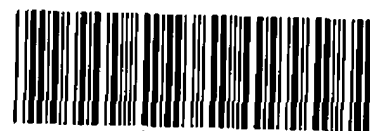


HELLER MACHINE TOOLS HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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HELLER MACHINE TOOLS HOLDINGS LIMITED

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HELLER MACHINE TOOLS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

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

The philosophy of Heller Group 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 UK group generated a pre-tax profit of £1,032,000 (2018: £904,000).

The market continues to remain competitive for the supply of high quality products and advanced technical solutions such as those supplied by the company. The new range of innovative five axis machines continue to be introduced to the market and the company remains confident that the demand for its product and especially the new five-axis machine will continue. New markets remain the focus and will improve the company's future prospect for the sale of its products; however, changes in the European political landscape may lead to uncertainty in the economic environment.

The production for the UK market increased in 2019 and the overall business sustained the level of the previous year

HELLER MACHINE TOOLS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The directors have reviewed the risk management objectives and policies of the UK group and these are continually monitored.

The current Covid 19 pandemic is affecting, as many other manufacturing companies, the current business activities. The subsidiary, Heller Machine Tools has seen a decline in new business and is actively managing the capacity requirements with the Job Retention Scheme (JRS) offered by the government. 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 UK Group is well placed to manage current business risks and uncertainties.

The UK Group is exposed to a foreign currency risk as most of its turnover is derived from Euro denominated exports. It continues to manage this risk by operating Euro bank accounts and making a significant amount of purchases from European suppliers in Euros. This natural hedge precludes the need for using forward currency contracts. The UK group does not enter into any derivatives or speculative financial instruments.

Within the machine tool 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 included unlimited guarantee clauses. The directors mitigate against the risk from indemnity clauses by ensuring that contracts are carefully drafted so that any potential loss to the Heller Group is limited. Systems are in place to ensure the efficiency of the UK 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 UK group is well placed to successfully manage all business risk and uncertainties.

Heller Machine Tools Holdings Limited and the Heller Group are well aware of the potential upcoming changing political and economic landscapes and have taken the necessary steps to mitigate the potential problems. This includes a review of local stock holding policies and alternative methods of transportation in line with the product and project requirements. Focus has also been given to the expansion of planning activities.

HELLER MACHINE TOOLS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

The group's key financial performance indicators encompass turnover, profitability and the strength of its balance sheet.

The consolidated statement of income and retained earnings on page 11 of the financial statements shows a turnover of £61M (2018: £56M), with a profit after tax of £785,000 (2018: £737,000).

The consolidated balance sheet on page 12 shows that the net asset position of the company remains strong. At the balance sheet date the current ratio was 1.86:1 (2018: 1.93:1) and the quick ratio was standing at 0.66:1 (2018: 0.54:1).

The consolidated statement of cash flows on page 14 shows that the cash flows from operating activities were an outflow of £1,129k (2018: £349k, outflow).

Non financial information

Human rights

We are committed to respecting and upholding human rights within our business and within our supply chain. We recognise our responsibility to identify and address potential or actual human rights infringements linked to the products and services we provide. We encourage our suppliers to uphold the same standards as we apply to ourselves.

- Modern slavery statement – <https://uk.heller.biz/modern-slavery-statement/>

During the year, an external audit took place to meet GDPR regulations and there were no breaches of data protection.

The UK Group has Information security and Electronic communications policies, which are designed to ensure that all IT and other communication equipment and resources, are used properly and kept secure. The UK group has various monitoring, firewalls and anti-virus software with structured file access in place to protect against the risk of IT security breaches.

Environment

As a business we recognise the importance of reducing our environmental impact and have over the last few years, introduced various energy saving initiatives such as PIR detection LED lighting along with updating the installed air conditioning system to a more efficient product.

Employees

The UK group aims to provide a safe working environment, which encourages personal development. Respect and responsibility are highly valued in the organisation and Heller seeks to operate within a framework of fairness, openness, integrity and accountability.

