

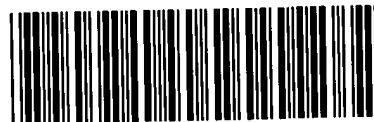
**Sumitomo (SHI) Demag Plastics Machinery
(UK) Limited**

**Directors' report and financial
statements**

Registered number 1185700

31 December 2017

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Directors' report

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

Principal activities

The principal activities of the company continue to be the selling of machinery, ancillary equipment, and provision of technical services for the plastic processing industry.

Business review

Review of Development and Performance

For 2017 there has been a continued strong focus within the company on two key sectors - packaging and precision - together with a heightened awareness among customers about process optimisation. Sumitomo (SHI) Demag Plastics Machinery (UK) Limited is attempting to establish a clear identity in the market for not just machines but also service and support. The Training Academy in Telford has started to gain significant traction in the market with over 120 delegates attending courses in 2017.

In terms of the packaging and precision have undoubtedly been the key growth areas. The overall market demand for moulding machines softened in 2017 with machines above 10,000kN particularly affected as the automotive investment cycle came to a close. The electric machine debate continues and although we are starting to see many customers switch to all-electric machines, the overall market share of electric machines has risen to over 30%.

Principal Risks and Uncertainties

The directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

The main financial risks that the Company could face have been considered by the directors. These cover areas such as Client Base, IT, Financial Management and Controls, Staff and Supplier Management.

Proposed dividend

The directors do not recommend the payment of a dividend (2016: £nil).

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period were as follows:

N Flowers

G Liebig (appointed on 01/01/2017)

The directors who held office at the end of the financial period had no disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company, or any other group company, were granted to the directors or their immediate families, or exercised by them, during the financial period.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report. The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial period and at the date of this report.

Political and charitable contributions

The Company made no political contributions (2016: £nil) and no donations to UK charities during the period (2016: £nil).

Disclosure of information to auditors

The directors who have held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Nigel Flowers
Director

23rd November 2018

Accent House
Triangle Business Park
Wendover Road
Aylesbury
HP22 5BL

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

ABCD

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Independent auditor's report to the members of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited

Opinion

We have audited the financial statements of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion 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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Derek McAllan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD
26.11.2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

| | <i>Note</i> | 2017 £'000 | 2016 £'000 |
|-------------------------------------------------------------|-------------|-----------------------------|-----------------------------|
| Turnover | 2 | 7,877 | 8,888 |
| Cost of sales | | (5,565) | (6,525) |
| Gross profit | | 2,312 | 2,363 |
| Administration Expenses | | (2,540) | (2,453) |
| Operating profit/(loss) | | (228) | (90) |
| Other interest receivable and similar income | 3 | 43 | 220 |
| Interest payable and similar expenses | 3 | - | - |
| Profit/(loss) on ordinary activities before taxation | 4 | (185) | 130 |
| Tax on profit/loss on ordinary activities | 7 | 72 | (1) |
| Profit/(loss) for the financial year | | (113) | 129 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (113) | 129 |

In the current and preceding year, the company had no other comprehensive income other than that presented in the Profit and Loss above.

Notes on pages 9 to 17 form an integral part of the financial statements.

Turnover and operating profit derive entirely from continuing activities.

Balance sheet
at 31 December 2017

| | <i>Note</i> | 2017 £'000 | £'000 | 2016 £'000 | £'000 |
|-------------------------------------------------------|-------------|-----------------------------|--------------|-----------------------------|--------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 57 | | 47 |
| | | | <hr/> | | <hr/> |
| Current assets | | | | | |
| Stocks | 9 | 410 | | 453 | |
| Debtors | 10 | 3,238 | | 3,423 | |
| Cash at bank and in hand | | - | | - | |
| | | <hr/> | | <hr/> | |
| | | 3,648 | | 3,876 | |
| Creditors: Amounts falling due within one year | 11 | (1,221) | | (1,325) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 2,427 | | 2,551 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 2,484 | | 2,598 |
| Provisions for liabilities | 12 | | (5) | | (5) |
| Deferred tax liability | 13 | | (3) | | (4) |
| | | | <hr/> | | <hr/> |
| Net assets | | | 2,476 | | 2,589 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 50 | | 50 | |
| Profit and loss account | | 2,426 | | 2,539 | |
| | | <hr/> | | <hr/> | |
| Shareholders' funds | | | 2,476 | | 2,589 |
| | | | <hr/> | | <hr/> |

Notes on pages 9 to 17 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 1 August 2017 and were signed on its behalf by:



Nigel Flowers
Director

Company number: 1185700

Statement of Changes in Equity
For the year ended 31 December 2017

| | Called up Share capital | Profit and loss account | Total equity |
|--------------------------------------------------|----------------------------------------|------------------------------------|-------------------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 January 2016 | 50 | 2,410 | 2,460 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | | | |
| Profit for the year | - | 129 | 129 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2016 | 50 | 2,539 | 2,589 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | | | |
| Loss for the year | - | (113) | (113) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2017 | 50 | 2,426 | 2,476 |
| | <hr/> | <hr/> | <hr/> |

