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De Smet Rosedowns Limited

Report and Financial Statements

31 December 2018

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COMPANIES HOUSE

Corporate Information

Directors

P Bayet
J D Bertoult

Secretary

P A Bray (appointed 21st December 2018)
S Clarke (resigned 21st December 2018)

Auditors

Ernst & Young LLP
24 Marina Court
Castle Street
Hull HU1 1TJ

Bankers

Barclays Bank P.L.C.
2 Humber Quays
Wellington Street West
Hull HU1 2BN

Solicitors

Andrew Jackson
Marina Court
Castle Street
Hull HU1 1TJ

Registered Office

Cannon Street
Hull HU2 0AD

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2018.

Principal activity and review of the business

The Company's core business continues to be the design and manufacture of screw presses, press wearing parts for the vegetable oil processing industry and press wearing parts for the animal by-products industry.

The loss for the year, after taxation, is £4,620,000 (2017 – profit £2,794,000) was due to the exceptional pension settlement costs incurred during the year. Trading performance was in line with expectations.

The Company's key financial and other performance indicators during the year were as follows:

| | 2018 £000 | 2017 £000 | Change % |
|--|--------------|--------------|-------------|
| Turnover | 13,147 | 16,141 | -18.6% |
| Operating profit, excluding pension settlement | 2,013 | 3,245 | -38.0% |
| (Loss)/Profit for the financial year | (4,620) | 2,794 | -265.4% |
| Shareholders' equity | 9,189 | 12,204 | -24.7% |
| Average number of employees | 94 | 90 | +4.4% |

Turnover from continuing operations has been positive although it decreased by 18.6% from previous year, due to the exceptional order intake in 2017.

The Company is well placed to take advantage of a continuing upsurge in demand for spare parts in all segments of the market and aims to consolidate this level of activity into the future.

Customer service is increasingly becoming a differentiating factor in our highly competitive market. The Company is therefore committed to achieving growth through improved service and a reduction in lead times, the latter being accomplished through increasing manufacturing capacity and outsourcing where necessary.

Operating profit decreased by 38.0% during the year. A decrease in gross profit was due primarily to the reduction in turnover. Administration expenses saw an overall decrease and also benefitted from the positive effect of foreign exchange gains of £181,000 (2017: loss £75,000).

Loss after tax of £4,620,000 (2017: profit £2,794,000) The result was impacted from the planned effect of the pension buyout which had a total cost of £7,392,000.

Shareholders' equity reduced by 24.7% because of the effect of the pension settlement.

The total average number of employees increased by 4.4% during the year.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the Company's management.

Strategic report

Principal risks and uncertainties (continued)

Price risk

The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will reconsider the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed investments.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The Company retains sufficient cash to ensure it has available funds for operations. The Company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk

The Company has interest bearing assets comprising cash balances, which earn interest at a floating rate. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. The directors will reconsider the appropriateness of this policy should the Company's operations change in size or nature.

Foreign exchange rate risk

The Company's sales are denominated primarily in Euros and US Dollars. The majority of purchases are made in Sterling. The Company does enter into forward contracts to manage the risk of exchange rate movements.

On behalf of the Board



J de Bertoult

Director

Date 07/06/2019

Registered No. 00040051

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year after taxation amounted to £4,620,000 (2017 – profit of £2,794,000). The directors do not recommend a final dividend (2017 – £nil).

Research and development

The Company continues to look for improvements to our product range to meet and surpass customer expectations.

Future developments

The Company's objective is to achieve sustainable organic growth. The key elements in achieving this are:

A first-class product range – the continuing development of the Sterling Series Range.

Market penetration – the Company continues to work closely with other group companies to win additional business and develop a strong market presence.

Research and development – as above

Investment – the Company maintains investment in its manufacturing facilities. This will continue into the future to improve efficiencies in the production process.

Financial instruments

Details of financial instruments are provided in the strategic report.

Going concern

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. No material uncertainties that cast doubt about the ability of the Company to continue as a going concern have been identified by the directors.

Directors

The directors who served the company during the year were as follows:

P Bayet

J D Bertoult

Disclosure of information to the auditors


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board


J de Bertoult
Director
Date 03/06/2019

Statement of directors' responsibilities

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent auditors' report

to the members of De Smet Rosedowns Limited

Opinion

We have audited the financial statements of De Smet Rosedowns limited for the year ended 31st December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes¹ to 21, 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 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st December 2018 and of its loss 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 below. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Independent auditors' report

to the members of De Smet Rosedowns Limited

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 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 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 or directors' report.