The UK group provides safe and healthy conditions of all work, plant, equipment and systems by identifying and reducing to an acceptable level all workplace hazards and risks. The company seeks to reduce its "days lost" KPI year on year with a reduction of 5.55% in 2019 (2018: 5.88%)

Employee turnover during the year was 9.75% (2018: 11.11%). Some employees left the business to develop their careers further and as a consequence the UK group is committed to advertising vacancies internally to ensure remaining employees are given opportunities to progress.

Absence rates were 1.5% (2018: 1.4%).

HELLER MACHINE TOOLS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Anti-corruption and anti-bribery

The UK group is committed to conducting its operations in a socially responsible manner and will not tolerate any form of bribery or corruption from its employees, suppliers or any other parties. The UK group conducts its business with honesty and integrity and expects all of the employees to maintain high standards. Both the anti-bribery and Whistle Blowing policies are available upon request.

Directors' statement of compliance with duty to promote the success of the Group

The directors in the performance of their duties during the year have acted in good faith to promote the success of the UK group for the benefit of the members, while having regard to the impact of our operations on the wider community and our stakeholders. The directors understand the business and the environment in which it operates. This is key when considering the likely consequences of any long term decisions. The UK group continues to invest in the efficient production of its product and in order to optimise material handling, has expanded Kanban and trolley systems usage within the assembly process. It also recognises that its employees and their skills are key to business success and seeks to train and support its employees in the delivery of its excellent products and services. Employee welfare and wellbeing are of utmost importance and the company engages with them all through regular internal communications. It works closely with suppliers to reduce the impact on the environment by utilising re-usable packaging materials and pallets and has invested heavily in transport frames to support this activity. Additionally it recycles materials where it is able to. Further details on employee involvement and environmental matters can be found in the non-financial information section of this report.

This report was approved by the board on 21 / 10 / 2020 and signed on its behalf.



Mr M.C. Meyer
Director

HELLER MACHINE TOOLS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 they are 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 for the Group's financial statements 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;
- 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 to 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 £784,526 (2018 - £736,745).

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

Directors

The directors who served during the year were:

Mr K.M. Winkler
Mr M.C. Meyer

Future developments

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

Engagement with employees

Refer to the strategic report.

HELLER MACHINE TOOLS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Engagement with suppliers, customers and others

Refer to the strategic report.

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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

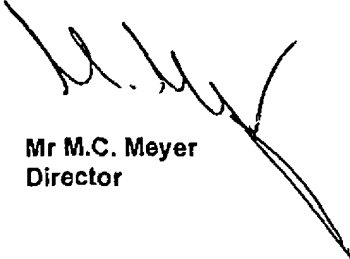
Since the year end COVID-19 has been declared a global pandemic, the impact of this on the group is included within principal risks and uncertainties in the strategic report.

On 5 March 2020 the group's ultimate parent undertaking changed its name from Heller GmbH to Heller Holding SE & Co. KGaA.

Auditor

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 21 / 10 / 2020 and signed on its behalf.



Mr M.C. Meyer
Director

HELLER MACHINE TOOLS HOLDINGS LIMITED

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

Opinion

We have audited the financial statements of Heller Machine Tools Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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

HELLER MACHINE TOOLS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLER MACHINE TOOLS HOLDINGS LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 5, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

HELLER MACHINE TOOLS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELLER MACHINE TOOLS HOLDINGS LIMITED (CONTINUED)

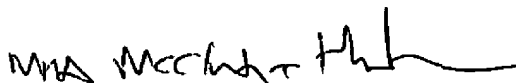
Auditor's responsibilities for the audit of the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Christopher Barlow BFP FCA FCCA (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

