

**HUBER+SUHNER (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



# **HUBER+SUHNER (UK) LIMITED**

## **COMPANY INFORMATION**

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**Directors**

U Ryffel  
I Wechsler  
D Nixon

**Secretary**

Mr L Kolbjerg

**Company number**

902205

**Registered office**

Telford Road  
Bicester  
Oxfordshire  
OX26 4LA

**Independent Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **HUBER+SUHNER (UK) LIMITED**

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# **HUBER+SUHNER (UK) LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Review of the business**

The company's principal activity continues to be that of importing, manufacturing and selling electrical and optical connectivity components and accessories related to the three key markets of Transportation, Communications and Industrial. This is coupled with an increasing level of "Value Add" and systems solutions to effectively differentiate the company from the traditional competitors in the UK market.

The HUBER+SUHNER Northern Europe Region consists of the UK, Sweden, Denmark, Norway, Finland and the Baltics. The centre of this region is HUBER+SUHNER (UK) where all of the central functions such as Finance, HR, IT and the majority of the front office are based with branch offices of HUBER+SUHNER (UK) in Sweden and Denmark. Norway, Finland and the Baltics continue to be serviced by third party distributors but are managed directly out of the UK.

The turnover for 2017 was up 8.7% relative to the prior year and gross margins increased to 18.5% (2016:15.8%).

The percentage of sales from Global Key Accounts and other large customers that trade in high volume but lower than average margin decreased dramatically year on year, resulting in pressure on turnover but improved margins. To reduce the currency impact on purchase, the business continues a natural hedging policy with purchases made from its Parent Company in Switzerland, with the majority of purchases made in the same currency as the customer invoice currency, which mitigates some of the local currency risk. The balance of any net currency cash flows were covered with forward contracts.

Third Party sales increased by 8.6% to £56,736,000 in 2017 (2016: £52,257,000) and inter-group sales increased to £139,000 in 2017 (2016: £47,000). Turnover in 2017 made by Denmark branch was £7,499,000 (2016: £5,885,000) and by Sweden was £19,150,000 (2016: £24,536,000).

The company incurred a net profit before tax of 4.8% (2016: 1%).

#### **Strategy**

The company is a part of the HUBER+SUHNER Group whose main objectives are to focus on the 3 x 3 strategy of supplying our 3 core technologies - Fibre Optics, Cable and Radio Frequency into our 3 key markets of Communication, Transportation and Industrial and to introduce new innovative products and solutions that assist growth in those markets and in our core technologies.

In the UK the company supports the group strategy by operating in the same markets and introducing, promoting and selling the new products and services in the country. The UK has continued to successfully position itself to offer greater total solution packages to all strategic markets thereby differentiating itself from traditional component competitors.

#### **Future outlook**

Conditions in the UK market are expected to continue to be uncertain in 2018, with the projection that there will be similar growth to last year, in the region of 5-10%. This is mainly driven by growth in the Railway, Automotive and Data Centre markets, offsetting weakness in General Industrial and Energy markets. Aerospace and Defence continues to be a key focus for the business.

The impact of Brexit and US foreign policy may lead to further currency fluctuations. The company will continue to look for natural hedging opportunities with our Parent Company to manage the local risk. Overall the UK economy is showing resilience, however uncertainty in key areas such as Brexit may put pressure on sales revenue, margins and customer spend in the latter part of 2018.

# HUBER+SUHNER (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### Principal Risks and Uncertainties

The key business risks and uncertainties affecting the company relate to the UK economic situation as well as changes in product technology and the fluctuation in the key exchange rates versus Sterling. The government awards of major new rolling stock contracts to offshore suppliers has had an effect on our longer term position in the Transportation market and although UK infrastructure spend is planned, it is sometime in the future. This is also true in the key Aerospace and Defence market where the awarding of projects can take a number of years.

The large Global Key Accounts where there are low margins are also a key business risk. It has been observed in 2017, due to their global nature, these customers may choose to place their business in other regions creating risk to turnover. Conversely, due to the low margins seen with these customers, any large increases in turnover from these same customers are a risk to margin.

