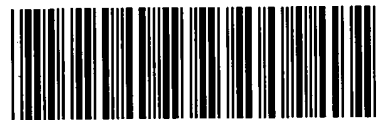


**HELLER MACHINE TOOLS HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### INTRODUCTION

The Group, the company and its wholly owned subsidiary, is the UK operation of Heller GmbH and continues to be engaged in the assembly, sale and maintenance of CNC machine tools along with the supply of spare parts. Similarly the design and supply of fixtures alongside its technical expertise and know how in order to provide solutions to its customers' engineering requirements.

The philosophy of Heller GmbH is to remain one of the world's premier manufacturers of high quality machine tools. The strategy for all its subsidiaries, including Heller Machine Tools Limited, is for each of them to be an efficient and profitable supplier of high quality machine tools.

#### BUSINESS REVIEW

The Group generated a pre-tax profit of £469,000 (2014: £797,000).

#### PRINCIPAL RISKS AND UNCERTAINTIES

The directors have reviewed the risk management objectives and policies of the Group which are continually monitored.

The Group is exposed to a foreign currency risk as most of its turnover is derived from Euro denominated exports. In order to manage this risk the Group operates Euro bank accounts and makes a significant amount of purchases from European suppliers that are settled in Euros. This natural hedge precludes the need for using forward currency contracts. The Group does not enter into any derivatives or speculative financial instruments.

Within the machine tools business there is an inherent risk of product liability and warranty claims. The directors are also aware of a tendency in the automotive industry, the largest market for machine tools, of customers to include unlimited guarantee clauses. The directors mitigate against the risks from indemnity clauses by ensuring that contracts are carefully drafted so that any potential loss to Heller Group is limited. Systems are in place to ensure the efficiency of the Group's employees in satisfying its customers' needs and in the monitoring and reduction of potential contract risks from work undertaken.

The Group has adequate financial resources and bank facilities in place to enable it to continue trading for the foreseeable future. As a consequence of this, the directors of Heller Machine Tools Holdings Limited believe that the Group is well placed to successfully manage all business risks and uncertainties.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The Group's key performance indicators are turnover, profitability and the strength of its balance sheet.

The consolidated statement of income and retained earnings on page 6 of the consolidated financial statements shows turnover of £42m (2014: £39m), with a profit after tax of £315,000 (2014: £675,000).

The consolidated balance sheet on page 7 shows that the net asset position of the Group remains strong. At the balance sheet date, the current ratio was 2.81:1 (2014: 2.09:1) and the quick ratio was standing at 0.93:1 (2014: 0.35:1).

This report was approved by the board on 15 April 2016 and signed on its behalf.

  
Mr M.C. Meyer  
Director

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## **HELLER MACHINE TOOLS HOLDINGS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £315,000 (2014 - £675,000).

No dividends have been paid during the year and no final dividend is proposed.

#### **DIRECTORS**

The directors who served during the year were:

Mr G.E. Lloyd (resigned 6 November 2015)  
Mr K.M. Winkler  
Mr M.C. Meyer (appointed 6 January 2015)

#### **FUTURE DEVELOPMENTS**

As noted within the strategic report, the philosophy of Heller GmbH is to remain one of the world's premier manufacturers of high quality machine tools.

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Group since the year end.

**AUDITORS**

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 April 2016 and signed on its behalf.



**Mr M.C. Meyer  
Director**

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## **HELLER MACHINE TOOLS HOLDINGS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HELLER MACHINE TOOLS HOLDINGS LIMITED**

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We have audited the financial statements of Heller Machine Tools Holdings Limited for the year ended 31 December 2015, set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Group 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 directors' report has been prepared in accordance with applicable legal requirements.

