

REGISTERED NUMBER: 03665668 (England and Wales)

**Report of the Directors and
Audited Financial Statements
for the Year Ended 31 December 2018
for
Saurer Fibrevision Limited**



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for the year ended 31 December 2018**

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Saurer Fibrevision Limited
Company Information
for the year ended 31 December 2018

DIRECTORS:

J Spahlinger
C Boddeker

REGISTERED OFFICE:

Heather Close
Lyme Green Business Park
Macclesfield
Cheshire
SK11 0LR

REGISTERED NUMBER:

03665668 (England and Wales)

AUDITORS:

Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
2 Maple Court
Davenport Street
Macclesfield
Cheshire
SK10 1JE

**Report of the Directors
for the year ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

J Spahlinger
C Boddeker

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

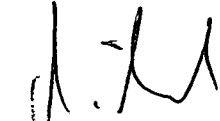
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Bennett Brooks & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
C Boddeker - Director

Date: 21st of March 2019

**Report of the Independent Auditors to the Members of
Saurer Fibrevision Limited**

Opinion

We have audited the financial statements of Saurer Fibrevision Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Report of the Independent Auditors to the Members of
Saurer Fibrevision Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 Report of the Auditors.

Use of our report

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



Marcus Baghurst FCCA (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
2 Maple Court
Davenport Street
Macclesfield
Cheshire
SK10 1JE

Date: 14 May 2019

Saurer Fibrevision Limited (Registered number: 03665668)

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018**

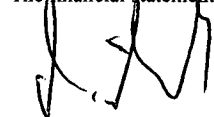
	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue	3	5,371,223	5,180,471
Cost of sales		(2,515,439)	(2,754,728)
GROSS PROFIT		2,855,784	2,425,743
Distribution costs		(100,844)	(97,625)
Administrative expenses		(2,483,010)	(2,052,067)
OPERATING PROFIT		271,930	276,051
Finance income	5	7,848	3,385
PROFIT BEFORE INCOME TAX	6	279,778	279,436
Income tax	7	29,870	15,874
PROFIT FOR THE YEAR		309,648	295,310
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		309,648	295,310

The notes form part of these financial statements

Statement of Financial Position
31 December 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	469,700	469,700
Intangible assets	9	52,442	-
Property, plant and equipment	10	86,557	65,139
		<u>608,699</u>	<u>534,839</u>
CURRENT ASSETS			
Inventories	11	1,502,620	1,094,558
Trade and other receivables	12	826,102	428,842
Tax receivable		37,870	-
Cash and cash equivalents	13	1,693,151	2,397,742
		<u>4,059,743</u>	<u>3,921,142</u>
TOTAL ASSETS		<u>4,668,442</u>	<u>4,455,981</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	48	48
Share premium	15	2,424,176	2,424,176
Retained earnings	15	1,288,871	979,223
TOTAL EQUITY		<u>3,713,095</u>	<u>3,403,447</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	889,574	1,006,241
Provisions	18	65,773	46,293
		<u>955,347</u>	<u>1,052,534</u>
TOTAL LIABILITIES		<u>955,347</u>	<u>1,052,534</u>
TOTAL EQUITY AND LIABILITIES		<u>4,668,442</u>	<u>4,455,981</u>

The financial statements were approved by the Board of Directors on 21 March 2019 and were signed on its behalf by:



C Boddeker - Director

Saurer Fibrevision Limited (Registered number: 03665668)

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2017	48	683,913	2,424,176	3,108,137
Changes in equity				
Total comprehensive income	-	295,310	-	295,310
Balance at 31 December 2017	48	979,223	2,424,176	3,403,447
Changes in equity				
Total comprehensive income	-	309,648	-	309,648
Balance at 31 December 2018	48	1,288,871	2,424,176	3,713,095

The notes form part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(606,602)	477,884
Tax paid		(8,000)	7,601
Net cash from operating activities		<u>(614,602)</u>	<u>485,485</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		(54,250)	-
Purchase of property plant and equipment		(43,587)	(46,238)
Interest received		7,848	3,385
Net cash from investing activities		<u>(89,989)</u>	<u>(42,853)</u>
 (Decrease)/increase in cash and cash equivalents		<u>(704,591)</u>	<u>442,632</u>
Cash and cash equivalents at beginning of year	2	2,397,742	1,955,110
 Cash and cash equivalents at end of year	2	<u><u>1,693,151</u></u>	<u><u>2,397,742</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the year ended 31 December 2018