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

- adequate accounting records have not been kept 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 [set out on page...], 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.

Independent auditors' report

to the members of De Smet Rosedowns Limited

Auditor's responsibilities for the audit of the financial statements

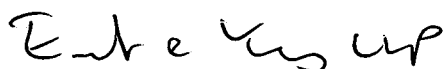
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, 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



Richard Frostick (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Hull

[Date] 7/6/2019

Income statement

for the year ended 31 December 2018

| | Notes | 2018 £000 | 2017 £000 |
|---|-------|-----------------------|---------------------|
| Turnover | 3 | 13,147 | 16,141 |
| Cost of sales | | <u>(8,742)</u> | <u>(10,392)</u> |
| Gross profit | | 4,405 | 5,749 |
| Administrative expenses | | (2,392) | (2,504) |
| Exceptional Pension Settlement Costs | 18 | <u>(7,392)</u> | <u>-</u> |
| Operating (loss)/ profit | 4 | <u>(5,379)</u> | <u>3,245</u> |
| Interest receivable and similar income | 7 | 114 | 72 |
| Interest payable and similar charges | 8 | - | (16) |
| (Loss)/profit on ordinary activities before taxation | | <u>(5,265)</u> | <u>3,301</u> |
| Tax credit/(expense) | 9 | <u>645</u> | <u>(507)</u> |
| (Loss)/profit for the financial year | | <u><u>(4,620)</u></u> | <u><u>2,794</u></u> |

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2018

| | | 2018 | 2017 |
|---|-------|----------------|--------------|
| | Notes | £000 | £000 |
| (Loss)/profit for the financial year | | (4,620) | 2,794 |
| Other Comprehensive income: | | | |
| Items that cannot be reclassified to profit or loss: | | | |
| Actuarial gain/(loss)loss on pension scheme | 18 | 1,726 | (509) |
| Movement on deferred tax relating to pension scheme | 9(c) | (122) | (39) |
| Total recognised (losses) and gains relating to the year | | (3,014) | 2,246 |

Statement of Changes in Equity

for the year ended 31 December 2018

| | <i>Called up share capital £000</i> | <i>Retained earnings £000</i> | <i>Total £000</i> |
|--|---|---------------------------------------|-----------------------|
| At 1 January 2017 | 234 | 10,224 | 10,458 |
| Profit for the financial year | – | 2,794 | 2,794 |
| Other comprehensive income | – | (548) | (548) |
| Total comprehensive income for the year | – | 2,246 | 2,246 |
| Equity dividends paid | – | (500) | (500) |
| At 1 January 2018 | 234 | 11,970 | 12,204 |
| (Loss)/profit for the financial year | – | (4,620) | (4,620) |
| Other comprehensive income | – | 1,605 | 1,605 |
| Total comprehensive income for the year | 234 | 8,955 | 9,189 |
| Equity dividends paid | – | – | – |
| At 31 December 2018 | 234 | 8,955 | 9,189 |

Balance sheet

at 31 December 2018

| | Notes | 2018 £000 | 2017 £000 |
|---|-------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 10 | 1,970 | 1,173 |
| Investments | 11 | 51 | 51 |
| | | <u>2,021</u> | <u>1,224</u> |
| Current assets | | | |
| Stocks | 12 | 2,693 | 2,347 |
| Trade debtors | | 1,963 | 3,300 |
| Amounts owed by fellow subsidiaries | 13 | 200 | 280 |
| Amount owed by parent undertaking | | | |
| - due in less than one year | 13 | 160 | 2,972 |
| - due in greater than one year | 13 | - | 1,203 |
| Other debtors | | 187 | 174 |
| Amount owed by ultimate parent undertaking | 13 | 69 | - |
| Prepayments and accrued income | | 101 | 128 |
| Income tax receivable | | 97 | - |
| Deferred tax asset | 9(d) | 604 | 122 |
| Cash at bank and in hand | | <u>3,967</u> | <u>4,530</u> |
| | | <u>10,041</u> | <u>15,056</u> |
| Creditors: amounts falling due within one year | | | |
| Payments received on account | | (775) | (698) |
| Trade creditors | | (1,137) | (1,211) |
| Amount owed to ultimate parent undertaking | 14 | (9) | - |
| Amounts owed to fellow subsidiaries | 14 | (309) | (460) |
| Income tax payable | | - | (210) |
| Other creditors including tax and social security | | (130) | (140) |
| Accruals and deferred income | | <u>(296)</u> | <u>(362)</u> |
| | | <u>(2,656)</u> | <u>(3,081)</u> |
| Net current assets | | 7,446 | 11,975 |
| Total assets less current liabilities | | 9,467 | 13,199 |
| Provisions for liabilities | 16 | (217) | (279) |
| Deferred tax liability | 9(d) | (61) | |
| Defined benefit pension plan deficit | 18 | - | (716) |
| | | <u>9,189</u> | <u>12,204</u> |
| Net assets | | | |
| Capital and reserves | | | |
| Share capital | 17 | 234 | 234 |
| Retained earnings | | <u>8,955</u> | <u>11,970</u> |
| Total equity | | 9,189 | 12,204 |