Date: 21.10.2020

HELLER MACHINE TOOLS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|------------------|
| Turnover | 4 | 60,821,154 | 55,586,767 |
| Other operating income | 5 | 94,136 | 20,932 |
| Raw materials and consumables | | (48,829,784) | (43,510,192) |
| Other external charges | | (3,595,493) | (4,011,027) |
| Gross profit | | 8,490,013 | 8,086,480 |
| Staff costs | 8 | (6,898,532) | (6,674,661) |
| Depreciation and amortisation | | (561,186) | (505,887) |
| Operating profit | 6 | 1,030,295 | 905,932 |
| Interest receivable and similar income | 10 | 35,087 | 47,278 |
| Interest payable and expenses | 11 | (32,951) | (48,907) |
| Profit before tax | | 1,032,431 | 904,303 |
| Tax on profit | 12 | (247,905) | (167,558) |
| Profit after tax | | 784,526 | 736,745 |
| | | | |
| Retained earnings at the beginning of the year | | 8,012,016 | 7,275,271 |
| Profit for the year attributable to the owners of the parent | | 784,526 | 736,745 |
| Retained earnings at the end of the year | | 8,796,542 | 8,012,016 |
| | | | |
| Non-controlling interest at the end of the year | | | |

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 14 to 31 form part of these financial statements.

HELLER MACHINE TOOLS HOLDINGS LIMITED
REGISTERED NUMBER: 01439149

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 6,148,629 | 5,772,280 |
| Current assets | | | |
| Stocks | 15 | 11,677,195 | 11,709,957 |
| Debtors: amounts falling due after more than one year | 16 | 178,340 | 347,798 |
| Debtors: amounts falling due within one year | 16 | 5,464,410 | 3,722,755 |
| Cash at bank and in hand | 17 | 730,381 | 515,497 |
| | | <u>18,050,326</u> | <u>16,296,007</u> |
| Creditors: amounts falling due within one year | 18 | (9,706,550) | (8,435,476) |
| Net current assets | | <u>8,343,776</u> | <u>7,860,531</u> |
| Total assets less current liabilities | | <u>14,492,405</u> | <u>13,632,811</u> |
| Creditors: amounts falling due after more than one year | 19 | (987,863) | (1,008,795) |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | (208,000) | (112,000) |
| | | <u>(208,000)</u> | <u>(112,000)</u> |
| Net assets | | <u>13,296,542</u> | <u>12,512,016</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 4,500,000 | 4,500,000 |
| Profit and loss account | 22 | 8,796,542 | 8,012,016 |
| | | <u>13,296,542</u> | <u>12,512,016</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21/10/2020


Mr M.C. Meyer
Director

The notes on pages 14 to 31 form part of these financial statements.

HELLER MACHINE TOOLS HOLDINGS LIMITED
REGISTERED NUMBER:01439149

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Investments | 14 | 4,500,000 | 4,500,000 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 73,729 | 73,729 |
| Net assets | | <u>4,573,729</u> | <u>4,573,729</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 4,500,000 | 4,500,000 |
| Profit and loss account | | <u>73,729</u> | <u>73,729</u> |
| | | <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
21/10/2020



Mr M.C. Meyer
Director

The notes on pages 14 to 31 form part of these financial statements.

HELLER MACHINE TOOLS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 784,526 | 736,745 |
| Adjustments for: | | |
| Depreciation of tangible assets | 558,936 | 505,185 |
| Loss on disposal of tangible assets | 2,250 | 702 |
| Government grants | (20,932) | (20,932) |
| Interest paid | 32,951 | 48,907 |
| Interest received | (35,087) | (47,278) |
| Taxation charge | 247,905 | 167,558 |
| Decrease in stocks | 32,762 | 18,599 |
| (Increase)/decrease in debtors | (1,644,113) | 650,602 |
| (Increase)/decrease in amounts owed by groups | (54,153) | - |
| Decrease in finance leases receivable | 156,325 | 144,211 |
| (Decrease)/increase in creditors | (332,839) | 59,530 |
| Increase/(decrease) in amounts owed to groups | 1,629,273 | (2,316,303) |
| Corporation tax (paid) | (228,451) | (296,681) |
| Net cash generated from operating activities | 1,129,353 | (349,155) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (937,537) | (283,663) |
| Government grants received | 20,932 | 20,932 |
| Interest received | 35,087 | 47,278 |
| Net cash from Investing activities | (881,518) | (215,453) |
| Cash flows from financing activities | | |
| Interest paid | (32,951) | (48,907) |
| Net cash used in financing activities | (32,951) | (48,907) |
| Net increase/(decrease) in cash and cash equivalents | 214,884 | (613,515) |
| Cash and cash equivalents at beginning of year | 515,497 | 1,129,012 |
| Cash and cash equivalents at the end of year | 730,381 | 515,497 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 730,381 | 515,497 |

The notes on pages 14 to 31 form part of these financial statements.

