Company Registration No. 01131717 (England and Wales)

KHS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

KHS UK LIMITED

COMPANY INFORMATION

Directors	A D MacEwan V G E Borngraeber
Secretary	A J Wheelwright A
Company number	01131717
Registered office	6 Monkspath Business Park Highlands Road Shirley Solihull West Midlands B90 4NY
Auditor	Burgis & Bullock 23-25 Waterloo Place Warwick Street Leamington Spa Warwickshire CV32 5LA

KHS UK LIMITED

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KHS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the selling and servicing of machinery and spares for the beverage and food industries.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A D MacEwan
V G E Borngraeber

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Burgis & Bullock were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
A D MacEwan
Director
Date: 27/9/2018

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHS UK LIMITED

Qualified of opinion on financial statements

We have audited the financial statements of KHS UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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

As at 31 December 2017, the company had not recognised £157,670 of revenue relating to unbilled engineers time. We consider that the revenue and accrued income have been understated by that amount.

Our testing in respect of the recoverability of trade debtors as at 31 December 2017 was limited by a lack of audit evidence to support the recoverability of amounts totalling approximately £443,000. Included in amounts due from trade debtors as at 31 December 2017 are amounts totalling approximately £174,000 which relate to invoices dated prior to 1 January 2017. The recoverability of trade debtors as at 31 December 2016 was qualified in the previous year's audit report.

The aggregate of the above potential misstatements in combination with other immaterial uncorrected misstatements, is material overall to the financial statements and our report is qualified in this respect. The potential immaterial misstatements are in relation to stock, debtors and creditors and remain uncorrected.

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 Auditor's 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 relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to creditors due to group companies, trade debtors and operating leases, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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:

- 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
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KHS UK LIMITED

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

W A Hubbard

Wende Hubbard FCCA (Senior Statutory Auditor)
for and on behalf of Burgis & Bullock

27 September 2018

Chartered Accountants
Statutory Auditor

23-25 Waterloo Place
Warwick Street
Leamington Spa
Warwickshire
CV32 5LA

KHS UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	6,663,091	6,167,907
Cost of sales		(5,028,165)	(4,054,646)
Gross profit		1,634,926	2,113,261
Administrative expenses		(1,438,557)	(2,030,478)
Operating profit	4	196,369	82,783
Interest receivable and similar income	8	152	1,051
Interest payable and similar expenses	9	(14,118)	(15,386)
Profit before taxation		182,403	68,448
Tax on profit	10	(32,840)	(13,700)
Profit for the financial year		149,563	54,748

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

KHS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Profit for the year	149,563	54,748
Other comprehensive income	-	-
Total comprehensive income for the year	149,563	54,748

KHS UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		14,772		26,375
Current assets					
Stocks	12	589,046		461,398	
Debtors	13	2,987,374		2,735,765	
Cash at bank and in hand		813,267		649,675	
		4,389,687		3,846,838	
Creditors: amounts falling due within one year	14	(3,392,131)		(3,007,030)	
Net current assets			997,556		839,808
Total assets less current liabilities			1,012,328		866,183
Provisions for liabilities	15		-		(3,418)
Net assets			1,012,328		862,765
Capital and reserves					
Called up share capital	18		300,000		300,000
Profit and loss reserves			712,328		562,765
Total equity			1,012,328		862,765

The financial statements were approved by the board of directors and authorised for issue on 27/9/2018 and are signed on its behalf by:

A D MacEwan
Director

Company Registration No. 01131717

KHS UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	300,000	508,017	808,017
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	54,748	54,748
Balance at 31 December 2016	300,000	562,765	862,765
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	149,563	149,563
Balance at 31 December 2017	300,000	712,328	1,012,328

1 Accounting policies

Company information

KHS UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6 Monkspath Business Park, Highlands Road, Shirley, Solihull, West Midlands, B90 4NY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework" ("FRS 101") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company has taken advantage of the following disclosures exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments : Disclosures
- 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 wholly owned members of the Salzgitter-Ag group.
- certain comparative information as otherwise required by EU endorsed IFRS
- certain disclosures regarding the company's capital
- the effect of future accounting standards not yet adopted
- the disclosure of the remuneration of key management personnel

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1 Accounting policies **(Continued)**

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

Revenue from commissions is recognised when the amount of revenue can be measured reliably, its is probable that the company will receive the consideration due under the contract and both parties have completed their performance obligations in respect of the contract.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to property	Straight line over the life of the lease
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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

1.10 Taxation

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

1 Accounting policies **(Continued)**

Current tax

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

Deferred tax

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

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

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1 Accounting policies **(Continued)**

1.14 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

Company stock levels are constantly reviewed and should there be an indication of impairment or obsolescence, the inventory is written down to its assessed net realisable value.

Recoverability of debtors and accrued income

Trade receivables are reviewed to ensure amounts are in line with agreed terms. A further assessment is made regarding the financial status of companies. If there is an indication of non-recoverability of debtors or accrued income that is to be billed to customers, then a provision will be made against the balances. During 2018 it was identified that there has been a delay in recovering certain trade debtors that are recognised within the reported balances at 31 December 2017. At the date of approval of the financial statements, circa £1.5m of trade debtors relating to balances recognised in the financial statements had not been recovered. Investigations and action to recover these sums is continuing.