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before income tax	279,778	279,436
Depreciation charges	23,977	15,845
Increase (decrease) in provisions	19,480	13,567
Finance income	(7,848)	(3,385)
	<u>315,387</u>	<u>305,463</u>
Increase in inventories	(408,062)	(99,467)
Increase in trade and other receivables	(397,260)	(112,614)
(Decrease)/increase in trade and other payables	(116,667)	384,502
	<u>(606,602)</u>	<u>477,884</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>1,693,151</u>	<u>2,397,742</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>2,397,742</u>	<u>1,955,110</u>

**Notes to the Financial Statements
for the year ended 31 December 2018**

1. STATUTORY INFORMATION

Saurer Fibrevision Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The Company manufactures, distributes and sells textile instrumentation and monitoring equipment.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are presented in Sterling which is also the Company's functional currency.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

New standards, amendments and interpretations

The Company has adopted the following new standards and interpretation in the historical financial information:

- IFRS 15 - Revenue from contracts with customers (effective 1 January 2018)
- IFRS 9 - Financial instruments (effective 1 January 2018)

The adoption of the above standards had no material impact on the results or financial position in any of the years presented. At the date of the historical financial information, the following new standard which have not been applied in this financial information were in issue but not yet effective:

- IFRS 16 - Leases (effective 1 January 2019)

The lease in place has been assessed against the requirements of IFRS 16 and an increase in both fixed assets and liabilities is expected between £350,000 - £400,000 in the next financial year.

There are other standards in issue which are not expected to have an impact on the company and therefore have not been included in the list above.

**Notes to the Financial Statements - continued
for the year ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue arises mainly from the manufacture and assembly of sensors. To determine whether to recognise revenue, the company follows a 5 step process as follows:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised either at a point in time, or over-time as the Company satisfies performance obligations by transferring the promised services to its customers as described below.

(i) Fixed-fee contracted manufacture and assembly of sensors

For the significant majority of revenue transactions, the Company enters into individual signed, written contracts for the manufacture and assembly of sensors generally for a specific project in a particular geographical location. This is considered in most cases to be the only performance obligation and the transaction price which is specified in the contract is allocated entirely to this single performance obligation.

(ii) Maintenance fee contracts

The Company's second revenue stream comes from the supply of maintenance contracts. This involves both weekly and yearly visits in order to both advise and troubleshoot for various customers. The performance obligation can therefore flex dependent on the customers needs but in the main is directly proportional to the visits made by the Company upon satisfactory service of the sensors.

Interest income

Interest income is recognised in proportion to time, taking into account the principal outstanding and the effective interest rates applicable.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination; irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

IAS 36 requires goodwill to be tested for impairment annually. Any impairment loss for goodwill is recognised directly in profit and loss and is not reversed in subsequent periods.

Intangible assets - patents & licences

Patents & licences, being the amount paid in connection with the acquisition of business in October 2008 has been fully amortised following an impairment review in 2012.

Intangible assets - computer software

Computer software, part of which being the amount paid in connection with the acquisition of a business in October 2008 has been fully amortised following an impairment review in 2012.

Other computer software was purchased in 2018 and is stated at historical cost less accumulated amortisation and accumulated impairment losses. This computer software will be amortised over a 5 year useful life.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is recognised at the following annual rate so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Computer equipment	50% straight line
Motor vehicles	25% straight line
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line

Inventories

Inventories are valued at the lower of average cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Income tax income represents the sum of the tax currently receivable and deferred tax.

(i) Current tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Research and development

Research costs are charged to the income statement in the year which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when it meets the criteria for IAS 38. Other development expenditure that does not meet these criteria are recognised as an expense as incurred and presented within operating expenses.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

**Notes to the Financial Statements - continued
for the year ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Leases

Leases in which a significant portion of the risks and rewards of ownership are operating leases and (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity.

Dividends

Final dividends to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Cash and cash equivalents

Cash and cash equivalents included in the statement of financial position and the statement of cash flows includes cash in hand, cash held at call with banks and cash held at call with Group treasury.

Deferred income

Deposits held in advance of sales are shown as deferred income in "accruals and deferred income". These are recognised as control of goods is passed to the customer.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Warranty provision

Provisions are made in respect of anticipated claims relating to certain products manufactured covering a period of up to five years from date of sale.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets - Initial recognition and subsequent measurement

Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit and loss and fair value through other comprehensive income. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. All financial assets of the company are held at amortised cost.

The Company's financial assets represent loans and receivables.