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

*MHA MacIntyre Hudson*

Christopher Stephen-Haynes MA FCA FCIE (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Statutory Auditors

Rutland house

148 Edmund Street

Birmingham

West Midlands

B3 2FD

15 April 2016

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Note	2015 £	2014 £
Turnover	1,2,3	41,678,344	39,087,819
Other operating income	4	20,932	20,932
Raw materials and consumables		(32,122,561)	(30,219,044)
Other external charges		(2,643,047)	(2,263,278)
<b>Gross profit</b>		<b>6,933,668</b>	<b>6,626,429</b>
Staff costs	7	(6,080,042)	(5,433,636)
Depreciation and amortisation		(384,128)	(395,559)
<b>Operating profit</b>	5	<b>469,498</b>	<b>797,234</b>
Interest receivable and similar income	9	34	181
Interest payable and similar charges	10	(148)	(1,627)
<b>Profit before tax</b>		<b>469,384</b>	<b>795,788</b>
Tax on profit	11	(154,000)	(120,589)
<b>Profit after tax</b>		<b>315,384</b>	<b>675,199</b>
Retained earnings at the beginning of the year		5,733,616	5,058,417
		5,733,616	5,058,417
Profit for the year attributable to the owners of the parent		315,384	675,199
<b>Retained earnings at the end of the year</b>		<b>6,049,000</b>	<b>5,733,616</b>

There were no recognised gains and losses for 2015 or 2014 other than those included in the consolidated profit and loss account.

The notes on pages 10 to 29 form part of these financial statements.

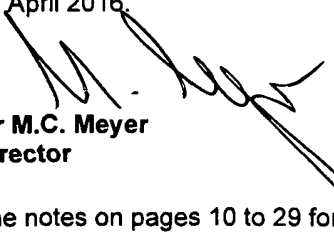


**HELLER MACHINE TOOLS HOLDINGS LIMITED**  
**REGISTERED NUMBER:01439149**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	13	5,358,727	5,596,685
		<u>5,358,727</u>	<u>5,596,685</u>
<b>Current assets</b>			
Stocks	15	6,562,197	9,243,823
Debtors: amounts falling due within one year	16	2,880,257	1,781,404
Cash at bank and in hand	17	353,721	77,006
		<u>9,796,175</u>	<u>11,102,233</u>
Creditors: amounts falling due within one year	18	(3,481,311)	(5,305,779)
<b>Net current assets</b>		<u>6,314,864</u>	<u>5,796,454</u>
<b>Total assets less current liabilities</b>		<u>11,673,591</u>	<u>11,393,139</u>
Creditors: amounts falling due after more than one year	19	(1,071,591)	(1,092,523)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(53,000)	(67,000)
		<u>(53,000)</u>	<u>(67,000)</u>
<b>Net assets</b>		<u>10,549,000</u>	<u>10,233,616</u>
<b>Capital and reserves</b>			
Called up share capital	22	4,500,000	4,500,000
Profit and loss account	23	6,049,000	5,733,616
<b>Equity attributable to owners of the parent Company</b>		<u>10,549,000</u>	<u>10,233,616</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2016.

  
**Mr M.C. Meyer**  
**Director**

The notes on pages 10 to 29 form part of these financial statements.

**HELLER MACHINE TOOLS HOLDINGS LIMITED**  
**REGISTERED NUMBER:01439149**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	14	4,500,000	4,500,000
		<u>4,500,000</u>	<u>4,500,000</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	73,729	73,729
		<u>73,729</u>	<u>73,729</u>
<b>Total assets less current liabilities</b>		<u>4,573,729</u>	<u>4,573,729</u>
<b>Net assets excluding pension asset</b>		<u>4,573,729</u>	<u>4,573,729</u>
<b>Net assets</b>		<u>4,573,729</u>	<u>4,573,729</u>
<b>Capital and reserves</b>			
Called up share capital	22	4,500,000	4,500,000
Profit and loss account	23	73,729	73,729
		<u>4,573,729</u>	<u>4,573,729</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2016.

  
**Mr M.C. Meyer**  
**Director**

The notes on pages 10 to 29 form part of these financial statements.