J de Bertoult

Director

Date 07/06/2019

Notes to the financial statements

at 31 December 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of De Smet Rosedowns Limited for the year ended 31 December 2018 were authorised for issue by the board of directors in April 2019 and the balance sheet was signed on the board's behalf by J De Bertoult. De Smet Rosedowns Limited is a private company limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Financiere DSBG.SAS, a Company registered in France.

The group financial statements of Financiere DSBG SAS are available from 38 Rue De Bassano, 75008 Paris 8.

2. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS101, some of which are taken as the group financial statements of the ultimate parent entity, Financiere DSBG SAS, include equivalent disclosures:

- Statement of cash flows and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective International Reporting Standards;
- IAS24.7 disaggregation of Key Management Personnel remuneration;
- IFRS13 Fair Value Measurement;
- IAS36 Impairments – certain disclosures;
- IAS24 Related Party Disclosures – the requirement to disclose related party transactions entered into between two or more members of a group, and
- IFRS7 Financial Instruments Disclosure.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

Notes to the financial statements Continued

at 31 December 2018

2. Accounting policies (continued)

Pension

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates. Further details are given in note 18.

Warranty

The warranty provision represents estimated rectification costs in respect of equipment sold and these costs are estimated to be incurred within three years of the equipment being sold.

Significant accounting policies

a) Foreign currency translation

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

Transactions and balances

Transactions in foreign currencies are initially recorded in the entities functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, on a straight-line basis over its expected useful life, as follows:

| | | |
|--------------------------------|---|---------------|
| Plant and machinery | – | over 10 years |
| Computers and office equipment | – | over 5 years |

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

c) Investments

Investments are held at cost less any provision for impairment in value.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

d) Leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the financial statements Continued

at 31 December 2018

2. Accounting policies (continued)

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

e) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – purchase costs on a first-in, first-out basis

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

f) Trade and other debtors

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

g) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

h) Government grants

Government are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Notes to the financial statements Continued

at 31 December 2018

2. Accounting policies (continued)

i) *Pensions*

The Company operates a defined contribution pension scheme. The contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

The Company also used to operate a defined benefit pension plan which was closed to new members and was closed to future accruals in April 2015. In December 2018 a premium was paid to an insurance company which, when combined with the schemes assets, was used to purchase a bulk annuity contract to provide all the plan benefits on behalf of the trustees. From 24 December 2018 neither the company nor the pension fund has any further obligations to the scheme's members and the pension scheme has been formally wound up. This resulted in the FRS17 Liability within the accounts to 31 December 2018 being £nil.

j) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value added tax.

k) *Research and development*

Expenditure on research and development incurred in the year is charged to the income statement.

3. Turnover

Turnover recognised in the income statement represents income from the sale of goods.

An analysis of turnover by geographical market is given below:

| | 2018 £000 | 2017 £000 |
|----------------|---------------|---------------|
| United Kingdom | 1,417 | 1,356 |
| Europe | 4,220 | 6,191 |
| Rest of world | 7,510 | 8,594 |
| | <u>13,147</u> | <u>16,141</u> |

The directors consider that the Company has one major class of business, being the manufacture of presses and their component parts.