(i) Loans and receivables

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from the customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective rate interest rate. A loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses in cases where the credit risk on trade and other receivables has increased significantly since initial recognition. In cases where the credit risk has not significantly increased, the company measures the loss allowance at an amount equal to the 12-month expected credit loss. This assessment is performed on a collective basis considering forward looking information.

Interest income is recognised applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Financial liabilities - Initial recognition and subsequent measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Company's borrowings, trade and all other payables fall into this category of financial instruments.

(i) Other financial liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Company's other financial liabilities comprises "trade and other payables".

Notes to the Financial Statements - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Critical accounting estimates

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

Impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. In calculating the recoverable amounts of goodwill, cash-generating units have been determined on value in use calculations. These calculations require the use of estimates, predominantly in arriving at expected future cash flows.

3. REVENUE

Segmental reporting

Revenue recognised in the income statement is analysed as follows:

	2018 £	2017 £
Sale of goods	5,371,223	5,180,471
Revenue from continuing operations	5,371,223	5,180,471

The directors are the Company's chief operating decision makers and consider that the Company has one operating segment being the manufacture and sale of textile instrumentation and monitoring equipment.

Revenue by geographical area	2018 £	2017 £
China	3,617,496	3,640,942
India	290,468	587,467
Other Asia	759,718	535,173
Europe	379,838	286,730
Latin America	73,125	52,753
North America	112,895	42,253
Turkey	98,000	8,508
United Kingdom	23,913	25,645
Middle East	15,770	-
Total	5,371,223	5,180,471

In 2018 there were three major customers that individually accounted for at least 10 per cent of total revenues (2017: two customers). The revenues relating to these customers in 2018 were £705,157, £606,036 and £550,141 (2017: £1,229,297 and £650,051).

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	1,335,161	1,200,233
Social security costs	140,290	190,503
Defined contribution pension costs	76,654	59,467
	1,552,105	1,450,203

During the year an amount of £626,887 (2017: £542,596) included in the above figure was recharged to research and development costs (note 6).

The average number of employees in the year was 34 (2017: 31).

Notes to the Financial Statements - continued
for the year ended 31 December 2018

4. EMPLOYEES AND DIRECTORS - continued

	2018	2017
	£	£
Directors' remuneration	-	-

5. NET FINANCE INCOME

	2018	2017
	£	£
Finance income:		
Bank interest receivable	7,848	3,385

6. PROFIT BEFORE INCOME TAX

The profit before income tax is state after charging:

	2018	2017
	£	£
Cost of inventories recognised as an expense	2,532,498	2,754,728
Depreciation - owned assets	22,169	15,845
Computer software amortisation	1,808	-
Auditors' remuneration	8,500	8,500
Auditors' remuneration for non audit work	2,015	540
Research and development costs recognised as an expense	702,886	584,109
Operating lease payments recognised as an expense	79,000	79,000
Employee costs recognised as an expense	928,160	907,607
Other expenses	882,257	554,091

7. INCOME TAX

Analysis of tax income

	2018	2017
	£	£
Current tax:		
Tax	(29,870)	-
Overprovision in prior year	-	(15,874)
Total tax income in statement of profit or loss and other comprehensive income	(29,870)	(15,874)

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before income tax	279,778	279,436
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	53,158	53,093
Effects of:		
Effect of expenses that are not deductible	55	33
Effect of unrecognised deferred tax	(8,073)	10,595
Effect of concessions (research and development and other allowances)	(50,500)	(64,252)
Adjustment regarding the current tax of prior years	(4,308)	(15,874)
Change in tax rate	-	531
Overprovision of taxation	(20,202)	-
Tax income	(29,870)	(15,874)

Notes to the Financial Statements - continued
for the year ended 31 December 2018

7. INCOME TAX - continued

The effective rate of tax is 10.7% (2017: 5.7%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reduction to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

8. GOODWILL

	£
COST	
At 1 January 2018 and 31 December 2018	769,700
AMORTISATION	
At 1 January 2018 and 31 December 2018	300,000
NET BOOK VALUE	
At 31 December 2018	469,700
	£
COST	
At 1 January 2017 and 31 December 2017	769,700
AMORTISATION	
At 1 January 2017 and 31 December 2017	300,000
NET BOOK VALUE	
At 31 December 2017	469,700

The Company tests annually for impairment of goodwill. The method, key assumptions and results of the impairment review are detailed below:

Goodwill has been tested for impairment by assessing the value in use of the cash generating unit. The value in use calculations were based on the projected cash flows in perpetuity. Budgeted cash flows for 2019-2020 were used. The discount rate used to test the cash generating units was the Group's WACC of 13%.