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	315,384	675,199
<b>Adjustments for:</b>		
Depreciation of tangible assets	379,069	392,401
Loss on disposal of tangible assets	5,059	3,158
Government grants	(20,932)	(20,932)
Decrease /(increase) in stocks	2,681,626	(1,023,324)
Interest paid	148	1,627
Interest received	(34)	(181)
Taxation	154,000	120,589
Decrease /(increase) in debtors	293,822	(371,705)
Increase in amounts owed by group undertakings	(1,392,674)	-
Decrease in creditors	(710,730)	(527,686)
(Decrease) /increase in amounts owed to group undertakings	(1,139,182)	739,692
Corporation tax	(163,490)	(165,893)
<b>Net cash generated from operating activities</b>	<b>402,066</b>	<b>(177,055)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(146,330)	(74,137)
Sale of tangible fixed assets	161	-
Government grants received	20,932	20,932
Interest received	34	181
<b>Net cash from investing activities</b>	<b>(125,203)</b>	<b>(53,024)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(148)	(1,627)
<b>Net cash used in financing activities</b>	<b>(148)</b>	<b>(1,627)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>276,715</b>	<b>(231,706)</b>
Cash and cash equivalents at beginning of year	77,006	308,712
<b>Cash and cash equivalents at the end of year</b>	<b>353,721</b>	<b>77,006</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	353,721	77,006
	<b>353,721</b>	<b>77,006</b>

The notes on pages 10 to 29 form part of these financial statements.

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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES

Heller Machine Tools Holdings Limited (the Group) is incorporated and domiciled in the United Kingdom. The address of the registered office and the principal place of business is Acanthus Road, Ravensbank Business Park, Redditch, Worcestershire, B98 9EX.

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Buildings	-	25 years
Plant & machinery	-	between 5 and 25 years
Motor vehicles	-	4 years
Fixtures, fittings & equipment	-	between 3 and 10 years
Tools	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Income and Retained Earnings.

##### 1.5 Operating leases: Lessee

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

##### 1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a moving average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**1.10 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

**1.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

**1.13 Foreign currency translation**

**Functional and presentation currency**

The group's functional currencies are GBP and Euros. The presentational currency is GBP..

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of income and retained earnings within 'other operating income'.

**1.14 Finance costs**

Finance costs are charged to the consolidated statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of income and retained earnings 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 Group in independently administered funds.

##### 1.16 Interest income

Interest income is recognised in the consolidated statement of income and retained earnings using the effective interest method.

##### 1.17 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of income and retained earnings in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent timing differences.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Some of these estimates and judgements are inherently uncertain and subject to change. The impact of any change in accounting estimates is reflected in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. In this respect, the directors believe that the critical accounting policies where judgements or estimations are necessarily applied are as follows:-

##### **Revenue recognition:**

Sometimes the group undertakes projects, for example installation of machines on-site with automation. These are in effect contracts under section 23 of FRS102 and are accounted for in accordance with the provisions of that section. This requires estimates to be made for the contract revenue and costs, which may be affected by a variety of uncertainties that depend on the outcome of future events.

##### **Stock:**

The group holds a significant level of stock, both for production and as spares. Provision is made for slow-moving and potentially obsolete stock. This, by its very nature, requires management to make judgements. These are based on historical experience and on other factors that are believed to be relevant in the circumstances.

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3. ANALYSIS OF TURNOVER**

The whole of the turnover is attributable to the group's principal activity of machine manufacturing, sales and servicing.

Analysis of turnover by country of destination:

	2015 £	2014 £
Europe	41,236,088	38,673,615
Other	442,256	414,204
	<u>41,678,344</u>	<u>39,087,819</u>

**4. OTHER OPERATING INCOME**

	2015 £	2014 £
Government grants receivable	20,932	20,932
	<u>20,932</u>	<u>20,932</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets	379,068	371,468
Loss on sale of tangible fixed assets	5,059	3,158
Exchange differences	(71,130)	(90,268)
Operating lease rentals	156,224	167,994
	<u>156,224</u>	<u>167,994</u>

**6. AUDITOR'S REMUNERATION**

	2015 £	2014 £
Fees payable to the Group's auditor for the audit of the Group's consolidated financial statements	31,750	31,000
<b>Fees payable to the Group's auditor in respect of:</b>		
Other services relating to taxation	5,000	5,000
All other services	6,000	4,560
	<u>6,000</u>	<u>4,560</u>

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	5,296,859	4,764,189
Social security costs	569,983	525,898
Cost of defined contribution scheme	213,200	143,549
	<u>6,080,042</u>	<u>5,433,636</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Directors	3	2
Employees	151	146
	<u>154</u>	<u>148</u>

**8. DIRECTORS' REMUNERATION**

	2015 £	2014 £
Directors' emoluments	360,901	373,879
Compensation for loss of office	40,438	-
	<u>401,339</u>	<u>373,879</u>

The highest paid director received remuneration of £230,047 (2014 - £373,879).