### Financial Risk Management Policy

In the ordinary course of business, the company is exposed to a variety of financial risks that include price risk, credit risk, exchange rate risk and liquidity risk. Company management monitors these risks regularly and makes every effort to minimise negative influences on the company's financial results.

#### Price risk

The company monitors the market prices and takes action to adjust prices where there are movements in commodity prices. Large material purchases are selectively hedged by the parent company at a group level.

#### Credit risk

The credit risk for sales debtors from trading is limited by the market spread of customers. In addition, this risk is reduced by regular checks of creditworthiness, withdrawing credit for slow payers and requesting cash with the order.

#### Exchange rate risk

The company is exposed directly to five currencies, the Euro, CHF, US Dollar and the Danish and Swedish Krone, from sales to customers and a limited amount of local purchases. The risk is minimised by including currency fluctuation clauses in some contracts. The parent company uses foreign exchange forward contracts and options to control foreign currency risks for incoming and outgoing payments at a group level.

#### Liquidity risk

Where necessary the company negotiates local facilities with UK financial institutions. In addition, the group will give liquidity support if required.

### Key Performance Indicators

Key Performance Indicators are in place covering everything from efficiency and productivity to quote conversion, sales and orders and local and consolidated profit. KPI's are a fundamental part of the corporations' Global Management System (GMS).

On behalf of the board



J. Wechsler

Director

24 May 2018

# **HUBER+SUHNER (UK) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2017***

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

#### **Results and dividends**

The results for the year ending 31 December 2017 has been positive with year on year increase in turnover and profit before tax. The turnover increased by 8.7% to £56,875,000 (2016: 52,304,000).

The profit of the financial year amounted to £2,295,000 (2016: £283,000). The directors have not recommended a dividend for 2017 (2016: £nil).

#### **Future Developments**

Overall the UK economy is showing resilience, however uncertainty in key areas such as Brexit may put pressure on sales revenue, margins and customer spend in the latter part of 2018.

#### **Post Balance Sheet Events**

There are no post balance sheet events to report for the year ending 31 December 2017.

#### **Branches outside of the UK**

The company fully owns and controls two branches in Denmark and Sweden and has done since 2014. The branch turnover increased by 27% to £7,499,000 (2016: £5,885,000) and decreased by 22% to £19,150,000 (2016: £24,536,000) in Denmark and Sweden respectively.

#### **Directors**

The directors, who served throughout the year except as noted, were as follows:

U Ryffel  
I Wechsler  
D Nixon

Urs Kaufmann resigned as director of Huber + Suhner (UK) Ltd on the 31 March 2017.

Urs Ryffel was appointed director of Huber+ Suhner (UK) Ltd on 1 April 2017.

#### **Directors' indemnities**

The parent company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

# HUBER+SUHNER (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### Statement of directors' responsibilities in respect of the financial statements

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statement;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP will not be re-appointed under section 487(2) of the Companies Independent Act 2006.

On behalf of the board



J. Wechsler

Director

26 May 2018

# HUBER+SUHNER (UK) LIMITED

## Independent auditors' report to the members of Huber+Suhner (UK) Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Huber+Suhner (UK) Limited's 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement for the year then ended, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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## HUBER+SUHNER (UK) LIMITED

### Independent auditors' report to the members of Huber+Suhner (UK) Limited

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Wall (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

24 May 2018

# HUBER+SUHNER (UK) LIMITED

## INCOME STATEMENT

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	56,875	52,304
Cost of sales		(46,338)	(44,026)
<b>Gross profit</b>		<b>10,537</b>	<b>8,278</b>
Distribution costs		(959)	(1,028)
Administrative expenses		(7,138)	(6,648)
Other operating income		366	-
<b>Operating profit/(loss)</b>	<b>3</b>	<b>2,806</b>	<b>602</b>
Interest receivable and similar income	6	-	4
Interest payable and similar expenses	7	(54)	(73)
<b>Profit before taxation</b>		<b>2,752</b>	<b>533</b>
Tax on profit	8	(457)	(250)
<b>Profit for the financial year</b>	<b>17</b>	<b>2,295</b>	<b>283</b>

The income statement has been prepared on the basis that all operations are continuing operations. There were no other comprehensive income for 2017 other than those disclosed in the income statement.

