

Company Registration No. 00055771 (England and Wales)

HEIMBACH UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

HEIMBACH UK LIMITED

COMPANY INFORMATION

Directors	Mr H Hofmann Mr R G Martin Mr P Michels
Company number	00055771
Registered office	Bradnor Road Wythenshawe Manchester M22 4TS
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

HEIMBACH UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 33

HEIMBACH UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company was the manufacture and sale of woven synthetic forming fabrics for paper machines. All sales are made to group companies.

Fair review of the business

Heimbach UK became a wholly owned subsidiary of Heimbach GmbH in 1998. Prior to this it existed as CH Johnson Ltd and in total has been trading for over 225 years. It is a manufacturing and development organisation making forming fabrics for the paper industry.

The company is located in south Manchester with excellent access to the motorway network and Manchester international airport. It has been located at the same site since 1950. Sales of its products are direct to other group companies with the bulk of production being exported either to Europe or the rest of the world.

The site houses the Heimbach group forming fabric development team whose function is to develop new and innovative fabric designs to provide both value to the customer and help grow market share. With no direct sales force the orders are received direct from other group companies.

In terms of volume, 2017 was slower than 2016, but to ensure that the necessary skill levels were retained within the business for forecasted future growth, the company initiated a number of strategies. These strategies proved successful resulting in an overall satisfactory financial performance.

Our focus on customer satisfaction levels again had an overall positive effect and our claim rate for faulty manufactured goods was again zero. This ongoing success prompted confirmation from the sales organisation of increased levels of confidence in the manufacturing operation. Training and personal development remains high on our agenda as we seek to develop our employee satisfaction and engagement.

Our latest product concept Primoselect continues to perform well in the market place gaining excellent customer feedback. This enables us to not only gain new business, but to safeguard existing customer contracts. Orders in 2017 for such products were significantly above target.

The financial position of the company remains strong at the current year end with net assets excluding pension liabilities of £9,905,565.

Key performance indicators

During 2017, the major key performance indicators used were:

EBITDA £1,647,651 (2016: £2,059,784)

EBITDA / Net sales 25.0% (2016: 29.6%)

EBT £633,033 (2016: £939,856)

EBT / Net sales 9.6% (2016: 13.5%)

Return on net assets 4.7% (2016: 3.5%)

Risks for 2018 are similar to previously reported. Market conditions dictate and with a relatively stagnant demand for paper machine clothing continued growth is difficult. The market demands quality and delivery performance, so it is therefore imperative that we maintain and grow our existing customer service levels. The implications regarding Brexit are still unknown but as these become apparent we will need to develop our systems to handle any new regulations.

The shortage of skilled personnel is another risk to the organisation so therefore our training and engagement programmes are important to retain the existing personnel.

HEIMBACH UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management objectives and policies

Exchange rates are naturally hedged via currency bank accounts, as a small amount of income is received in Euros and is used to offset raw material purchases. All turnover is received in Sterling.

All turnover is generated from fellow organisations within the Heimbach group and therefore our credit risk is minimal.

We operate a defined benefit pension scheme which closed to future accrual and new members in 2001. The latest schedule of contributions agreed between ourselves and the Trustees indicates a recovery plan lasting until February 2023 based on the current company contributions. The last update from Trustees indicated the recovery plan being slightly ahead of target. The principal risks with regards to the defined benefit pension scheme are considered to be interest rates, inflation and equity market movements. We are comfortable with the Trustee investment strategy hedging against part of the risks.

The company has bi-annual board meetings at which performance is measured against detailed budgets. At these meetings the board reviews sales, quality, product development, production, health & safety and financial values.

The company distributes fully reconciled management accounts on a monthly basis to its ultimate holding company, Heimbach GmbH.

Future developments

There have been no significant developments since the year end. Focus for the current year will continue to be placed on the manufacture and innovation of forming fabrics.

On behalf of the board

Mr R G Martin

Director

22 February 2018

HEIMBACH UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors

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

Mr H Hofmann
Mr R G Martin
Mr P Michels

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,774,600. The directors do not recommend payment of a further dividend.

Directors' insurance

The ultimate holding company maintains insurance for the directors in respect of their duties as directors of the company.

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of financial risk management objectives and policies and future developments.