**9. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015 £	2014 £
Other interest receivable	34	181
	<u>34</u>	<u>181</u>

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>148</b>	130
Other interest payable	-	1,497
	<b>148</b>	<b>1,627</b>

**11. TAXATION**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>165,500</b>	180,000
Adjustments in respect of previous periods	<b>2,500</b>	(36,411)
	<b>168,000</b>	<b>143,589</b>
<b>Total current tax</b>	<b>168,000</b>	<b>143,589</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(14,000)</b>	(23,000)
<b>Total deferred tax</b>	<b>(14,000)</b>	<b>(23,000)</b>
<b>Taxation on profit on ordinary activities</b>	<b>154,000</b>	<b>120,589</b>

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**11. TAXATION (continued)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>469,384</u>	<u>795,788</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	95,050	171,094
Effects of:		
Expenses not deductible for tax purposes	9,534	6,166
Depreciation on assets not qualifying for tax relief	39,195	35,737
Adjustments to tax charge in respect of prior periods	2,500	(36,411)
Other differences	<u>7,721</u>	<u>(55,997)</u>
Total tax charge for the year	<u>154,000</u>	<u>120,589</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**12. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements. The profit after tax of the parent Company for the year was £NIL (2014 - £NIL).

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**13. TANGIBLE FIXED ASSETS**

**Group**

	Freehold land & buildings £	Plant & machinery £	Motor vehicles £	Fixtures, fittings, tools & equipment £	Total £
<b>Cost</b>					
At 1 January 2015	7,163,721	2,527,323	13,500	1,200,397	10,904,941
Additions	-	107,135	-	39,195	146,330
Disposals	-	(36,144)	-	(38,505)	(74,649)
<b>At 31 December 2015</b>	<b>7,163,721</b>	<b>2,598,314</b>	<b>13,500</b>	<b>1,201,087</b>	<b>10,976,622</b>
<b>Depreciation</b>					
At 1 January 2015	2,344,035	1,859,662	11,250	1,093,309	5,308,256
Charge owned for the period	186,404	139,046	2,250	51,368	379,068
Disposals	-	(35,067)	-	(34,362)	(69,429)
<b>At 31 December 2015</b>	<b>2,530,439</b>	<b>1,963,641</b>	<b>13,500</b>	<b>1,110,315</b>	<b>5,617,895</b>
<b>At 31 December 2015</b>	<b>4,633,282</b>	<b>634,673</b>	<b>-</b>	<b>90,772</b>	<b>5,358,727</b>
AT 31 December 2014	4,819,686	667,661	2,250	107,088	5,596,685

**14. FIXED ASSET INVESTMENTS**

**Company**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2015	4,500,000
<b>At 31 December 2015</b>	<b>4,500,000</b>

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**14. FIXED ASSET INVESTMENTS (continued)**

Heller Machine Tools Holdings Limited has a 100% interest in the equity of Heller Machine Tools Limited, an unlisted company registered in England and Wales. The principal activity of Heller Machine Tools Limited is machine tool manufacturing, sales and servicing. The subsidiary undertaking has been included in the consolidation.

**15. STOCKS**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Raw materials and consumables	<b>2,880,841</b>	3,047,367	-	-
Work in progress (goods to be sold)	<b>3,681,356</b>	6,196,456	-	-
	<b>6,562,197</b>	<b>9,243,823</b>	<b>-</b>	<b>-</b>

**16. DEBTORS**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Trade debtors	<b>1,071,652</b>	1,310,151	-	-
Amounts owed by group undertakings	<b>1,392,675</b>	-	<b>73,729</b>	73,729
Other debtors	<b>212,384</b>	278,730	-	-
Prepayments and accrued income	<b>126,046</b>	93,769	-	-
Amounts recoverable on long term contracts	<b>77,500</b>	98,754	-	-
	<b>2,880,257</b>	<b>1,781,404</b>	<b>73,729</b>	<b>73,729</b>