**HUBER+SUHNER (UK) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Property, plant and equipment	9	1,808	1,965
<b>Current assets</b>			
Inventories	10	1,762	2,069
Deferred tax asset	11	200	232
Trade and other receivables	12	11,364	10,680
Cash at bank and in hand		810	926
		<u>14,136</u>	<u>13,907</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors amounts falling due within one year	13	(8,880)	(9,561)
		<u>(8,880)</u>	<u>(9,561)</u>
<b>Net current assets</b>		<u>5,256</u>	<u>4,346</u>
<b>Total assets less current liabilities</b>		<u>7,064</u>	<u>6,311</u>
<b>Creditors: amounts falling due after more than one year</b>			
Borrowings	14	(1,050)	(2,500)
<b>Provisions for liabilities</b>			
Deferred tax liabilities	11	(182)	(274)
<b>Net assets</b>		<u>5,832</u>	<u>3,537</u>
<b>Capital and reserves</b>			
Called up share capital	16	4,000	4,000
Profit and loss account	17	1,832	(463)
<b>Total shareholders' funds</b>		<u>5,832</u>	<u>3,537</u>

The financial statements were approved by the Board of directors and authorized for issue on 24.5.18  
Signed on its behalf by:



J Wechsler  
Director

Company Registration No. 902205

**HUBER+SUHNER (UK) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total Share- holders' funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2016	4,000	(746)	3,254
Profit for the financial year	-	283	283
Total comprehensive income for the year	-	283	283
Dividends	-	-	-
Balance at 31 December 2016	4,000	(463)	3,537
Profit for the financial year	-	2,295	2,295
Total comprehensive income for the year	-	2,295	2,295
<b>Balance at 31 December 2017</b>	<b>4,000</b>	<b>1,832</b>	<b>5,832</b>

# **HUBER+SUHNER (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies**

#### **1.1 Basis of preparations**

The company's financial statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006 and on a going concern basis.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

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

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of Huber + Suhner AG. The group financial statements of Huber + Suhner AG are available to the public and can be obtained as set out in note 20.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the entity trades in.

#### **1.2 Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources 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.

#### **1.3 Turnover**

Turnover, which is stated at net of value added tax, represents the invoiced value of goods and services supplied. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer which is usually on despatch of goods and on completion of services.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 Accounting policies (continued)**

#### **1.4 Property, plant and equipment**

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

Freehold land & buildings	2.5%
Plant and machinery	10-20%
Motor vehicles	25%

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 recognised in the income statement.

#### **1.5 Impairment of tangible assets**

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.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.6 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Raw materials, consumables and goods for resale are valued on a purchase cost on first-in, first-out basis. Work in progress and finished goods are valued based on cost of direct materials and labour plus attributable overheads based on a normal activities.

Net realisable value is the estimated selling price less all estimated costs of completion and disposal. Provision has been made, if necessary, for slow moving, obsolete and defective stock.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies (continued)

#### 1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

##### **Impairment of financial assets**

Financial assets, other than those at fair value through profit or 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 of the investment have been affected.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **1 Accounting policies (continued)**

##### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

##### **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 income statement 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.14 Leases**

Rentals payable under operating leases, less 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.

##### **1.15 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 income statement for the period.



# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1 Accounting policies (continued)

##### 1.16 Long term contracts

Turnover and a prudent estimate of the profit attributable to work completed on long term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty which is normally based on the issue of test results to the customer. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses are shown in stocks as long term contract balances. Long term contract costs incurred but yet to be received are shown in accruals. Foreseeable losses are recognised in full, and to the extent they exceed costs incurred to date are included within provisions.