Statement of disclosure to auditor

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

On behalf of the board

Mr R G Martin

Director

22 February 2018

HEIMBACH UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

HEIMBACH UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEIMBACH UK LIMITED

Opinion

We have audited the financial statements of Heimbach UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HEIMBACH UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HEIMBACH UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HEIMBACH UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HEIMBACH UK LIMITED

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Pinder (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

26 February 2018

HEIMBACH UK LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	2016
	Notes	£	as restated £
Turnover	3	6,601,382	6,947,497
Cost of sales		(4,601,989)	(5,078,702)
Gross profit		<u>1,999,393</u>	<u>1,868,795</u>
Distribution costs		(182,097)	(157,564)
Administrative expenses		(2,763,296)	(2,151,028)
Other operating income		<u>1,629,076</u>	<u>1,461,872</u>
Operating profit	4	683,076	1,022,075
Interest receivable and similar income	7	54,843	14,826
Interest payable and similar expenses	8	<u>(104,886)</u>	<u>(97,045)</u>
Profit before taxation		633,033	939,856
Tax on profit	9	<u>678,291</u>	<u>(164,621)</u>
Profit for the financial year		<u><u>1,311,324</u></u>	<u><u>775,235</u></u>

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

HEIMBACH UK LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£	as restated £
Profit for the year	1,311,324	775,235
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	1,520,311	(1,874,378)
Tax relating to other comprehensive income	(258,453)	318,644
Other comprehensive income for the year	1,261,858	(1,555,734)
Total comprehensive income for the year	2,573,182	(780,499)

HEIMBACH UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		3,560,566		4,381,790
Current assets					
Stocks	13	805,572		739,401	
Debtors	14	3,669,206		5,273,242	
Cash at bank and in hand		2,402,493		1,233,088	
		6,877,271		7,245,731	
Creditors: amounts falling due within one year	15	(532,272)		(634,073)	
Net current assets			6,344,999		6,611,658
Total assets less current liabilities			9,905,565		10,993,448
Net assets excluding pension liability			9,905,565		10,993,448
Defined benefit pension liability	17		(2,543,036)		(4,429,501)
Net assets			7,362,529		6,563,947
Capital and reserves					
Called up share capital	18		500,000		500,000
Share premium account			20,000		20,000
Revaluation reserve			242,737		485,473
Profit and loss reserves			6,599,792		5,558,474
Total equity			7,362,529		6,563,947

The financial statements were approved by the board of directors and authorised for issue on 22 February 2018 and are signed on its behalf by:

Mr R G Martin
Director

Company Registration No. 00055771

HEIMBACH UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Revaluation reserves £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2016:						
Balance at 1 January 2016		500,000	20,000	1,348,804	6,456,060	8,324,864
Prior period adjustment		-	-	(620,595)	149,817	(470,778)
As restated		500,000	20,000	728,209	6,605,877	7,854,086
Year ended 31 December 2016:						
Profit for the year		-	-	-	775,235	775,235
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	(1,874,378)	(1,874,378)
Tax relating to other comprehensive income		-	-	-	318,644	318,644
Total comprehensive income for the year		-	-	-	(780,499)	(780,499)
Dividends	10	-	-	-	(509,640)	(509,640)
Transfers		-	-	(242,736)	242,736	-
Balance at 31 December 2016		500,000	20,000	485,473	5,558,474	6,563,947
Year ended 31 December 2017:						
Profit for the year		-	-	-	1,311,324	1,311,324
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	1,520,311	1,520,311
Tax relating to other comprehensive income		-	-	-	(258,453)	(258,453)
Total comprehensive income for the year		-	-	-	2,573,182	2,573,182
Dividends	10	-	-	-	(1,774,600)	(1,774,600)
Transfers		-	-	(242,736)	242,736	-
Balance at 31 December 2017		500,000	20,000	242,737	6,599,792	7,362,529

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Heimbach UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bradnor Road, Wythenshawe, Manchester, M22 4TS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the exemption to use the previous valuation of the leasehold land and buildings as deemed cost upon transition to FRS 102 and also to include the defined benefit pension liability which is stated as detailed in accounting policy 1.13. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of its ultimate parent undertaking, Heimbach GmbH, a company incorporated in Germany. The consolidated financial statements of Heimbach GmbH are available to the public and may be obtained from An Gut, Nazareth 73, D-52353, Dueren, Germany.

1.2 Going concern

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

1.3 Turnover

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

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

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Software	6 years straight line
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1.6 Tangible fixed assets

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

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

Long leasehold land & buildings	2% straight line
Plant, equipment & vehicles	5% - 33% straight line

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

Assets under construction are held on the balance sheet at cost and are not depreciated until the point when the asset is available for use.