**17. CASH AND CASH EQUIVALENTS**

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Cash at bank and in hand	<b>353,721</b>	77,006	-	-
	<b>353,721</b>	<b>77,006</b>	<b>-</b>	<b>-</b>



## HELLER MACHINE TOOLS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 18. CREDITORS: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Payments received on account	345,185	91,837	-	-
Trade creditors	1,936,838	2,812,679	-	-
Amounts owed to group undertakings	99,956	1,239,138	-	-
Corporation tax	122,159	117,649	-	-
Taxation and social security	303,266	286,209	-	-
Other creditors	5,000	5,000	-	-
Accruals and deferred income	668,907	753,267	-	-
	<b>3,481,311</b>	<b>5,305,779</b>	<b>-</b>	<b>-</b>

#### 19. CREDITORS: Amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accruals and deferred income	1,071,591	1,092,523	-	-
	<b>1,071,591</b>	<b>1,092,523</b>	<b>-</b>	<b>-</b>

#### 20. FINANCIAL INSTRUMENTS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	3,107,932	1,764,641	73,729	73,729
	<b>3,107,932</b>	<b>1,764,641</b>	<b>73,729</b>	<b>73,729</b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(2,812,404)	(5,902,608)	-	-
	<b>(2,812,404)</b>	<b>(5,902,608)</b>	<b>-</b>	<b>-</b>

Financial assets measured at amortised cost comprise investments, trade debtors, amounts owed by group undertakings, other debtors, amounts recoverable on contracts and cash at bank.

Financial Liabilities measured at amortised cost comprise payments received on account, trade creditors, amounts owed to group undertakings, corporation tax and other taxes, social security and other creditors.

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**21. DEFERRED TAXATION****Group**

	Deferred tax £
At 1 January 2015	(67,000)
Movement in the year	14,000
<b>At 31 December 2015</b>	<b>(53,000)</b>

The provision for deferred taxation is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	(61,000)	(72,000)	-	-
Other short-term differences	8,000	5,000	-	-
	<b>(53,000)</b>	<b>(67,000)</b>	<b>-</b>	<b>-</b>

**22. SHARE CAPITAL**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
4,500,000 Ordinary shares of £1 each	<b>4,500,000</b>	4,500,000

**23. RESERVES****Profit & loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**24. PENSION COMMITMENTS**

The group operates defined contribution pension schemes. The charge for the year of £213,200 (2014: 143,549) represents contributions falling due and paid over in the year. Contributions totalling £32,489 (2014: £13,195) are included in creditors.

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## HELLER MACHINE TOOLS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2015 £</b>	<b>Group 2014 £</b>	<b>Company 2015 £</b>	<b>Company 2014 £</b>
Not later than 1 year	<b>116,388</b>	157,033	-	-
Later than 1 year and not later than 5 years	<b>150,455</b>	139,121	-	-
<b>Total</b>	<b>266,843</b>	296,154	-	-

#### 26. RELATED PARTY TRANSACTIONS

The company's financial statements are consolidated into those of its ultimate parent undertaking, Heller GmbH whose financial statements are publicly available.

The company has taken advantage of paragraph 33.1A of FRS102 and has not disclosed transactions with other wholly owned Heller Group entities.

Amounts due from and to group related parties at the balance sheet date are shown on notes 16 and 18 to the financial statements.

Compensation of £744,175 (2014: £693,327) was paid to key personnel, including directors, during the year.

#### 27. ULTIMATE PARENT UNDERTAKING

Heller Machine Tools Holdings Limited is a wholly owned subsidiary of Gebr. Heller Maschinenfabrik GmbH of Nuertingen, Germany.

Heller Machine Tools Holdings Limited regards Heller GmbH of Nuertingen, Germany as its ultimate parent company.

