

Herrenknecht International Limited

Filleted financial statements

31 December 2016



Herrenknecht International Limited

Company Information

Directors	M Herrenknecht R T Slocombe
Company secretary	D J Atkinson
Registered number	01796113
Registered office	Wearfield Sunderland Enterprise Park Sunderland Tyne and Wear SR5 2TZ
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	HSBC Bank plc Maingate Kingsway North Team Valley Trading Estate Gateshead Tyne and Wear
Solicitors	Hay & Kilner Merchant House 30 Cloth Market Newcastle upon Tyne NE1 1EE

Herrenknecht International Limited

Contents

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 8


Herrenknecht International Limited

Balance sheet At 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	5	27,181	-
Tangible fixed assets		603,908	703,059
		<u>631,089</u>	<u>703,059</u>
Current assets			
Stocks		205,526	15,304
Debtors	7	5,347,221	6,144,712
Cash at bank and in hand		580,953	638,898
		<u>6,133,700</u>	<u>6,798,914</u>
Creditors: amounts falling due within one year	8	(2,395,355)	(2,982,690)
Net current assets		<u>3,738,345</u>	<u>3,816,224</u>
Total assets less current liabilities		<u>4,369,434</u>	<u>4,519,283</u>
Deferred tax		(63,354)	(54,396)
Net assets		<u><u>4,306,080</u></u>	<u><u>4,464,887</u></u>
Capital and reserves			
Called up share capital		1,105	1,105
Capital redemption reserve		395	395
Profit and loss account		4,304,580	4,463,387
		<u><u>4,306,080</u></u>	<u><u>4,464,887</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities. The option not to file the profit and loss account has been taken.

The financial statements were approved and authorised for issue by the board on 29 March 2017 and were signed on its behalf by:


R T Slocumbe
Director

Company registered number: 01796113

Herrenknecht International Limited

Statement of changes in equity Year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1,105	395	4,463,387	4,464,887
Profit for the year	-	-	234,646	234,646
Dividends: Equity capital	-	-	(393,453)	(393,453)
At 31 December 2016	1,105	395	4,304,580	4,306,080

Statement of changes in equity Year ended 31 December 2015

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1,105	395	3,810,565	3,812,065
Profit for the year	-	-	1,009,328	1,009,328
Dividends: Equity capital	-	-	(356,506)	(356,506)
At 31 December 2015	1,105	395	4,463,387	4,464,887

The notes on pages 3 to 8 form part of these financial statements.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

1. General information

Herrenknecht International Limited ('the company') supplies tunnelling equipment and associated spare parts and personnel. The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of these financial statements.

The functional currency of Herrenknecht International Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Statement of compliance

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

2. Audit

These accounts have been subject to audit, however the company has early adopted the changes in the Companies Act 2006 and has chosen not to file a copy of the company's profit and loss account (and the related notes). Therefore, the audit report on the financial statements has also been removed for filing purposes.

The audit report was signed by Michael Morris ACA FCCA (Senior Statutory Auditor), for and on behalf of UNW LLP, Statutory Auditor, Newcastle upon Tyne. The audit report gave an unqualified opinion.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The company has adopted Section 1A of FRS 102 in the current year.

3.1 Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources. As a consequence the directors believe that the company is well placed to manage the risks and uncertainties associated with the current economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate reserves to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3.2 Turnover

Turnover represents sales and rentals of tunnelling machinery, and related services and spare parts, excluding value added tax. Rental income represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value.

Turnover from the sale of machines is recognised in accordance with the contract terms agreed with the customer.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

3. Accounting policies (continued)

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of each asset over its estimated useful life as follows:

Computer software	-	20% straight line
-------------------	---	-------------------

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less expected residual value of each asset over its expected useful life as follows:

Freehold property	-	2% on cost
Plant and machinery	-	15% reducing balance
Tunnelling machinery	-	25% on cost
Motor vehicles	-	25% reducing balance
Furniture and equipment	-	33% on cost or 15% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.5 Stocks

Stock has been valued on the first in first out basis at the lower of cost and net realisable value, after making due allowance for slow moving and obsolete items.

3.6 Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

3.7 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the period-end retranslation are recognised in the profit and loss account.

3.8 Dividends

Dividends and other distributions to the company's members are recognised when they become legally payable.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

3. Accounting policies (continued)

3.9 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plan are held separately from the company in independently administered funds.

3.10 Current and deferred taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

4. Employees

The average monthly number of employees, including directors, during the year was 8 (2015: 10).

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

5. Intangible assets

	Computer software £
Cost	
Additions	33,976
At 31 December 2016	<u>33,976</u>
Amortisation	
Charge for the year	6,795
At 31 December 2016	<u>6,795</u>
Net book value	
At 31 December 2016	<u><u>27,181</u></u>
At 31 December 2015	<u><u>-</u></u>

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

6. Tangible fixed assets

	Freehold property £	Assets under construction £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Tunnelling machinery £	Total £
Cost or valuation							
At 1 January 2016	585,496	141,250	49,330	86,931	81,367	1,650,811	2,595,185
Additions	-	-	-	-	-	35,835	35,835
Disposals	-	-	-	(19,693)	(29,189)	-	(48,882)
Transfers between classes	-	(141,250)	-	-	-	141,250	-
At 31 December 2016	585,496	-	49,330	67,238	52,178	1,827,896	2,582,138
Depreciation							
At 1 January 2016	151,483	-	46,620	39,998	72,076	1,581,949	1,892,126
Charge for the period on owned assets	8,910	-	406	10,894	1,722	108,856	130,788
Disposals	-	-	-	(15,494)	(29,189)	-	(44,683)
At 31 December 2016	160,393	-	47,026	35,398	44,609	1,690,805	1,978,231
Net book value							
At 31 December 2016	425,103	-	2,304	31,840	7,569	137,091	603,907
At 31 December 2015	434,013	141,250	2,710	46,933	9,291	68,862	703,059

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2016

7. Debtors

	2016 £	2015 £
Trade debtors	344,986	1,789,730
Amounts owed by group undertakings	4,218,524	4,270,820
Other debtors	773,878	-
Prepayments and accrued income	9,833	84,162
	<u>5,347,221</u>	<u>6,144,712</u>

8. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,447	261,878
Amounts owed to group undertakings	1,033,024	1,809,226
Corporation tax	15,963	167,162
Taxation and social security	84,951	440,167
Other creditors	859,284	7,856
Accruals and deferred income	399,686	296,401
	<u>2,395,355</u>	<u>2,982,690</u>

9. Ultimate parent company and controlling party

The company is controlled by M Herrenknecht, a director, by virtue of his controlling interest in Herrenknecht AG, the ultimate parent company.

The company is a wholly owned subsidiary of Herrenknecht Schweiz Holding AG, a company incorporated in Switzerland. In the opinion of the directors, the company's ultimate parent company is Herrenknecht AG, a company incorporated in Germany.

The parent undertaking of the largest group which includes the company, and for which group financial statements are prepared, is Herrenknecht AG, a company incorporated in Germany. The parent undertaking of the smallest such group is Herrenknecht Schweiz Holding AG, a company incorporated in Switzerland.