Notes to the financial statements Continued

at 31 December 2018

4. Operating profit

This is stated charging/(crediting):

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Exceptional Item – Pension Settlement Costs | (7,392) | - |
| Research and development costs written off | 16 | 8 |
| Foreign exchange (gains)/losses | (181) | 75 |
| Services provided by the Company's auditor: | | |
| Fees payable for the audit | 20 | 24 |
| Fees payable for other services – tax compliance | 9 | 7 |
| Depreciation of tangible fixed assets: | | |
| Owned assets | 216 | 194 |
| Operating lease payments – plant and machinery | 36 | 38 |
| – land and buildings | 150 | 151 |
| Cost of stocks recognised as an expense (included in cost of sales) | 5,356 | 6,672 |

5. Directors' remuneration

| | 2018 £000 | 2017 £000 |
|--------------|--------------|--------------|
| Remuneration | - | - |

In 2018 none of the directors were remunerated by this Company (2017 – none) and no directors were accruing benefits under a company pension scheme (2017 – none).

The remuneration of both directors is paid for and disclosed in the financial statements of the Company's parent undertaking, Financiere DSBG SAS.

Notes to the financial statements Continued

at 31 December 2018

6. Staff costs

| | 2018 £000 | 2017 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 3,221 | 2,950 |
| Social security costs | 305 | 316 |
| Other pension costs | 214 | 263 |
| | <u>3,740</u> | <u>3,529</u> |

The average monthly number of employees during the year was made up as follows:

| | 2018 No. | 2017 No. |
|--------------------------|-------------|-------------|
| Production | 79 | 75 |
| Selling and distribution | 9 | 9 |
| Administration | 6 | 6 |
| | <u>94</u> | <u>90</u> |

7. Interest receivable and similar income

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Loan interest receivable | 26 | 72 |
| Net interest income on defined benefit pension scheme (note 18) | 88 | - |
| | <u>114</u> | <u>72</u> |

8. Interest payable and similar charges

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Net interest cost on defined benefit pension scheme (note 18) | - | 15 |
| Other interest | - | 1 |
| | <u>-</u> | <u>16</u> |

Notes to the financial statements Continued

at 31 December 2018

9. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Current income tax: | | |
| UK corporation tax | - | 508 |
| Current income tax charge | - | 508 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 22 | (1) |
| Impact of change in tax rate | (2) | - |
| Recoverable deferred tax asset | (665) | - |
| Total deferred tax | (645) | (1) |
| Tax (credit)/expense in the income statement | (645) | 507 |

(b) Factors affecting tax [] for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before tax | (5,265) | 3,301 |
| Tax calculated at UK standard rate of corporation tax of 19% (2017 – 19.25%) | (1,000) | 635 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3 | 28 |
| Capital allowances in excess of depreciation | (25) | - |
| Non-taxable expense | 1 | (13) |
| Defined benefit pension adjustment | 936 | (142) |
| Recoverable deferred tax asset | (665) | - |
| Current year losses | 85 | - |
| Origination and reversal of temporary differences | 22 | (1) |
| Change in tax laws and rate | (2) | - |
| Total tax (credit)/expense reported in the income statement | (645) | 507 |

Notes to the financial statements Continued

at 31 December 2018

9. Tax (continued)

(c) Tax relating to items charged or credited to other comprehensive income

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Movement on deferred tax relating to pension scheme | (122) | (39) |
| Tax expense in the statement of other comprehensive income | <u>(122)</u> | <u>(39)</u> |

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Deferred tax liability | | |
| Accelerated capital allowances | (63) | (43) |
| Other timing differences | <u>2</u> | <u>2</u> |
| | <u>(61)</u> | <u>(41)</u> |
| Deferred tax asset | | |
| Pension contributions | <u>665</u> | - |
| Pensions and post-employment medical benefits | <u>-</u> | <u>122</u> |
| | <u>665</u> | <u>122</u> |

Disclosed on the balance sheet

| | | |
|------------------------|-------------|-------------|
| Deferred tax asset | 665 | 122 |
| Deferred tax liability | <u>(61)</u> | <u>(41)</u> |
| | <u>604</u> | <u>81</u> |

(e) Factors that may affect future tax []

The standard rate of tax applied to the reported profit on ordinary activities is 19.25%. The applicable tax rate has changed following the substantive enactment of the Finance Act 2013. Finance (No. 2) Act 2015 was enacted on 18 November 2015 and announced a reduction in the corporation tax rate to 19% (effective 1 April 2017) and 18% (effective 1 April 2020). Furthermore Finance Act 2016 was enacted on 15 September 2016 and announced that the corporation tax rate effective as at 1 April 2020 would, in fact, be 17%. Deferred tax is therefore provided at 17% being the rate enacted at the balance sheet date.

