(loss)	1,329,000	538,000
Benefits paid	(98,000)	(779,000)
Administrative expenses paid	(79,000)	(70,000)
Past service costs	-	-
At 31 December	<u>9,700,000</u>	<u>8,300,000</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 15. Pension fund liability (continued)

Changes in the fair value of the scheme assets are as follows:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
At 1 January	4,740,000	4,559,000
Expected return	100,000	133,000
Actuarial gain	331,000	447,000
Employer contributions	450,000	450,000
Benefits paid	(98,000)	(779,000)
Administrative expenses paid	(79,000)	(70,000)
At 31 December	<u>5,444,000</u>	<u>4,740,000</u>

Analysis of amounts charged to operating costs:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2018</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Current service costs	79,000	70,000	109,000
	<u>79,000</u>	<u>70,000</u>	<u>109,000</u>

Analysis of amounts charged to interest payable and similar expenses:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
Expected return on pension scheme assets	100,000	133,000
Interest on pension scheme liabilities	(169,000)	(241,000)
	<u>(69,000)</u>	<u>(108,000)</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 15. Pension fund liability (continued)

Analysis of amounts recognised in the Statement of comprehensive income:

The movement in the scheme's net liabilities is as follows:

	<i>1 Jan 2020 and 31 Dec 2020</i>	<i>1 Jan 2019 and 31 Dec 2019</i>	<i>1 Jan 2018 and 31 Dec 2018</i>	<i>1 Jan 2017 and 31 Dec 2017</i>	<i>1 Jan 2016 and 31 Dec 2016</i>
	£	£	£	£	£
Actual return less estimated return on pension scheme assets	331,000	447,000	(349,000)	280,000	198,000
Experience gains and losses on scheme liabilities	(1,329,000)	(538,000)	1,149,000	(23,000)	(1,632,000)
Changes in assumption underlying the present value of the scheme liabilities	—	—	—	—	—
Actuarial gain/(loss) recognised in the OCI	(998,000)	(91,000)	800,000	257,000	(1,434,000)

The movement in the scheme's net liabilities during the year is as follows:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
At 1 January	(3,560,000)	(3,741,000)
Movement in year:		
Current service cost	(79,000)	(70,000)
Contributions paid by the employer	450,000	450,000
Actuarial gain	(998,000)	(91,000)
Finance charge	(69,000)	(108,000)
Past service costs	—	—
At 31 December	(4,256,000)	(3,560,000)

Cumulative actuarial gains and losses recognised in equity are as follows:

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	£	£
At 1 January	(3,275,000)	(3,184,000)
Net actuarial (loss)/gain recognised in the year	(998,000)	(91,000)
At 31 December	(4,273,000)	(3,275,000)

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 15. Pension fund liability (continued)

The company operates a defined contribution scheme.

	<i>Year ended 31 December 2020</i>	<i>Year ended 31 December 2019</i>
	<i>£</i>	<i>£</i>
Pension contributions	158,822	145,035

There were two directors in the company's pension scheme up to May 2020, one director following May 2020 (2019 – two).

### 16. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking and controlling party to be China National Chemical Corporation (ChemChina), a company registered and incorporated in China

The immediate parent undertaking for which group financial statements are drawn up and of which the company is a member is KraussMaffei Technologies GMBH. Copies of the financial statements can be obtained from:

Krauss Maffei Financial Services GmbH  
FC3  
Krauss-Maffei-Str.2  
80997 Munchen  
Germany  
29

Signature: 

Email: ellen.clark@kraussmaffei.co.uk