1.7 Impairment of fixed assets

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

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

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

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the stock, production or conversion costs and other costs in bringing them to their present location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

The company does not have any non basic financial instruments.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

The company does not have any non basic financial instruments.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expenses if the company has made any offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be measured reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.14 Retirement benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution retirement benefit schemes are charged as an expense to the profit and loss account as they fall due.

Defined benefit plans

Employees were entitled to become members of the UK company pension scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. On 1 December 2001, the UK group took the decision to cease future service benefit accrual under the plan and the Trustees will continue to run it on a closed basis.

As the scheme is closed to benefit accruals there was no current service cost charged to the profit and loss account in the year, in respect of the defined benefit scheme.

The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

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

1.16 Foreign exchange

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

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.17 Prior year adjustment

Upon transition to FRS 102 the directors opted to take the exemption to use the previous GAAP revaluation of the leasehold land and buildings as the deemed cost at this date.

Following a review this year, the directors identified that the incorrect valuation was accounted for upon transition. The directors have decided to restate the transition balance sheet as at 1 January 2014 to correctly reflect the 2011 valuation.

As a result of this restatement, the net book value of tangible fixed assets has reduced by £850,000 as at 1 January 2016 and 31 December 2016.

The deferred tax effect of this has been twofold:

(1) The provision arising on the potential future capital gain at 1 January 2016 has been re-stated from £229,405 to nil. As a result, the movement of £14,604 reported in the 2016 financial statements relating to this deferred tax balance has now been removed.

(2) The provision relating to accelerated capital allowances at 1 January 2016 has been re-stated from £608,793 to £458,976. The same provision has then been re-stated at 31 December 2016 from £508,503 to £364,003, resulting in an increase in the tax credit through the profit and loss account of £5,317 in the year ended 31 December 2016.

The above has resulted in the revaluation reserve being adjusted from £1,120,672 as previously reported in the 31 December 2016 financial statements, to a restated balance of £485,473. Similarly, the profit and loss reserves of £5,413,974 as reported in the 31 December 2016 financial statements have now been restated to £5,558,474.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the point of purchase. For long leasehold land and buildings, this has been reassessed at each revaluation.

As standard, a useful economic life of 50 years is applied to long leasehold land and buildings and between 3 and 20 years for plant, equipment and vehicles.

Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying amounts of its tangible fixed assets based upon their knowledge of the assets to determine whether there is any indication that the assets have suffered an impairment loss. Where necessary, an impairment is recorded as an impairment loss.

Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including the payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of trade debtors

At each balance sheet date, management undertake a review of the outstanding debtor balances and estimate the balance that should either be impaired or provided against. Recoverability of trade debtors has not historically been an area of significant estimation uncertainty given all sales are made to group companies.

Assumptions used in the calculation of the defined benefit pension scheme liability

In order to adhere to the criteria of FRS 102, Section 28 'Employee benefits', the company uses the services of an independent external actuary to deliver the calculation of the defined benefit scheme deficit as at the reporting date.

The valuation is dependant upon, and highly sensitive to, a number of key actuarial assumptions including the life expectancy, discount rate, price inflation rate, and deferred pension increase rate. Further details of the actuarial assumptions used in respect of the 2017 valuation are provided in note 17.

Impairment of stock

At each balance sheet date, management undertake an assessment of the value at which stock items are held within the accounts.

Using the costs incurred against the stock items and the orders outstanding, an estimation is made by management as to whether the value of the stock is impaired and if a provision is required.

3 Turnover and other revenue

	2017	2016
	£	£
Turnover analysed by class of business		
Attributable to principal activities	6,601,382	6,947,497
	<u> </u>	<u> </u>
	2017	2016
	£	£
Other significant revenue		
Interest income	54,843	14,826
Other operating income	1,629,076	1,461,872
	<u> </u>	<u> </u>

No analysis of turnover by geographical market has been presented as the directors feel this would be prejudicial to the interests of the company.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(146,622)	(658,136)
Research and development costs	80,810	70,686
Fees payable to the company's auditor for the audit of the company's financial statements	19,000	19,000
Depreciation of owned tangible fixed assets	964,575	1,037,709
Loss on disposal of tangible fixed assets	63	10,652
Cost of stocks recognised as an expense	2,014,416	2,259,240
Operating lease charges	60,735	59,863
	<u> </u>	<u> </u>