During the year beginning 1 January 2018, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £1,000. This is due to the anticipated unwind of deferred tax on fixed assets.

Notes to the financial statements Continued

at 31 December 2018

10. Tangible fixed assets

| | <i>Plant and machinery £000</i> | <i>Computers and office equipment £000</i> | <i>Total £000</i> |
|---|---|--|-----------------------|
| Cost: | | | |
| At 1 January 2018 | 3,827 | 134 | 3,961 |
| Additions | 1,000 | 13 | 1,013 |
| At 31 December 2018 | 4,827 | 147 | 4,974 |
| Accumulated depreciation: | | | |
| At 1 January 2018 | 2,681 | 107 | 2,788 |
| Provided during the year | 208 | 8 | 216 |
| At 31 December 2018 | 2,889 | 115 | 3,004 |
| Net book value: | | | |
| At 31 December 2018 | 1,938 | 32 | 1,970 |
| At 1 January 2018 | 1,146 | 27 | 1,173 |
| | | <i>2018</i> | <i>2017</i> |
| | | <i>£000</i> | <i>£000</i> |
| Cost of assets held under hire purchase contracts | | 431 | 431 |
| Depreciation provided | | 431 | 431 |

11. Investments

| | <i>Subsidiary undertakings £000</i> |
|--|---|
| Cost: | |
| At 1 January 2018 and 31 December 2018 | 51 |

The Company has the following interest in a subsidiary undertaking.

| | <i>County of registration, in- corporation and operation</i> | <i>Share- holding</i> | <i>% of shares held</i> | <i>Nature of business</i> |
|--|--|---------------------------|-----------------------------|-------------------------------|
| De Smet Ballestra Rosedowns India Private Limited NITON, Block 'B', 3 rd Floor, No 11, Palace Road, 560052 Bangalore Kamataka | India | Ordinary | 99% | Non-trading |

The directors believe that the carrying value of the investment is supported by the underlying net assets.

Notes to the financial statements Continued

at 31 December 2018

12. Stocks

| | 2018 £000 | 2017 £000 |
|-------------------------------------|--------------|--------------|
| Work in progress | 259 | 276 |
| Raw materials and consumables | 529 | 772 |
| Finished goods and goods for resale | 1,905 | 1,299 |
| | <u>2,693</u> | <u>2,347</u> |

13. Debtors

The amounts owed by fellow subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Creditors: amounts falling due within one year

Amounts owed to group undertakings are payable on demand.

15. Obligations under finance leases and hire purchase contracts

Future minimum rentals payable under non-cancellable operating leases are as follows:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Not later than one year | - | 13 |
| After one year but not more than five years | 105 | 87 |
| After five years | 2,082 | 732 |
| | <u>2,187</u> | <u>832</u> |

16. Provisions for liabilities

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

| | <i>Deferred taxation excluding deferred tax on pension liability (notes 9 and 9(c))</i> £000 | <i>Warranty</i> £000 | <i>Total</i> £000 |
|--------------------------|---|-------------------------|----------------------|
| At 1 January 2018 | 41 | 238 | 279 |
| Utilised during the year | - | (97) | (97) |
| Profit and loss account | 20 | 76 | 96 |
| At 31 December 2018 | <u>61</u> | <u>217</u> | <u>278</u> |

The warranty provision represents estimated rectification costs in respect of equipment sold. These costs are expected to be incurred within three years of equipment commissioning.

Notes to the financial statements Continued

at 31 December 2018

17. Issued share capital

| | | 2018 | | 2017 |
|---|------------|-------------|------------|-------------|
| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>£000</i> | <i>No.</i> | <i>£000</i> |
| Ordinary shares of £10 each | 23,408 | <u>234</u> | 23,408 | <u>234</u> |

Retained earnings represents the distributable reserves of the entity.

18. Pensions

Defined contribution scheme

The Company sponsored the plan which was a funded defined benefit pension arrangement. This was a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for some 121 past employees as at 5 April 2015. The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement. In December 2018 a premium was paid to an insurance company to provide all plan benefits on behalf of the trustees.

The plan was subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the plan were required to act in the best interest of the plan beneficiaries. The appointment of the trustees were determined by the plan's trust documentation. It was policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 5 April 2015 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the company and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This actuarial valuation showed a deficit of £2,124,000. The Company agreed with the trustees that it would aim to eliminate the deficit over a period of 4 years and 9 months from 1 January 2016 by the payment of monthly contributions of £20,543, totalling £246,516 per annum. The amount payable increases by 3% on each 1 January with the first increase being at 1 January 2017. In addition and in accordance with the actuarial valuation, the Company has agreed with the trustees that it will meet expenses of the plan and levies to the Pension Protection Fund as and when they are due.