The value in use calculations, together with sensitivity analysis using reasonable assumptions, indicate significant headroom and therefore do not give rise to impairment concerns. Having completed the impairment review no impairments have been identified. Management does not consider that there is any reasonable downside scenario which would result in an impairment.

9. INTANGIBLE ASSETS

	Patents and licences £	Computer software £	Totals £
COST			
At 1 January 2018	547,300	325,000	872,300
Additions	-	54,250	54,250
At 31 December 2018	547,300	379,250	926,550
AMORTISATION			
At 1 January 2018	547,300	325,000	872,300
Amortisation for year	-	1,808	1,808
At 31 December 2018	547,300	326,808	874,108
NET BOOK VALUE			
At 31 December 2018	-	52,442	52,442

Notes to the Financial Statements - continued
for the year ended 31 December 2018

9. INTANGIBLE ASSETS - continued

	Patents and licences £	Computer software £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>547,300</u>	<u>325,000</u>	<u>872,300</u>
AMORTISATION			
At 1 January 2017 and 31 December 2017	<u>547,300</u>	<u>325,000</u>	<u>872,300</u>
NET BOOK VALUE			
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2018	109,445	11,700	20,420	141,565
Additions	<u>34,070</u>	<u>2,258</u>	<u>7,259</u>	<u>43,587</u>
At 31 December 2018	<u>143,515</u>	<u>13,958</u>	<u>27,679</u>	<u>185,152</u>
DEPRECIATION				
At 1 January 2018	45,788	11,700	18,938	76,426
Charge for year	<u>18,454</u>	<u>319</u>	<u>3,396</u>	<u>22,169</u>
At 31 December 2018	<u>64,242</u>	<u>12,019</u>	<u>22,334</u>	<u>98,595</u>
NET BOOK VALUE				
At 31 December 2018	<u>79,273</u>	<u>1,939</u>	<u>5,345</u>	<u>86,557</u>

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2017	65,343	11,700	4,250	18,284	99,577
Additions	<u>44,102</u>	<u>-</u>	<u>-</u>	<u>2,136</u>	<u>46,238</u>
Disposals	<u>-</u>	<u>-</u>	<u>(4,250)</u>	<u>-</u>	<u>(4,250)</u>
At 31 December 2017	<u>109,445</u>	<u>11,700</u>	<u>-</u>	<u>20,420</u>	<u>141,565</u>
DEPRECIATION					
At 1 January 2017	33,146	9,360	4,250	18,075	64,831
Charge for year	<u>12,642</u>	<u>2,340</u>	<u>-</u>	<u>863</u>	<u>15,845</u>
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,250)</u>	<u>-</u>	<u>(4,250)</u>
At 31 December 2017	<u>45,788</u>	<u>11,700</u>	<u>-</u>	<u>18,938</u>	<u>76,426</u>
NET BOOK VALUE					
At 31 December 2017	<u>63,657</u>	<u>-</u>	<u>-</u>	<u>1,482</u>	<u>65,139</u>

Assets with initial costs totalling £57,105 (2017: £57,105) are still in use by the Company but have been fully depreciated by the year end.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

11. INVENTORIES

	2018	2017
	£	£
Raw materials	1,134,200	781,905
Work-in-progress	8,093	-
Finished goods	360,327	312,653
	<u>1,502,620</u>	<u>1,094,558</u>

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	£	£
Current:		
Trade receivables	703,497	332,138
VAT	68,556	72,378
Prepayments & accrued income	54,049	24,326
	<u>826,102</u>	<u>428,842</u>

At the year end, there was no provision for credit losses in either year. All of the above trade receivables are not past due.

13. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	1,458	184
Bank deposit account	1,485,527	972,430
Bank accounts	206,166	1,425,128
	<u>1,693,151</u>	<u>2,397,742</u>

The bank deposit account disclosed above relates to monies held by the parent company in a Group treasury account.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
3,782	Ordinary A	1p	38	38
1,066	Ordinary B	1p	10	10
			<u>48</u>	<u>48</u>

15. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2018	979,223	2,424,176	3,403,399
Profit for the year	309,648	-	309,648
At 31 December 2018	<u>1,288,871</u>	<u>2,424,176</u>	<u>3,713,047</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2018

15. RESERVES - continued

	Retained earnings £	Share premium £	Totals £
At 1 January 2017	683,913	2,424,176	3,108,089
Profit for the year	295,310	-	295,310
At 31 December 2017	<u>979,223</u>	<u>2,424,176</u>	<u>3,403,399</u>

16. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Current:		
Trade payables	388,782	474,738
Social security & other taxes	31,326	30,069
Accruals & deferred income	469,466	501,434
	<u>889,574</u>	<u>1,006,241</u>

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	79,000	79,000
Between one and five years	138,250	217,250
	<u>217,250</u>	<u>296,250</u>

18. PROVISIONS

	2018 £	2017 £
Other provisions	<u>65,773</u>	<u>46,293</u>
Analysed as follows:		
Current	<u>65,773</u>	<u>46,293</u>

	Warranty Provisions Total £
As at 1 January 2018	46,293
Additions	46,330
Used	(17,651)
Unused amounts reversed	(9,199)
As at 31 December 2018	<u>65,773</u>

Of the warranty provision, £39,588 (2017: £26,347) relates to items supplied several years ago under a five year warranty. The Company considers that the majority of issues with this item have now been rectified and any further utilisation will be predominantly in the next twelve months. As such, no discounting has been applied to the warranty provision.

The other element of the warranty provision (£26,185 (2017: £19,946)) relates to specific bespoke projects where issues have become apparent and the remedial work will be required.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

19. **ULTIMATE PARENT COMPANY**

Saurer AG (incorporated in Switzerland) are the immediate parent company. Saurer Intelligent Technology Co. Ltd (incorporated in China) is the ultimate parent company.

20. **RELATED PARTY DISCLOSURES**

During the period under review the Company was under the control of Saurer AG.

During the year the company incurred expenditure with Group companies as follows:

Saurer AG - trademark and management charges of £92,658 (2017: £154,710)

Saurer AG - selling and promotional costs of £71,374 (2017: £17,097)

Saurer Intelligent Technology AG - trademark and management charges of £78,158 (2017: £Nil)

Saurer Intelligent Technology AG - selling and promotional costs of £11,082 (2017: £Nil)

Saurer Spinning Solutions GmbH & Co KG (formerly Saurer Germany GmbH) - information technology recharges of £13,534 (2017: £13,541)

Saurer Spinning Solutions GmbH & Co KG (formerly Saurer Germany GmbH) - legal and consulting expenses of £279 (2017: £2,031)

Saurer Spinning Solutions GmbH & Co KG (formerly Saurer Germany GmbH) - selling and promotional costs of £5,342 (2017: £15,693)

Saurer Technologies GmbH (Hammelburg) - selling and promotional costs of £10,053 (2017: £6,034)

Saurer Technologies GmbH (Hammelburg) - trademark and management charges of £65,440 (2017: £Nil)

As at December 2018 the Company owed Saurer AG £15,569 (2017: £36,328), Saurer Intelligent Technology £49,961 (2017: £Nil), Saurer Spinning Solutions GmbH (formerly Saurer Germany GmbH) £279 (2017: £Nil) and Saurer Texparts £Nil (2017: £8,676).

During the year the Company made sales of £Nil (2017: £1,635) to Heberlein AG, a company with the same Ultimate Parent Company. Also during the year, Heberlein AG recharged £Nil (2017: £17,924) to the Company relating to management charges.

The Company also made sales of £Nil to Saurer Premier Technologies Pvt. Ltd. during the year (2017: £11,180). Saurer Premier Technologies Pvt. Ltd. is a Joint Venture 50% owned by Saurer AG, the Company's immediate parent company.

Saurer Germany GmbH acted as Group treasury and held bank balances of £1,485,527 (2017: £972,430) on the Company's behalf. The Company received interest of £7,848 relating to this balance (2017: £3,385).

21. **ULTIMATE CONTROLLING PARTY**

The directors consider there to be no ultimate controlling party.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed through its operations to one or more of the following financial risks that arise from its use of financial instruments. A risk management programme has been established to protect the Company against the potential adverse effects of these financial risks.