5 Employees

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

	2017	2016
	Number	Number
Production	75	79
Selling	7	7
Administration	11	10
	<u> </u>	<u> </u>
	93	96
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	3,032,762	3,210,724
Social security costs	337,988	349,967
Pension costs	287,468	292,171
	<u> </u>	<u> </u>
	3,658,218	3,852,862
	<u> </u>	<u> </u>

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	100,949	84,947
Company pension contributions to defined contribution schemes	12,588	11,755
	<u> </u>	<u> </u>
	113,537	96,702
	<u> </u>	<u> </u>

HEIMBACH UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****6 Directors' remuneration****(Continued)**

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

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

7 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	367	674
Other interest income	54,476	14,152
	<u>54,843</u>	<u>14,826</u>
Total income	<u><u>54,843</u></u>	<u><u>14,826</u></u>

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on the net defined benefit liability	104,886	97,045
	<u>104,886</u>	<u>97,045</u>

9 Taxation

	2017	2016
	£	as restated £
Current tax		
UK corporation tax on profits for the current period	155,897	191,092
Adjustments in respect of prior periods	(820,457)	(14,659)
	<u>(664,560)</u>	<u>176,433</u>
Total current tax	<u><u>(664,560)</u></u>	<u><u>176,433</u></u>
Deferred tax		
Origination and reversal of timing differences	(13,731)	(11,812)
	<u>(13,731)</u>	<u>(11,812)</u>
Total tax (credit)/charge	<u><u>(678,291)</u></u>	<u><u>164,621</u></u>

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	633,033	939,856
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	121,859	187,971
Tax effect of expenses that are not deductible in determining taxable profit	18,566	7,491
Adjustments in respect of prior years	(820,457)	(50,133)
Change in tax rate	1,741	19,292
Taxation (credit)/charge for the year	(678,291)	164,621

In addition to the amount (credited)/charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £	2016 as restated £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	258,453	(318,644)

The Finance Act 2016 announced a reduction in the rate of UK corporation tax to 17% from 1 April 2020. A reduction in the rate of UK corporation tax from 20% to 19% from 1 April 2017 had previously been announced.

As at the balance sheet date, the reductions in the rate of corporation tax had been substantively enacted and therefore any deferred tax has been provided at these rates.

10 Dividends

	2017 £	2016 £
Final paid	1,774,600	509,640

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

	Software £
Cost	
At 1 January 2017 and 31 December 2017	1,281,876
Amortisation and impairment	
At 1 January 2017 and 31 December 2017	1,281,876
Carrying amount	
At 31 December 2017	-
At 31 December 2016	-

12 Tangible fixed assets

	Long leasehold land & buildings	Plant, equipment & vehicles	Total
	£	£	£
Cost or deemed cost			
At 1 January 2017 - As restated	1,750,000	15,001,063	16,751,063
Additions	-	143,415	143,415
Disposals	-	(7,856)	(7,856)
At 31 December 2017	1,750,000	15,136,622	16,886,622
Depreciation and impairment			
At 1 January 2017 - As restated	1,250,000	11,119,273	12,369,273
Depreciation charged in the year	250,000	714,575	964,575
Eliminated in respect of disposals	-	(7,792)	(7,792)
At 31 December 2017	1,500,000	11,826,056	13,326,056
Carrying amount			
At 31 December 2017	250,000	3,310,566	3,560,566
At 31 December 2016 - As restated	500,000	3,881,790	4,381,790

Upon transition to FRS 102 the company took advantage of the exemption to use the 2011 revaluation of the leasehold land and buildings as deemed cost under section 35.10 (d).

The 2011 revaluation was performed by Mr J Thornborrow, MRICS, IRRV, of Joe Thornborrow Limited. The fair value at that date was calculated to be £1,750,000 which was made in accordance with the Appraisal and Valuation manual published by the Royal Institute of Chartered Surveyors.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Tangible fixed assets

(Continued)

If revalued long leasehold land and buildings were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017 £	2016 £
Cost	575,528	575,528
Accumulated depreciation	(568,265)	(561,001)
Carrying value	7,263	14,527

13 Stocks

	2017 £	2016 £
Raw materials and consumables	116,039	95,118
Work in progress	625,306	551,935
Finished goods and goods for resale	64,227	92,348
	805,572	739,401

