

Registered number: 01796113

Herrenknecht International Limited

Annual report - filing copy

31 December 2019

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Herrenknecht International Limited

Company information

Directors	M Herrenknecht R J Dexter D J Atkinson
Registered number	01796113
Registered office	Wearfield Sunderland Enterprise Park Sunderland SR5 2TZ
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	HSBC Floor 3 Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Solicitors	Hay & Kilner Merchant House 30 Cloth Market Newcastle upon Tyne NE1 1EE

Herrenknecht International Limited

Balance sheet At 31 December 2019


	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	6,795	13,590
Tangible assets	6	710,881	1,095,169
		<u>717,676</u>	<u>1,108,759</u>
Current assets			
Stocks		224,437	212,336
Debtors	7	4,209,098	6,135,635
Cash at bank		3,620,020	467,874
		<u>8,053,555</u>	<u>6,815,845</u>
Creditors: amounts falling due within one year	8	(4,258,494)	(3,349,426)
Net current assets		<u>3,795,061</u>	<u>3,466,419</u>
Total assets less current liabilities		<u>4,512,737</u>	<u>4,575,178</u>
Provisions for liabilities			
Deferred tax		(93,834)	(139,332)
Net assets		<u><u>4,418,903</u></u>	<u><u>4,435,846</u></u>
Capital and reserves			
Called up share capital		1,105	1,105
Capital redemption reserve		395	395
Profit and loss account		4,417,403	4,434,346
Total equity		<u><u>4,418,903</u></u>	<u><u>4,435,846</u></u>

The 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 financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2020.


R J Dexter
Director
Company registered number: 01796113

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

1. General information

Herrenknecht International Limited ('the company') supplies tunneling 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 the company 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

This is the filing copy of the company's full financial statements. As permitted by section 444 of the Companies Act 2006, the filing copy does not include the profit and loss account.

The full financial statements (which include a profit and loss account) were subject to audit, and the audit report gave an unqualified opinion.

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

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.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

3.2 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.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.3 Turnover

Turnover represents sales and rentals of tunneling machinery, including associated commissions received 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.

3.4 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.

3.5 Tangible fixed assets and depreciation

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
Tunneling machinery - 20% or 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.

3.6 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.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.7 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties, including fellow group companies. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.8 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.

3.9 Dividends

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

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.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

3. Accounting policies (continued)

3.11 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.

4. Employees

The average monthly number of employees, including directors, during the year was 11 (2018 - 8).

5. Intangible assets

	Computer software £
Cost	
At 1 January 2019 and 31 December 2019	33,976
Amortisation	
At 1 January 2019	20,386
Charge for the year	6,795
At 31 December 2019	27,181
Net book value	
At 31 December 2019	6,795
At 31 December 2018	13,590

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

6. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Tunneling machinery £	Total £
Cost or valuation						
At 1 January 2019	585,496	45,911	40,139	36,086	1,761,825	2,469,457
Additions	-	-	-	-	86,632	86,632
Disposals	-	-	(19,299)	-	(405,434)	(424,733)
At 31 December 2019	<u>585,496</u>	<u>45,911</u>	<u>20,840</u>	<u>36,086</u>	<u>1,443,023</u>	<u>2,131,356</u>
Depreciation						
At 1 January 2019	178,212	44,312	19,041	29,679	1,103,044	1,374,288
Charge for the year on owned assets	8,909	240	4,064	1,844	186,274	201,331
Disposals	-	-	(13,256)	-	(141,888)	(155,144)
At 31 December 2019	<u>187,121</u>	<u>44,552</u>	<u>9,849</u>	<u>31,523</u>	<u>1,147,430</u>	<u>1,420,475</u>
Net book value						
At 31 December 2019	<u>398,375</u>	<u>1,359</u>	<u>10,991</u>	<u>4,563</u>	<u>295,593</u>	<u>710,881</u>
At 31 December 2018	<u>407,284</u>	<u>1,599</u>	<u>21,098</u>	<u>6,407</u>	<u>658,781</u>	<u>1,095,169</u>

7. Debtors

	2019 £	2018 £
Trade debtors	1,779,876	2,141,984
Amounts owed by group undertakings	2,045,170	3,448,608
Prepayments and accrued income	128,306	199,786
Tax recoverable	255,746	345,257
	<u>4,209,098</u>	<u>6,135,635</u>

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2019

8. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	36,016	23,572
Amounts owed to group undertakings	3,556,505	2,881,233
Corporation tax	44,550	-
Other taxation and social security	240,010	162,993
Other creditors	7,022	1,250
Accruals and deferred income	374,391	280,378
	<u>4,258,494</u>	<u>3,349,426</u>

9. 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.