Notes on pages 9 to 17 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Sumitomo (SHI) Demag Plastics Machinery (UK) Limited ("the Company") is a company limited by shares and incorporated & domiciled in the UK. The Company is exempt by virtue the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Sumitomo Heavy Industries Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Sumitomo Heavy Industries Ltd are available to the public and may be obtained from ThinkPark Tower, 1-1, Osaki 2-Chome Shinagawa-Ku, Tokyo 141-6025 Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Sumitomo Heavy Industries, Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company's business activities and its financial results, together with the factors which may affect its future development, performance and position are set out on pages 1 and 2. The Directors have reviewed the financial position of the Company, including the trading arrangement with group undertakings, and have no reason to doubt that these arrangements will continue for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation/amortisation and provision for impairment. Depreciation/amortisation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful economic lives, as follows:

Fixtures, fittings tools & equipment - 10%-33.3% reducing balance basis

Stocks

Stock is valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Customer's machine deposits represent unearned revenue and are initially recorded as customer deposit liabilities. Customer deposits are subsequently recognised as turnover following customer acceptance of the machine. Sales of parts and aftermarket ancillary equipment is recognised at the time of delivery to the customer. Turnover relating to service is recognised at the time that the service is provided.

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Turnover

The geographical analysis of turnover is as follows:

| | 2017 £'000 | 2016 £'000 |
|---------------------|---------------|---------------|
| United Kingdom | 6,757 | 7,966 |
| Republic of Ireland | 1,120 | 922 |
| | <u>7,877</u> | <u>8,888</u> |

All turnover relates to the sale of goods.

3 Interest and similar charges

| | 2017 £'000 | 2016 £'000 |
|------------------------|---------------|---------------|
| Realised exchange gain | 43 | 220 |
| | <u>43</u> | <u>220</u> |

4 Profit on ordinary activities before taxation

| | 2017 £'000 | 2016 £'000 |
|-------------------------------------------------------------------------------|---------------|---------------|
| <i>Profit on ordinary activities before taxation is stated after charging</i> | | |
| Depreciation written off tangible fixed assets: | | |
| Owned | 15 | 21 |
| Hire of other assets- operating leases | 60 | 60 |
| Exchange gain | 43 | 220 |
| | <u></u> | <u></u> |
| <i>Auditor's remuneration</i> | | |
| Audit of these financial statements | 14 | 20 |
| Taxation compliance | 5 | 5 |
| | <u></u> | <u></u> |

Notes (continued)

5 Staff numbers and costs

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

| | Number of employees | |
|--------------------------|---------------------|-----------|
| | 2017 | 2016 |
| Production and Technical | 10 | 10 |
| Sales and Distribution | 10 | 9 |
| Administrative | 7 | 7 |
| | <u>27</u> | <u>26</u> |

The aggregate payroll costs of these persons were as follows:

| | 2017 £'000 | 2016 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 1,218 | 1,168 |
| Social security costs | 162 | 154 |
| Other pension costs | 74 | 68 |
| Other employee costs | 154 | 155 |
| | <u>1,608</u> | <u>1,545</u> |

6 Remuneration of directors

| | 2017 £000 | 2016 £000 |
|---------------------------------------------------------|--------------|--------------|
| Directors' emoluments | 132 | 133 |
| Company contributions to money purchase pension schemes | 11 | 11 |
| | <u>143</u> | <u>144</u> |

Number of directors

Retirement benefits are accruing to the following number of directors under:

| | 2017 | 2016 |
|-------------------------------|----------|----------|
| Money purchase pension scheme | <u>1</u> | <u>1</u> |

Notes (continued)

7 Tax on profit on ordinary activities

(i) Analysis of charge for the year

| | 2017 £'000 | £'000 | 2016 £'000 | £'000 |
|---------------------------------------------------|---------------|-------------|---------------|----------|
| Current Tax | | | | |
| Current tax on income for the year | 1 | | 1 | |
| Group relief payable/(receivable) | (35) | | - | |
| Adjustment in respect of prior years | (35) | | - | |
| Deferred Tax (see note 13) | | | | |
| Origination and reversal of timing differences | 2 | | 2 | |
| Effect of increased/decreased tax rate | (5) | | (2) | |
| Adjustment in respect of prior years | - | | - | |
| Total tax on profit on ordinary activities | | (72) | | 1 |

(ii) Factors affecting the tax charge for the year

The tax charge assessed in the year is higher (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

| | 2017 £'000 | 2016 £'000 |
|------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Profit/(Loss) on ordinary activities before tax | (185) | 130 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 19.25% (2016: 20.00%). | (36) | 26 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 4 | 4 |
| Capital allowances for the year less than/(more than) eligible depreciation | - | 3 |
| Utilisation of tax losses | (5) | - |
| Adjustment in respect of prior year | (5) | (2) |
| Origination and reversal of timing differences | - | - |
| Effect of increased/decreased tax rate | - | - |
| Deferred Tax Charge | (30) | (30) |
| Total tax charge | (72) | 1 |

(iii) Factors affecting future charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate down to 17% was announced in the 2016 Budget and substantively enacted on 6 September 2016 (to be effective from 1 April 2020). This will reduce the company's future tax charge accordingly and reduce the deferred tax balance, although the extent of this effect cannot currently be quantified with any degree of certainty.