#### 2 Turnover

An analysis of the company's turnover is as follows:

	2017 £'000	2016 £'000
Radio frequency	18,004	17,340
Fibre Optics	19,346	20,950
Cable	19,525	14,014
	<u>56,875</u>	<u>52,304</u>

##### Geographical market

	2017 £'000	2016 £'000
United Kingdom	23,457	18,748
Switzerland	83	-
Canada	-	-
Denmark	6,681	5,090
Sweden	13,978	19,236
Ireland	210	345
Poland	816	579
Finland	1,854	1,052
Norway	3,972	1,598
Estonia	3,735	3,870
Rest of World	2,089	1,786
	<u>56,875</u>	<u>52,304</u>

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3	Operating Profit	2017 £'000	2016 £'000
	Operating profit is stated after charging:		
	Fees payable to the company's auditors for the audit of the company's financial statements	45	40
	Fees payable to the company's auditors for other services	12	15
	Depreciation of property, plant and equipment	234	226
	Loss on disposal of property, plant and equipment	5	24
	Cost of inventories recognised as an expense	46,828	44,026
	Staff costs	7,258	7,279
	Operating lease charges	232	240
	Inventory write down/impairment cost	177	83
	Other operating income	(366)	-

Other operating income of £366,000 in 2017 (2016: £nil) includes the receipts from contractual sale of goods and service in relation to the closure of the Derby manufacturing site. The site was permanently shut down on 31 October 2017.

### 4 Employees

The average monthly number of employees were:

	2017 Number	2016 Number
Manufacturing	34	44
Office and management	95	87
	<u>129</u>	<u>131</u>

Their aggregate remuneration comprised:

Employment costs	2017 £'000	2016 £'000
Wages and salaries	6,080	6197
Social security costs	774	730
Other pension costs	404	352
	<u>7,258</u>	<u>7,279</u>

### 5 Directors' remuneration

There were no directors' emoluments paid during the year in respect of their services to the company, as these are borne by the parent undertaking (2016: £nil). These costs are not recharged to the company.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Interest receivable and similar income

	2017	2016
	£'000	£'000
<b>Interest receivable and similar income</b>		
Interest on bank deposits	-	4
	<u>          </u>	<u>          </u>

Total interest receivable and similar income for financial assets that are not held at fair value through profit or loss is £nil (2016: £4,000).

### 7 Interest payable and similar expenses

	2017	2016
	£'000	£'000
<b>Interest on financial liabilities measured at amortized cost:</b>		
Interest payable to group undertakings	54	73
	<u>          </u>	<u>          </u>
	54	73
	<u>          </u>	<u>          </u>

### 8 Tax on profit

	Continuing operations	
	2017	2016
	£'000	£'000
<b>Current tax</b>		
Current year taxation	570	194
Adjustments in respect of prior periods	(29)	4
	<u>          </u>	<u>          </u>
	541	198
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	7	71
Adjustments in respect of prior periods	(91)	(19)
	<u>          </u>	<u>          </u>
<b>Total tax charged</b>	<u>          </u>	<u>          </u>
	457	250
	<u>          </u>	<u>          </u>

## HUBER+SUHNER (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Tax on profit (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £'000	2016 £'000
Profit before taxation	2,752	533
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20%)	530	107
Expenses not deductible in determining taxable profit	25	14
Permanent capital allowances in excess of depreciation	-	(62)
Depreciation on assets not qualifying for tax allowances	-	-
Other non-reversing timing differences	-	-
Effect of overseas tax rates	15	135
Deferred tax adjustments	(84)	71
Tax adjustment relating to prior year	(29)	(15)
Tax charged for the year	457	250

#### Factors that may affect future tax charges

The Finance Act 2015, which was substantively enacted on 26 October 2015, included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to the UK corporation tax rate which will reduce the main rate of corporation tax to 17% from 1 April 2020, which was enacted in September 2016. The deferred tax has therefore been calculated at 17%.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Property, plant and equipment

	Freehold land & buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2017	2,871	1,367	17	4,255
Additions	51	32	-	83
Disposals	(89)	(735)	-	(824)
At 31 December 2017	2,833	664	17	3,514
<b>Accumulated depreciation</b>				
At 1 January 2017	(1,236)	(1,037)	(17)	(2,290)
Charge for the year	(83)	(151)	-	(234)
Eliminated on disposal	87	731	-	818
At 31 December 2017	(1,232)	(457)	(17)	(1,706)
<b>Carrying amount</b>				
At 31 December 2017	1,601	207	-	1,808
At 31 December 2016	1,635	330	-	1,965

Computer equipment is included within plant and machinery.