For the purposes of IAS 19 and FRS101 the actuarial valuation as at 5 April 2015, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2018. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures. The balance sheet position as at 31 December 2018 reflects the fact that the assets and liabilities of the scheme have been removed as a result of the buy out settlement of the scheme.

Notes to the financial statements Continued

at 31 December 2018

18. Pensions (continued)

Amounts included in the statement of financial position

| | <i>31 December 2018</i> | <i>31 December 2017</i> | <i>31 December 2016</i> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Fair value of plan assets | - | 14,854 | 13,765 |
| Present value of defined benefit obligations | - | 13,907 | 14,564 |
| Surplus (deficit) in scheme | - | 947 | (799) |
| Impact of asset ceiling | - | (1,663) | (147) |
| Asset (liability) to be recognised | - | (716) | (946) |
| Deferred tax | - | 122 | 161 |
| Net asset (liability) to be recognised | - | (594) | (785) |

The present value of plan liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

However, this plan has now wound-up so the present value of plan liabilities is now zero.

All actuarial gains and losses will be recognised in the year in which they occur in Other Comprehensive Income (OCI).

Reconciliation of the impact of the asset ceiling

| | <i>31 December 2018</i> | <i>31 December 2017</i> |
|---|-----------------------------|-----------------------------|
| Impact of asset ceiling at the start of the period | (1,663) | (147) |
| Effect of the asset ceiling included in net interest cost | (40) | (4) |
| Actuarial losses (gains) on asset ceiling | 1,703 | (1,512) |
| Impact of asset ceiling at the end of period | - | (1,663) |

The company have reviewed implications of the guidance provided by IFRIC14 and have concluded that it is not necessary to make any adjustments to the IAS19 figures in respect of an asset ceiling or Minimum Funding Requirement as at 31 December 2018.

Notes to the financial statements Continued

at 31 December 2018

Significant actuarial assumptions:

| | <i>Assumptions</i> | | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2018 | 2017 | 2016 |
| Discount rate | 2.8% | 2.4% | 2.6% |
| Inflation (RPI) | 3.5% | 3.4% | 3.6% |
| Inflation (CPI) | 2.5% | 2.4% | 2.6% |
| Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less | 3.5% | 3.4% | 3.6% |
| Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a. | 3.8% | 3.7% | 3.8% |
| Allowance for pension in payment increases of CPI or 5% p.a. if less | 2.5% | 2.4% | 2.6% |
| Allowance for pension in payment increases of CPI or 3% p.a. if less | 2.1% | 2.0% | 2.3% |
| Allowance for commutation of pension for cash at retirement | 100% of Post A Day on current factors | 100% of Post A Day on current factors | 100% of Post A Day on current factors |

The mortality assumptions adopted at 31 December 2018 are 120% of the standard tables S2PxA, Year of Birth, no age rating for males and females, projected using CMI_2017 converging to 1.00% p.a. These imply the following life expectancies:

| | <i>Life expectancy at age 65 (Years) 2018</i> |
|-------------------------|---|
| Male retiring in 2018 | 20.4 |
| Female retiring in 2018 | 22.3 |
| Male retiring in 2038 | 21.5 |
| Female retiring in 2038 | 23.6 |

Notes to the financial statements Continued

at 31 December 2018

18. Pensions (continued)

The assets and liabilities of the Scheme and the expected rates of return were:

| <i>Description</i> | <i>Value at 31 December 2018 £000</i> | <i>Value at 31 December 2017 £000</i> | <i>Value at 31 December 2016 £000</i> |
|-------------------------------------|---|---|---|
| Corporate Bonds | - | 8,637 | 7,929 |
| Diversified growth funds | - | 6,163 | 5,314 |
| Cash | - | 54 | 522 |
| Total assets | - | 14,854 | 13,765 |
| Present value of scheme liabilities | - | (13,907) | (14,564) |
| Surplus/(deficit) in scheme | - | 947 | (799) |
| Impact of asset ceiling | - | (1,663) | (147) |
| Pension scheme funds | - | (716) | (946) |
| Related deferred tax asset | - | 122 | 161 |
| Net pension liability | - | (594) | (785) |

None of the fair values of the assets shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustee's bank account balance. There are no additional assets pledged, and no additional arrangements agreed between the company and trustees to secure members benefits under the plan.