HELLER MACHINE TOOLS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Heller Machine Tools Holdings Limited (the Group) is a private company limited by shares, incorporated and domiciled in the England. The address of the registered office and the principal place of business is Acanthus Road, Ravensbank Business Park, Redditch, Worcestershire, B98 9EX..

2. Accounting policies

2.1 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.

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 3)..

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered the relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment having adjusted forecasts to take account of the perceived effects on trading. The COVID-19 pandemic and the ensuing economic effect has had an impact on the group's operations, in that income/production has reduced more than originally forecast with a number of contracts being deferred. In response to the COVID-19 pandemic, the Directors have performed a thorough analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regards to the resources available to the group and the cashflow headroom available to it under various scenarios, the Directors have concluded that there is no material uncertainty and that they can continue to trade and adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 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; and
- 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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (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.

Depreciation is provided on the following basis:

| | |
|--------------------------------|--------------------------|
| 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 in the Consolidated statement of income and retained earnings.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of income and retained earnings on a straight line basis over the lease term.

2.7 Leased assets: the Group as lessor

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: profit or loss equivalent to the profit or loss resulting from outright sale of the asset being leased, at normal selling prices, reflecting any applicable discounts, and finance income over the lease term.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 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.

2.11 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 Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated statement of income and retained earnings.

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 of the recoverable amount, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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'.

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.17 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 payment 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.

2.18 Interest income

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

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, except that a charge 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.

3. 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 judgments 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 judgments or estimations are necessarily applied are as follows:-

Tangible fixed assets:

Depreciation is provided on fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business and assets.

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 judgments. These are based on historical experience and on other factors that are believed to be relevant in the circumstances.

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. 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:

| | 2019 £ | 2018 £ |
|-------------------|-------------------|-------------------|
| Europe | 60,374,397 | 54,542,228 |
| Rest of the world | 446,757 | 1,044,539 |
| | <u>60,821,154</u> | <u>55,586,767</u> |

5. Other operating income

| | 2019 £ | 2018 £ |
|------------------------------|---------------|---------------|
| Other operating income | 73,204 | - |
| Government grants receivable | 20,932 | 20,932 |
| | <u>94,136</u> | <u>20,932</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2019 £ | 2018 £ |
|---------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets | 505,185 | 454,770 |
| Exchange differences | (68,711) | 78,642 |
| Other operating lease rentals | 107,777 | 113,282 |
| | <u>544,251</u> | <u>646,694</u> |

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Auditor's remuneration

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | <u>38,760</u> | <u>32,000</u> |
| Fees payable to the Group's auditor in respect of: | | |
| Audit-related assurance services | 7,194 | 6,260 |
| Other services relating to taxation | 9,002 | 4,800 |
| All other services | - | 11,144 |
| | <u>16,196</u> | <u>22,204</u> |

8. Employees

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

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 6,007,437 | 5,857,832 | - | - |
| Social security costs | 620,484 | 612,798 | - | - |
| Cost of defined contribution scheme | 283,434 | 220,940 | - | - |
| | <u>6,911,355</u> | <u>6,691,570</u> | <u>-</u> | <u>-</u> |

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

| | 2019 No. | 2018 No. |
|--------------------------------------|-------------|-------------|
| Directors | 1 | 2 |
| Production, sales and administration | <u>168</u> | <u>159</u> |
| | <u>169</u> | <u>161</u> |

The Company has no employees other than the director, who did not receive any remuneration (2018 - £NIL)

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Directors' emoluments | 300,887 | 286,889 |
| Company contributions to defined contribution pension schemes | 9,797 | 11,443 |
| | <u>310,684</u> | <u>298,332</u> |

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £300,887 (2018 - £286,889).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,797 (2018 - £11,443).