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Corporation tax recoverable	10,167	3,932
Amounts owed by group undertakings	3,306,693	4,627,565
Other debtors	88,460	80,121
Prepayments and accrued income	109,886	162,902
	3,515,206	4,874,520

	2017 £	2016 as restated £
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	154,000	398,722
Total debtors	3,669,206	5,273,242

Included in amounts owed by group undertakings are two unsecured loans totalling £2,948,205 (2016: £4,033,989). For both loans, either party may terminate the loan by giving six weeks written notice. The principal and accrued interest must then be repaid within ten weeks following the termination notice. Interest is charged on the amounts outstanding during the year at 0.5% above EURIBOR at the date the loan was taken out.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	153,545	157,873
Amounts due to group undertakings	61,767	129,997
Other taxation and social security	161,241	204,174
Other creditors	8,029	1,896
Accruals and deferred income	147,690	140,133
	<u>532,272</u>	<u>634,073</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £	Assets 2016 as restated £
Balances:		
Accelerated capital allowances	(292,758)	(364,003)
Retirement benefit obligations	446,758	762,725
	<u>154,000</u>	<u>398,722</u>
		2017 £
Movements in the year:		
Liability/(Asset) at 1 January 2017		(398,722)
Credit to profit or loss		(13,731)
Charge to other comprehensive income		258,453
Liability/(Asset) at 31 December 2017		<u>(154,000)</u>

It is impractical to estimate the movement of the deferred tax asset relating to retirement obligations in the twelve months following the balance sheet date, due to the estimation uncertainty over the related obligations, which can only be assessed following the next balance sheet date. Furthermore as at the signing date of these financial statements, as the company has not finalised its capital expenditure programme for 2018, an assessment as to the likely movement of other related timing differences cannot be made.

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	287,468	292,171

The company operates a defined contribution pension scheme for the benefit of the directors and employees meeting a certain criteria. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included within creditors at 31 December 2017 were outstanding contributions of £21,046 (2016: £nil).

Defined benefit schemes

The company also operates a defined benefit scheme for qualifying employees providing benefits based on final pensionable pay. With effect from 1 December 2001, the company took the decision to cease future benefit accrual under the scheme and, for the time being, the Trustees continue to run the scheme on a closed basis. The assets of the scheme are held separately from those of the company and are invested in managed funds.

The pension scheme is currently showing a funding deficit as a result of the government's minimum funding requirement, with a funding level on that basis as at 5 April 2014 of 83%. Due to this deficit, the company has put in place funding arrangements to restore solvency on the minimum funding requirements.

The Company has agreed that it will aim to eliminate the pension plan deficit over the next six years. Funding levels are monitored on a quarterly basis and the current agreed monthly contribution amount is £39,253. The next triennial valuation as at 5 April 2017 is currently underway.

Valuation

The most recent valuation was carried out as at 5 April 2014 using the aggregate funding method for the on-going valuation, and was updated for FRS 102 purposes as at 31 December 2017 by a qualified independent actuary.

Key assumptions	2017	2016
	%	%
Discount rate	2.40	2.50
Inflation (CPI)	2.25	2.35
Pension increases (CPI capped at 5%)	2.25	2.35
Pension increases (CPI capped at 3%)	2.05	2.10

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2017	2016
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.7	23.1
- Females	25.2	25.3
	<hr/>	<hr/>
Retiring in 20 years		
- Males	24.0	24.2
- Females	25.5	25.9
	<hr/>	<hr/>
	2017	2016
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Net interest on defined benefit liability/(asset)	104,886	97,045
	<hr/>	<hr/>
	2017	2016
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(1,556,494)	(1,658,099)
Less: calculated interest element	431,883	582,368
	<hr/>	<hr/>
Return on scheme assets excluding interest income	(1,124,611)	(1,075,731)
Actuarial changes related to obligations	(395,700)	2,950,109
	<hr/>	<hr/>
Total costs/(income)	(1,520,311)	1,874,378
	<hr/>	<hr/>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2017	2016
	£	£
Present value of defined benefit obligations	21,171,019	21,906,178
Fair value of plan assets	(18,627,983)	(17,476,677)
	<hr/>	<hr/>
Deficit in scheme	2,543,036	4,429,501
	<hr/>	<hr/>

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Retirement benefit schemes

(Continued)