HELLER MACHINE TOOLS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

28. FIRST TIME ADOPTION OF FRS 102

Group

		As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
	Note						
Fixed assets	1,2	6,214,683	(291,340)	<b>5,923,343</b>	5,914,193	(317,507)	<b>5,596,686</b>
Current assets		9,938,910	-	<b>9,938,910</b>	11,102,232	-	<b>11,102,232</b>
Creditors: amounts falling due within one year		(5,074,215)	(20,933)	<b>(5,095,148)</b>	(5,284,849)	(20,931)	<b>(5,305,780)</b>
<b>Net current assets</b>		<b>4,864,695</b>	<b>(20,933)</b>	<b>4,843,762</b>	<b>5,817,383</b>	<b>(20,931)</b>	<b>5,796,452</b>
<b>Total assets less current liabilities</b>		<b>11,079,378</b>	<b>(312,273)</b>	<b>10,767,105</b>	<b>11,731,576</b>	<b>(338,438)</b>	<b>11,393,138</b>
Creditors: amounts falling due after more than one year	2	-	(1,118,690)	<b>(1,118,690)</b>	-	(1,092,523)	<b>(1,092,523)</b>
Provisions for liabilities		(90,000)	-	<b>(90,000)</b>	(67,000)	-	<b>(67,000)</b>
<b>Net assets</b>		<b>10,989,378</b>	<b>(1,430,963)</b>	<b>9,558,415</b>	<b>11,664,576</b>	<b>(1,430,961)</b>	<b>10,233,615</b>
Capital and reserves		10,989,378	(1,430,963)	<b>9,558,415</b>	11,664,577	(1,430,962)	<b>10,233,615</b>

## HELLER MACHINE TOOLS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 28. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note			
Turnover	39,087,819	-	39,087,819
Cost of sales	(30,948,343)	-	(30,948,343)
	8,139,476	-	8,139,476
Administrative expenses	(7,342,242)	(20,932)	(7,363,174)
Other operating income	-	20,932	20,932
<b>Operating profit</b>	797,234	-	797,234
Interest receivable and similar income	181	-	181
Interest payable and similar charges	(1,627)	-	(1,627)
Taxation	(120,589)	-	(120,589)
<b>Profit on ordinary activities after taxation and for the financial year</b>	675,199	-	675,199

#### Explanation of changes to previously reported profit and equity:

- 1 The Group previously included some of its freehold property at a valuation carried out in 1996, which as permitted by the transitional arrangements of Financial Reporting Standard 15 was not updated subsequently. The Group's policy is now to account for fixed assets under the cost model. Due to this change in accounting policy, the carrying value of fixed assets has been reduced by £1,430,963 and a revaluation reserve of the same amount has been eliminated.
- 2 The Group received a grant several years ago in respect of certain fixed assets. The company has adopted the accruals model as its accounting policy for grants receivable. Previously the grant received had been deducted from the carrying value of the fixed asset to which it related. This is a presentational change only, and has no impact on either the reported profit or equity. As a consequence of this, both the net book value of fixed assets and total creditors at 1 January 2014 were £1,139,623 higher than previously reported. During the year ended 31 December 2014, the depreciation charge was £20,932 higher than previously reported and there was £20,932 of other income not previously reported.

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HELLER MACHINE TOOLS HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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**28. FIRST TIME ADOPTION OF FRS 102 (continued)**

**Company**

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
<b>Note</b>						
Fixed assets	4,500,000	-	<b>4,500,000</b>	4,500,000	-	<b>4,500,000</b>
Current assets	73,729	-	<b>73,729</b>	73,729	-	<b>73,729</b>
<b>Net current assets</b>	<b>73,729</b>	<b>-</b>	<b>73,729</b>	<b>73,729</b>	<b>-</b>	<b>73,729</b>
<b>Total assets less current liabilities</b>	<b>4,573,729</b>	<b>-</b>	<b>4,573,729</b>	<b>4,573,729</b>	<b>-</b>	<b>4,573,729</b>
<b>Net assets</b>	<b>4,573,729</b>	<b>-</b>	<b>4,573,729</b>	<b>4,573,729</b>	<b>-</b>	<b>4,573,729</b>
Capital and reserves	4,573,729	-	<b>4,573,729</b>	4,573,729	-	<b>4,573,729</b>

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**HELLER MACHINE TOOLS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**28. FIRST TIME ADOPTION OF FRS 102 (continued)**

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note			
<b>Operating profit</b>	-	-	-
<b>Profit on ordinary activities after taxation and for the financial year</b>	-	-	-

Explanation of changes to previously reported profit and equity:

- 1 There were no changes to previously reported profit and equity resulting from the transition to FRS 102.