10. Interest receivable and similar income

| | 2019 £ | 2018 £ |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>35,087</u> | <u>47,278</u> |

11. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|------------------------|---------------|---------------|
| Other interest payable | <u>32,951</u> | <u>48,907</u> |

12. Taxation

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 151,905 | 215,000 |
| Adjustments in respect of previous periods | - | (36,442) |
| Total current tax | <u>151,905</u> | <u>178,558</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 96,000 | (11,000) |
| Taxation on profit on ordinary activities | <u>247,905</u> | <u>167,558</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|------------------|----------------|
| Profit on ordinary activities before tax | <u>1,032,431</u> | <u>904,303</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 196,162 | 171,818 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 8,361 | 7,366 |
| Differences between capital allowances and depreciation | 35,377 | 22,119 |
| Adjustments to tax charge in respect of prior periods | - | 2,575 |
| Adjustment in research and development tax credit leading to a decrease in the tax charge | - | (38,842) |
| Other differences leading to an increase in the tax charge | 8,005 | 2,522 |
| Total tax charge for the year | <u>247,905</u> | <u>167,558</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets**Group**

| | Freehold land & buildings £ | Plant & machinery £ | Motor vehicles £ | Fixtures, fittings, tools & equipment £ | Total £ |
|--|--|--|---------------------------------|--|--------------------|
| Cost | | | | | |
| At 1 January 2019 | 7,939,213 | 3,055,649 | 18,883 | 1,303,893 | 12,317,638 |
| Additions | 143,315 | 555,718 | - | 238,504 | 937,537 |
| Disposals | - | (34,880) | - | (52,386) | (87,266) |
| At 31 December 2019 | 8,082,528 | 3,576,487 | 18,883 | 1,490,011 | 13,167,909 |
| Depreciation | | | | | |
| At 1 January 2019 | 3,174,668 | 2,333,009 | 14,099 | 1,023,582 | 6,545,358 |
| Charge for the year on owned assets | 236,847 | 172,484 | 1,794 | 147,811 | 558,936 |
| Disposals | - | (34,880) | - | (50,134) | (85,014) |
| At 31 December 2019 | 3,411,515 | 2,470,613 | 15,893 | 1,121,259 | 7,019,280 |
| Net book value | | | | | |
| At 31 December 2019 | 4,671,013 | 1,105,874 | 2,990 | 368,752 | 6,148,629 |
| At 31 December 2018 | 4,764,545 | 722,640 | 4,784 | 280,311 | 5,772,280 |

HELLER MACHINE TOOLS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments

Company

| | Investments in subsidiary company £ |
|--------------------------------|---|
| Cost and net book value | |
| At 1 January 2019 | 4,500,000 |
| At 31 December 2019 | <u>4,500,000</u> |

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

| | Group 2019 £ | Group 2018 £ |
|-------------------------------------|--------------------|--------------------|
| Raw materials and consumables | 6,679,432 | 5,490,872 |
| Work in progress (goods to be sold) | 4,997,763 | 6,219,085 |
| | <u>11,677,195</u> | <u>11,709,957</u> |

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Debtors

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Due after more than one year | | | | |
| Finance leases receivable | 178,340 | 347,798 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
| Due within one year | | | | |
| Trade debtors | 4,363,472 | 3,330,533 | - | - |
| Amounts owed by group undertakings | 54,153 | - | 73,729 | 73,729 |
| Amounts receivable on contracts | 152,080 | 112,200 | - | - |
| Finance leases receivable | 169,458 | 156,325 | - | - |
| Other debtors | 577,741 | 9,786 | - | - |
| Prepayments and accrued income | 147,506 | 113,911 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,464,410 | 3,722,755 | 73,729 | 73,729 |