3 Turnover and other revenue

	2017	2016
	£	£
Turnover analysed by class of business		
Sales of goods	4,453,406	3,997,095
Rendering of service and maintenance	2,209,684	2,170,812
	6,663,091	6,167,907
Analysis per statutory database	**6,663,090**	**6,167,907**
Statutory database analysis does not agree to the trial balance by:	**1**	**-**

	2017	2016
	£	£
Other significant revenue		
Interest income	152	1,051

	2017	2016
	£	£
Turnover analysed by geographical market		
United Kingdom	4,823,171	5,401,413
Rest of Europe	1,855,166	734,310
Rest of the world	(15,247)	32,184
	6,663,090	6,167,907
Analysis per statutory database	**6,663,090**	**6,167,907**
Statutory database analysis does not agree to the trial balance by:	**1**	**-**

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2017 £	2016 £
Exchange losses	56,483	110,700
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	15,375
Depreciation of owned tangible fixed assets	11,603	25,589
Cost of stocks recognised as an expense	2,888,372	2,462,399
Impairment of stocks recognised or reversed	(32,212)	22,088
Debtor provisions recognised or reversed	(36,040)	(7,953)
Operating lease charges	222,329	199,238

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £56,483 (2016 - £110,700).

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2017 £	2016 £
For audit services		
Audit of the financial statements of the company	10,000	15,375

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
	34	33

6 Employees **(Continued)**

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,901,707	1,824,852
Social security costs	251,286	267,975
Pension costs	105,190	66,223
	2,258,183	2,159,050

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	107,594	117,478
Company pension contributions to defined contribution schemes	8,307	8,184
	115,901	125,662

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 2).

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	152	1,051

9 Interest payable and similar expenses

	2017	2016
	£	£
Other interest	14,118	15,386

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	33,076	13,700
Adjustments in respect of prior periods	3,405	-
Total current tax	36,481	13,700
Deferred tax		
Origination and reversal of timing differences	(3,641)	-
Total tax charge	32,840	13,700

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	182,403	68,448
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	35,109	13,690
Tax effect of expenses that are not deductible in determining taxable profit	7,484	3,679
Permanent capital allowances in excess of depreciation	(3,151)	-
Depreciation on assets not qualifying for tax allowances	11,603	-
Deferred tax adjustments in respect of prior years	(18,205)	-
	-	(3,669)
Taxation charge for the year	32,840	13,700

11 Tangible fixed assets

	Improvements to property	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2017 and 31 December 2017	149,999	19,211	170,945	340,155
Depreciation and impairment				
At 1 January 2017	149,984	12,936	150,860	313,780
Depreciation charged in the year	-	2,088	9,515	11,603
At 31 December 2017	149,984	15,024	160,375	325,383
Carrying amount				
At 31 December 2017	15	4,187	10,570	14,772
At 31 December 2016	14	6,276	20,085	26,375

12 Stocks

	2017	2016
	£	£
Raw materials and consumables	589,046	461,398

13 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	2,277,317	1,965,041
Amounts owed by group undertakings	507,169	380,969
Other debtors	9,815	46,295
Prepayments and accrued income	192,850	343,460
	2,987,151	2,735,765
Deferred tax asset (note 16)	223	-
	2,987,374	2,735,765

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	61,963	24,979
Amounts due to group undertakings	2,549,316	2,464,394
Other taxation and social security	296,901	261,423
Other creditors	140,533	-
Accruals and deferred income	343,418	256,234
	3,392,131	3,007,030

15 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	16	-	3,418

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017	Liabilities 2016	Assets 2017	Assets 2016
Balances:	£	£	£	£
Accelerated capital allowances	-	3,418	-	-
Retirement benefit obligations	-	-	223	-
	-	3,418	223	-

	2017
Movements in the year:	£
Liability at 1 January 2017	3,418
Credit to profit or loss	(3,641)
Liability/(Asset) at 31 December 2017	(223)

16 Deferred taxation (Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to temporary timing differences.

17 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	105,190	66,223

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
300,000 Ordinary of £1 each	300,000	300,000
	300,000	300,000

19 Financial commitments, guarantees and contingent liabilities

The company has guarantees to HMRC in respect of deferred duties. At the year end the amounts covered by the guarantees totalled £120,000 (2016 - £120,000).

The company has given security over all assets to NatWest in the form of a debenture.

20 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its property and its cars. The property lease is for a term of ten years with an option to break after five years. The property rentals are fixed for five years and the car rentals are fixed for three years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	182,199	72,750
Between two and five years	460,468	291,000
In over five years	272,813	327,375
	915,480	691,125

21 Controlling party

The company's immediate parent undertaking is KHS GmbH, which is incorporated in Germany.
In the directors' opinion, the company's ultimate parent company is Salzgitter Ag which is incorporated in Germany. The registered office of Salzgitter Ag is Eisenhüttenstraße 99, 38239 Salzgitter, Germany. Consolidated financial statements can be found on the company's website - http://salzgitter-ag.com