	2017 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2017	21,906,178
Benefits paid	(876,228)
Actuarial gains and losses	(395,700)
Interest cost	536,769
	<hr/>
At 31 December 2017	21,171,019 <hr/>

	2017 £
<i>The defined benefit obligations arise from plans funded as follows:</i>	
Wholly unfunded obligations	-
Wholly or partly funded obligations	21,171,019
	<hr/>
	21,171,019 <hr/>

	2017 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2017	17,476,677
Interest income	431,883
Return on plan assets (excluding amounts included in net interest)	1,124,611
Benefits paid	(876,228)
Contributions by the employer	471,040
	<hr/>
At 31 December 2017	18,627,983 <hr/>

	2017 £	2016 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	4,089,267	4,710,436
Corporate bonds	5,235,407	7,464,608
Diversified growth funds	6,018,328	5,109,192
Cash	280,249	192,441
Liability driven investment funds	3,004,732	-
	<hr/>	<hr/>
	18,627,983	17,476,677 <hr/>

The actual return on plan assets was £1,556,494 (2016: £1,658,099).

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
2,000,000 Ordinary shares of 25p each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

19 Financial commitments, guarantees and contingent liabilities

The company has executed a debenture in favour of the trustees of the C.H.Johnson Pension Plan, of which the company is the principal employer. The debenture charges the property, undertakings and assets of the company, which is limited to the lesser of the sum of £3,500,000 or two thirds of the net assets of the company. The debenture comprises a fixed and floating charge over all property vested within the company present and future, including all property, goodwill, book debts, buildings, fixtures, fittings, plant and machinery.

20 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	51,797	50,714
Between two and five years	57,694	54,837
In over five years	695,086	695,844
	<u>804,577</u>	<u>801,395</u>

The company is party to a long leasehold agreement in respect of land and buildings. Annual rent of £758 is charged under the agreement which has a remaining lease term of 922 years. This commitment is included within the above table.

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	43,097	130,342

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Controlling party

The immediate and ultimate holding company of Heimbach UK Limited is Heimbach GmbH, a company incorporated in Germany.

The largest and smallest group in which the results of the company are consolidated is that headed by Heimbach GmbH. The consolidated accounts of this company are available to the public.

23 Directors' transactions

Included within other debtors at 31 December 2016 was a balance of £2,040 payable by one of the company's directors. No interest was charged on this balance. This was repaid in full during the year ended 31 December 2017.

24 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption conferred by Section 33 FRS102, namely from disclosing any transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the year the company entered into the following transactions with related parties:

	Sales and recharges		Purchases and recharges	
	2017	2016	2017	2016
	£	£	£	£
Non-wholly owned group companies (fellow subsidiaries)	8,114,271	8,470,566	238,431	234,107
	<u>8,114,271</u>	<u>8,470,566</u>	<u>238,431</u>	<u>234,107</u>

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2017	2016
	£	£
Non-wholly owned group companies (fellow subsidiaries)	18,308	34,821
	<u>18,308</u>	<u>34,821</u>

HEIMBACH UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2017
	Balance
	£
Amounts owed by related parties	
Non-wholly owned group companies (fellow subsidiaries)	199,751
	<u> </u>
	2016
	Balance
	£
Amounts owed in previous period	
Non-wholly owned group companies (fellow subsidiaries)	468,432
	<u> </u>

See note 19 for details of the debenture provided to the trustees of the C.H.Johnson Pension Plan, of which the company is the principal employer.

25 Prior period adjustment

Changes to the balance sheet

	At 31 December 2016			
	As previously reported	Adjustment at 1 Jan 2016	Adjustment at 31 Dec 2016	As restated
	£	£	£	£
Fixed assets				
Tangible assets	5,231,790	(850,000)	-	4,381,790
Current assets				
Deferred tax asset	39,421	379,222	(19,921)	398,722
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets	7,054,646	(470,778)	(19,921)	6,563,947
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital and reserves				
Revaluation reserve	1,120,672	(620,595)	(14,604)	485,473
Profit and loss	5,413,974	149,817	(5,317)	5,558,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total equity	7,054,646	(470,778)	(19,921)	6,563,947
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HEIMBACH UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017****25 Prior period adjustment****(Continued)****Changes to the profit and loss account**

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Taxation	(159,304)	(5,317)	(164,621)
	<u> </u>	<u> </u>	<u> </u>
Profit for the financial period	780,552	(5,317)	775,235
	<u> </u>	<u> </u>	<u> </u>

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