Gross amounts receivable under finance leases, (group only):

| | 2019 £ | 2018 £ |
|-------------------------|-------------------|-------------------|
| Within one year | 227,412 | 227,412 |
| In two to five years | 221,095 | 448,507 |
| Unearned finance income | (100,709) | (171,796) |
| | <hr/> | <hr/> |
| | 347,798 | 504,123 |

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Debtors (continued)

Finance leases receivable are classified based on the amounts that are expected to be settled within the next twelve months and after more than twelve months from the financial year end as follows, (group only):

| | 2019 £ | 2018 £ |
|--------------------|----------------|----------------|
| Current assets | 169,458 | 156,325 |
| Non-current assets | 178,340 | 347,798 |
| | <u>347,798</u> | <u>504,123</u> |

17. Cash and cash equivalents

| | Group 2019 £ | Group 2018 £ |
|--------------------------|--------------------|--------------------|
| Cash at bank and in hand | <u>730,381</u> | <u>515,497</u> |

18. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group 2018 £ |
|------------------------------------|--------------------|--------------------|
| Payments received on account | 135,101 | 52,838 |
| Trade creditors | 1,674,152 | 2,635,067 |
| Amounts owed to group undertakings | 5,779,791 | 4,150,518 |
| Corporation tax | - | 46,292 |
| Other taxation and social security | 1,436,363 | 410,037 |
| Other creditors | 6,473 | 5,000 |
| Accruals and deferred income | 674,670 | 1,135,724 |
| | <u>9,706,650</u> | <u>8,435,476</u> |

HELLER MACHINE TOOLS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Creditors: Amounts falling due after more than one year

| | Group 2019 £ | Group 2018 £ |
|------------------------------|--------------------|--------------------|
| Accruals and deferred income | <u>987,863</u> | <u>1,008,795</u> |

20. Deferred taxation

Group

| | 2019 £ |
|---------------------------|------------------|
| At beginning of year | (112,000) |
| Charged to profit or loss | (96,000) |
| At end of year | <u>(208,000)</u> |

| | Group 2019 £ | Group 2018 £ |
|--------------------------------|--------------------|--------------------|
| Accelerated capital allowances | (222,000) | (123,000) |
| Other short-term allowances | 14,000 | 11,000 |
| | <u>(208,000)</u> | <u>(112,000)</u> |

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Share capital

| | 2019 £ | 2018 £ |
|--|-------------------------|-------------------------|
| Allotted, called up and fully paid | | |
| 4,500,000 (2018 - 4,500,000) Ordinary shares of £1.00 each | <u><u>4,500,000</u></u> | <u><u>4,500,000</u></u> |

22. Reserves**Profit & loss account**

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

23. Capital commitments

At 31 December 2019 the Group and Company had capital commitments as follows:

| | Group 2019 £ | Group 2018 £ |
|---|--------------------|-----------------------|
| Contracted for but not provided in these financial statements | <u><u>-</u></u> | <u><u>137,399</u></u> |

24. Pension commitments

The group operates defined contribution pension schemes. The charge for the year of £283,434 (2018: £220,940) represents contributions falling due and paid over in the year. Contributions totaling £36,964 (2018: £28,463) are included in creditors.

25. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £ | Group 2018 £ |
|--|-----------------------|-----------------------|
| Not later than 1 year | 130,563 | 153,338 |
| Later than 1 year and not later than 5 years | 241,008 | 114,365 |
| | <u><u>371,571</u></u> | <u><u>267,703</u></u> |

HELLER MACHINE TOOLS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. Related party transactions

The company's financial statements are consolidated into those of its ultimate parent undertaking, Heller Holding SE & Co. KGaA (formerly 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 £640,078 (2018: £751,667) was paid to key personnel, including directors, during the year.

27. Ultimate parent undertaking

Heller Machine Tools Holdings Limited regards Heller Holding SE & Co KGaA (formerly Heller GmbH) of Nuertingen, Germany as its ultimate parent company.