Categories of financial instruments

The totals for each category of financial instruments and the carrying amounts (the fair values equate to the carrying values), measured in accordance with IAS 39 as detailed in the policies, are as follows:

Financial assets

	Loan and receivables at amortised cost £	Non- financial assets £	Total £
As at 31 December 2018			
Trade and other receivables	772,053	54,049	826,102
Tax receivable	37,870	-	37,870
Cash and cash equivalents	1,693,151	-	-
Total	2,503,074	54,049	863,972
As at 31 December 2017			
Trade and other receivables	404,516	24,326	428,842
Cash and cash equivalents	2,397,742	-	-
Total	2,802,258	24,326	428,842

Financial liabilities

	Trade and other payables at amortised cost £	Non- financial liabilities £	Total £
As at 31 December 2018			
Trade and other payables	420,108	469,466	889,574
Tax payable	-	-	-
Provisions	-	65,773	65,773
Total	420,108	535,239	955,347
As at 31 December 2017			
Trade and other payables	504,806	501,434	1,006,240
Tax payable	-	-	-
Provisions	-	46,293	46,293
Total	504,806	547,727	1,052,533

Capital risk management

The Company aims to manage its overall capital so as to ensure that it continues to operate as a going concern, whilst providing an adequate return to its shareholders.

Risk management objectives

The Company manages financial risks through a Treasury function which monitors the risks and acts accordingly. The principal risks to which the Company is exposed are credit risk, liquidity risk, interest rate risk and foreign exchange risk.

Credit risk

Credit risk is the risk that a counter-party will cause a financial loss to the Company by failing to discharge its obligation to the Company.

**Notes to the Financial Statements - continued
for the year ended 31 December 2018**

The Company manages its exposure to this risk by applying Board approved limits to the amount of credit exposure to any one counter-party and employs strict minimum credit worthiness criteria as to the choice of counter-party thereby ensuring that there are no significant concentrations of credit risk.

The carrying amount of trade and other receivables represents the maximum credit exposure; therefore, the maximum exposure to credit risk at the balance sheet date was £772,053 (2017: £404,516).

As at the date of signing these financial statements, the trade receivable balance has been substantially reduced and therefore credit exposure is considered minimal.

Credit risk also arises from balances of cash and cash equivalents held in financial institutions. With the exception of amounts held by Group treasury, this amounts to £206,166 (2017: £1,425,128) and is held with a financial institution rated AA-.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short term and long-term funding and liquidity risks management requirements.

The Company manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

Financial liabilities

	Carrying amount £	Due in less than one month £	Due between one month to six months £	Due between six months and one year £
As at 31 December 2018				
Trade payables	323,252	323,252	-	-
Amounts owed to Group undertakings	65,530	11,082	54,448	-
Other payables	31,326	31,326	-	-
Total	420,108	365,660	54,448	-
As at 31 December 2017				
Trade payables	429,734	429,734	-	-
Amounts owed to Group undertakings	45,004	8,676	36,328	-
Other payables	30,069	30,069	-	-
Total	504,807	468,479	36,328	-

Interest rate risk and Interest rate sensitivity analysis

As at the balance sheet date there were no interest rate bearing financial instruments and therefore the Company has no material exposure to interest rates. A change in interest rate at the reporting date would not affect the reported results.

Notes to the Financial Statements - continued
for the year ended 31 December 2018

Foreign exchange risk

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments:

Financial assets	Sterling £	US Dollar £	Euro £	Swiss Franc £	Total £
As at 31 December 2018					
Cash and cash equivalents	1,647,927	-	24,816	20,408	1,693,151
Trade receivables	547,745	-	2,267	153,485	703,497
Other receivables	68,556	-	-	-	68,556
	<u>2,264,228</u>	<u>-</u>	<u>27,083</u>	<u>173,893</u>	<u>2,465,204</u>
As at 31 December 2017					
Cash and cash equivalents	2,380,188	-	9,903	7,651	2,397,742
Trade receivables	263,229	-	-	68,909	332,138
Other receivables	72,378	-	-	-	72,378
	<u>2,715,795</u>	<u>-</u>	<u>9,903</u>	<u>76,560</u>	<u>2,802,258</u>
Financial liabilities	Sterling £	US Dollar £	Euro £	Swiss Franc £	Total £
As at 31 December 2018					
Trade payables	277,972	-	20,381	24,622	322,974
Amounts owed to group undertakings	-	-	279	65,530	65,808
Other payables	31,326	-	-	-	31,326
	<u>309,298</u>	<u>-</u>	<u>20,659</u>	<u>90,151</u>	<u>420,108</u>
As at 31 December 2017					
Trade payables	356,966	20,516	-	52,251	429,733
Amount owed to group undertakings	-	-	8,676	36,328	45,004
Other payables	30,069	-	-	-	30,069
	<u>387,035</u>	<u>20,516</u>	<u>8,676</u>	<u>88,579</u>	<u>504,806</u>

Foreign exchange sensitivity analysis

A 10 percent weakening of the foreign currencies against sterling would have decreased equity by £9,017 this year.

The Company does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.