### 10 Inventories

	2017 £'000	2016 £'000
Raw materials	313	522
Work in progress	26	107
Finished goods	1,423	1,422
Long term contract balances - work in progress	-	18
	1,762	2,069

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognized by the company and movements thereon during the current and prior financial year.

	<b>Total £'000</b>
Deferred tax liability at 1 January 2016	(203)
Deferred tax asset at 1 January 2016	213
<b>Deferred tax movements in prior year</b>	
Charge to the income statement	(52)
Credit to other comprehensive income	-
	<hr/>
Deferred tax liability at 31 December 2016	(274)
Deferred tax asset at 31 December 2016	232
	<hr/>
<b>Deferred tax movements in current year</b>	
Deferred tax asset prior year adjustment	-
Decrease in deferred tax asset	(7)
Decrease in deferred tax liability	92
Deferred tax liability adjustment on timing differences	-
Deferred tax assets prior year adjustment	(25)
	<hr/>
Deferred tax liability at 31 December 2017	(182)
Deferred tax asset at 31 December 2017	200
	<hr/>

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:

	<b>2017 £'000</b>	<b>2016 £'000</b>
Deferred tax liabilities	(182)	(274)
Deferred tax assets	200	232
	<hr/>	<hr/>
	18	(42)
	<hr/>	<hr/>

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	10,843	10,292
	<u>10,843</u>	<u>10,292</u>
Trade receivables are stated after provisions for impairment of £10,000 (2016: £13,000)		
Other receivables	8	-
Corporation tax recoverable	241	126
VAT recoverable	-	40
Amounts owed by group undertakings	42	17
Prepayments	230	205
	<u>11,364</u>	<u>10,680</u>

### 13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade payables	860	733
Amount due to parent undertaking	5,550	5,997
Other payables	474	965
Social security and other taxation	857	364
Accruals	1,139	1,502
	<u>8,880</u>	<u>9,561</u>

The amount due to parent undertaking comprises of intercompany payables with payment terms of 60 days.

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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<b>14</b>	<b>Creditors: amount falling due after more than one year</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	Total loans from parent undertaking	<u>1,050</u>	<u>2,700</u>

The loans with other group companies are unsecured due for repayment by the 30 June 2019 and accrue interest at a rate of 2.50% per annum.

### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Current liabilities	-	200
Non-current liabilities	<u>1,050</u>	<u>2,500</u>
	1,050	2,700



# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined benefit contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There are no accrued or prepaid pension costs at the year-end (2016: £nil).

The total costs charged to income in respect of defined contribution plans were £404,000 (2016: £352,000).

<b>16 Called up share capital</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
4,000 (2016: 4,000) Ordinary shares of £1,000 each	4,000	4,000

### 17 Profit and loss account

	<b>£'000</b>
At 1 January 2016	(746)
Loss for the financial year	283
Dividends	-
At 31 December 2016	(463)
Profit for the financial year	2,295
Dividends	-
At 31 December 2017	1,832

# HUBER+SUHNER (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Operating leases commitments

#### Lease

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:

	Land and buildings		Other	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Within one year	78	146	67	86
Between two and five years	65	142	67	125
More than five years	-	-	-	-
	<u>143</u>	<u>289</u>	<u>134</u>	<u>210</u>

### 19 Related party transactions

The company have taken advantage of the exemption conferred by FRS101 which states that a qualifying entity is exempt from the IAS 24 requirement to disclose compensation to key management personnel and also exempt from disclosing transactions with entities wholly owned by the group.

### 20 Controlling party

The company is a wholly owned subsidiary of Huber + Suhner AG, a company incorporated in Switzerland and its results are included in the consolidated financial statements of Huber + Suhner AG, which can be obtained from Tumbelenstrasse 20, CH-8330 Pfaffikon ZH, Switzerland.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Huber + Suhner AG.