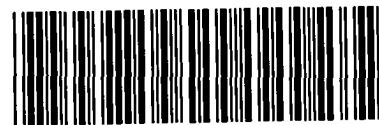


Herrenknecht International Limited

Annual report - filing copy

31 December 2017

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Herrenknecht International Limited

Company Information

Directors M Herrenknecht
R T Slocombe (resigned 4 January 2018)
R J Dexter (appointed 3 April 2017)
D J Atkinson (appointed 3 January 2018)

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 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	4	20,386	27,181
Tangible assets	5	628,841	603,908
		<u>649,227</u>	<u>631,089</u>
Current assets			
Stocks		2,218	205,526
Debtors	6	6,857,146	5,347,221
Cash at bank		258,817	580,953
		<u>7,118,181</u>	<u>6,133,700</u>
Creditors: amounts falling due within one year	7	(3,245,436)	(2,395,355)
Net current assets		<u>3,872,745</u>	<u>3,738,345</u>
Total assets less current liabilities		<u>4,521,972</u>	<u>4,369,434</u>
Provisions for liabilities			
Deferred tax		(64,710)	(63,354)
		<u>(64,710)</u>	<u>(63,354)</u>
Net assets		<u><u>4,457,262</u></u>	<u><u>4,306,080</u></u>
Capital and reserves			
Called up share capital		1,105	1,105
Capital redemption reserve		395	395
Profit and loss account		4,455,762	4,304,580
		<u><u>4,457,262</u></u>	<u><u>4,306,080</u></u>

Herrenknecht International Limited

Balance sheet (continued) At 31 December 2017

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 11 September 2018.



R J Dexter

Company registered number: 01796113

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2017

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. 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.

2.1 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.

2.2 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.

2.3 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.

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2017

2. Accounting policies (continued)

2.4 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
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.

2.5 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.

2.6 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.

2.7 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.

2.8 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 2017

2. Accounting policies (continued)

2.9 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.

2.10 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. Employees

The average monthly number of employees, including directors, during the year was 8 (2016 - 8).

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2017

4. Intangible assets

	Computer software £
Cost	
At 1 January 2017	33,976
At 31 December 2017	<u>33,976</u>
Amortisation	
At 1 January 2017	6,795
Charge for the year	6,795
At 31 December 2017	<u>13,590</u>
Net book value	
At 31 December 2017	<u>20,386</u>
At 31 December 2016	<u>27,181</u>

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2017

5. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Tunnelling machinery £	Total £
Cost or valuation						
At 1 January 2017	585,496	49,330	67,238	52,179	1,827,896	2,582,139
Additions	-	-	20,840	2,517	86,371	109,728
Disposals	-	-	(19,740)	(9,244)	-	(28,984)
At 31 December 2017	585,496	49,330	68,338	45,452	1,914,267	2,662,883
Depreciation						
At 1 January 2017	160,393	47,026	35,398	44,609	1,690,805	1,978,231
Charge for the year on owned assets	8,909	400	8,923	2,189	57,059	77,480
Disposals	-	-	(13,284)	(8,385)	-	(21,669)
At 31 December 2017	169,302	47,426	31,037	38,413	1,747,864	2,034,042
Net book value						
At 31 December 2017	416,194	1,904	37,301	7,039	166,403	628,841
At 31 December 2016	425,103	2,304	31,840	7,569	137,091	603,907

6. Debtors

	2017 £	2016 £
Trade debtors	2,749,571	344,986
Amounts owed by group undertakings	4,107,514	4,218,524
Other debtors	-	773,878
Prepayments and accrued income	61	9,833
	6,857,146	5,347,221

Herrenknecht International Limited

Notes to the financial statements Year ended 31 December 2017

7. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	4,954	2,447
Amounts owed to group undertakings	2,481,879	1,033,024
Corporation tax	53,549	15,963
Other taxation and social security	343,559	84,951
Other creditors	2	859,284
Accruals and deferred income	361,493	399,686
	<u>3,245,436</u>	<u>2,395,355</u>

8. 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.

9. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 11 September 2018 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.