Notes (continued)

8 Tangible fixed assets

| | Fixtures and fittings £'000 | Total £'000 |
|------------------------------|--------------------------------------------|------------------------|
| <i>Cost</i> | | |
| At beginning of year | 208 | 208 |
| Additions | 25 | 25 |
| Disposals | - | - |
| | <hr/> | <hr/> |
| At end of year | 233 | 233 |
| | <hr/> | <hr/> |
| <i>Depreciation</i> | | |
| At beginning of year | 161 | 161 |
| Charge for year | 15 | 15 |
| Disposals | - | - |
| | <hr/> | <hr/> |
| At end of year | 176 | 176 |
| | <hr/> | <hr/> |
| <i>Net book value</i> | | |
| At 31 December 2017 | 57 | 57 |
| | <hr/> | <hr/> |
| At 31 December 2016 | 47 | 47 |
| | <hr/> | <hr/> |

Notes (continued)

9 Stocks

| | 2017 £'000 | 2016 £'000 |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 410 | 453 |
| | <u>410</u> | <u>453</u> |

10 Debtors

| | 2017 £'000 | 2016 £'000 |
|----------------------------------------|---------------|---------------|
| Trade debtors | 2,032 | 2,509 |
| Amounts owed by group undertakings | 995 | 707 |
| Other debtors | 48 | 42 |
| Machine Deposits to group undertakings | 83 | 139 |
| Prepayments and accrued income | 9 | 26 |
| Corporation tax | 71 | - |
| | <u>3,238</u> | <u>3,423</u> |

11 Creditors: Amounts falling due within one year

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 423 | 210 |
| Amounts owed to group undertakings | 558 | 867 |
| Other Creditors | 8 | 34 |
| Taxation and social security | 69 | 54 |
| Accruals and deferred income | 163 | 160 |
| | <u>1,221</u> | <u>1,325</u> |

Notes (continued)

12 Provisions for liabilities

| | Guarantee claims £000 |
|----------------------|-----------------------------|
| Guarantee claims | |
| At beginning of year | 5 |
| Utilised during year | - |
| | <hr/> |
| At end of year | 5 |
| | <hr/> |

A provision for guarantee claims has been recognised for expenditure arising from machine technical risks which could be incurred within one year of the balance sheet date.

13 Deferred tax liability

| | Deferred taxation £'000 |
|-----------------------------------------------------|-------------------------------|
| Liability at beginning of year | 4 |
| Credit/(charge) to the profit and loss for the year | (1) |
| | <hr/> |
| Liability at end of year | 3 |
| | <hr/> |

The elements of deferred taxation are as follows:

| | 2017 £'000 | 2016 £'000 |
|-------------------------------------------------------------------------------------|---------------|---------------|
| Short term timing differences | - | - |
| Difference between accumulated depreciation and amortisation and capital allowances | 3 | 4 |
| | <hr/> | <hr/> |
| Deferred tax liability | 3 | 4 |
| | <hr/> | <hr/> |

14 Called up share capital

| | 2017 £'000 | 2016 £'000 |
|-------------------------------------------|---------------|---------------|
| <i>Allotted, called up and fully paid</i> | | |
| "A" Ordinary Shares of £1 each | 38 | 38 |
| "B" Ordinary Shares of £1 each | 12 | 12 |
| | <hr/> | <hr/> |
| Shares classified in shareholders' funds | 50 | 50 |
| | <hr/> | <hr/> |

Both classes of shares have equal voting rights in terms of one vote per share held. In addition, both classes of shares have equal rights in the event of a dividend and to the assets of the company in the event of a winding up.

Notes (continued)

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| Less than one year | 60 | 60 |
| Between one and five years | 120 | 180 |
| | <u>180</u> | <u>240</u> |

During the year £60,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £60,000).

16 Ultimate parent company

The Company is a subsidiary undertaking of Sumitomo (SHI) Demag Plastics Machinery GmbH, incorporated in Germany. The largest group in which the results of the company are consolidated is Sumitomo Heavy Industries, Ltd.

The consolidated financial statements of this group are available to the public and may be obtained from the group at Sumitomo Heavy Industries, Ltd, ThinkPark Tower, 1-1, Osaki 2-Chome Shinagawa-Ku, Tokyo 141-6025 Japan.