It was the policy of the trustees and the company to review the investment strategy at the time of each funding valuation. The trustees investment objective simplified to that of securing all benefits with an insurance company the wind-up effective date confirmed as 20 December 2018.

All plan liabilities have been eliminated as a result of the insurance company buy-out.

Notes to the financial statements Continued

at 31 December 2018

18. Pensions (continued)

Defined benefit costs recognised in the profit and loss

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| <i>Service cost:</i> | | |
| Current service cost | - | - |
| Past service cost and loss/(gain) from settlements | 7,146 | - |
| Expenses | - | - |
| Net interest cost | (88) | 15 |
| Losses (gains) on business combinations | - | - |
| Defined benefit costs recognised in profit or loss | <u>7,058</u> | <u>15</u> |

The settlement costs of £7,146,000 together with expenses in relation to closure of £246,000 are included in the profit and loss account as an exceptional item of £7,392,000.

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| <i>Defined benefit costs recognised in other comprehensive income</i> | | |
| Return on plan assets (excluding amounts included in net interest cost) – gain (loss) | (530) | 597 |
| Experience gains and losses arising on the defined benefit obligation – gain (loss) | (8) | 143 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss) | 87 | 405 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss) | 474 | (142) |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss) | 23 | 1,003 |
| Effect of the asset ceiling (excluding amounts included in net interest cost) – gain (loss) | 1,703 | (1,512) |
| Total amount recognised in other comprehensive income – gain (loss) | <u>1,726</u> | <u>(509)</u> |

Notes to the financial statements Continued

at 31 December 2018

Reconciliation of opening and closing present value of the defined benefit obligation:

| | 2018 | 2017 |
|--|----------|--------|
| | £000 | £000 |
| Defined benefit obligation at start of period | 13,907 | 14,564 |
| Current service cost | - | - |
| Expenses | - | - |
| Interest expense | 323 | 371 |
| Contribution from plan participants | - | - |
| Actuarial losses (gains) due to scheme experience | 8 | (143) |
| Actuarial losses (gains) due to changes in demographic assumptions | (87) | (405) |
| Actuarial losses (gains) due to changes in financial assumptions | (474) | 142 |
| Benefits paid | (134) | (622) |
| Past service costs | - | - |
| Losses (gains) on curtailments | - | - |
| Liabilities assumed in a business combination | - | - |
| Liabilities extinguished on settlement | (13,543) | - |
| Exchange rate services | - | - |
| Past service costs | - | - |
| Defined benefit obligation at end of period | - | 13,907 |

Liabilities were extinguished on settlement on 20 December 2018.

Reconciliation of opening and closing values of the fair value of plan assets:

| | 2018 | 2017 |
|---|----------|--------|
| | £000 | £000 |
| Fair value of plan assets at start of period | 14,854 | 13,765 |
| Interest income | 451 | 360 |
| Return on plan assets (excluding amounts included in interest income) | (530) | 597 |
| Contributions by the company | 6,048 | 754 |
| Contributions by the plan participants | - | - |
| Benefits paid | (134) | (622) |
| Assets acquired in a business combination | - | - |
| Assets distributed on settlement | (20,689) | - |
| Exchange rates changes | - | - |
| At 31 December | - | 14,854 |

The actual return on the plan assets over the period ended 31 December 2018 was £79,000.

Notes to the financial statements Continued

at 31 December 2018

19. Contingent liabilities

At 31 December 2018 there were contingent liabilities as follows:

Sundry performance bonds and trade guarantees amounting to £nil (2017 – £nil).

20. Related party transactions

The Company is a wholly-owned subsidiary of Financiere DSBG SAS and is included in the group financial statements of Financiere DSBG SAS, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a statement of cash flows under the terms of FRS 1 statement of cash flows (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Financiere DSBG SAS group or investees of the Financiere DSBG SAS group.

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is N V Desmet Ballestra Group SA, a company incorporated in Belgium.

The ultimate parent undertaking and controlling party, Financiere DSBG SAS, a company incorporated in France, produces group financial statements. Financiere DSBG SAS is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The group financial statements of Financiere DSBG SAS can be obtained from 38 Rue De Bassano, 75008 Paris 8.