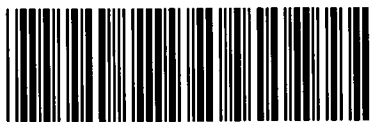


Registration number: 02072970

Hoerbiger UK Limited
Directors' Report and Financial Statements
For the Year Ended 31 December 2016

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COMPANIES HOUSE

**Hoerbiger UK Limited
Company Information**

Directors

B Martin
R Bacher

Registered Office

Unit 2
Maple Park
Lowfields Avenue
Leeds
West Yorkshire
LS12 6HH

Solicitors

Shakespeare Putsman LLP
Somerset House
Temple Street
Birmingham
B2 5DJ

Bankers

Deutsche Bank AG
1 Great Winchester Street
London
EC2N 2DB

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 City Square
Leeds
LS1 2AL
United Kingdom

Hoerbiger UK Limited
Directors' Report for the Year Ended 31 December 2016

The directors present their annual report and audited financial statements for the year ended 31 December 2016. This Director's report has been prepared in accordance with the provisions applicable to the companies entitled to the small companies exemption, as such a Strategic report has not been prepared.

The company is a wholly owned subsidiary of Hoerbiger Kompressortechnik Europa Holding GmbH, whose ultimate parent is Hoerbiger Holding AG, a company incorporated in Switzerland.

The principal activity of the company was the sale and distribution of compressor parts, compressor component repair and the overhaul, maintenance, upgrading and revamping of compressors and other rotating equipment.

Development and performance of the business

	2016 £'000	2015 £'000
Turnover	1,990	3,301
Loss on ordinary activities before taxation and dividends receivable	(1,550)	(1,412)
Net assets	4,873	2,424

The Company continues to operate in highly competitive and challenging market place. This market place was further hindered following the significant reduction in the selling price of oil and the subsequent spending re-alignment of many of the Company's customers particularly in the Oil and Gas sector. Spending by these customers was substantially curtailed leading to a reduction in the revenue of the business as many upgrade projects and outage plans were re-evaluated by customers.

Additionally, the devaluation of sterling during the year led to pressure on margins specifically on many of the parts and services provided by our lead production plants within Europe and the US.

However, despite the above, signs of a relaxation on spending on financially justifiable projects by customers were seen towards the end of the year and has continued into 2017, with both order intake and net sales currently being above 2016 levels. As a consequence, the Directors believe the reorganisation of the business during last two years focusing solely on Servicing the UK market has placed the company in a strong position to continue to develop this business in the UK.

Results and dividends

The results for the company are set out in the financial statements. The Company's net asset position has improved as a result of the net impact of the loss in the year and a £4m dividend received. The dividend was received from Newson Gale Limited who were acquired (100% of share capital) on 4 January 2016 by the Company.

The directors do not recommend a dividend in respect of 2016 (2015: £Nil).

Going concern

Despite the Company being in a net current liability position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. However the directors believe that with the strong support the Company receives from the Hoerbiger Group it will be a valuable contributor to the overall group profitability.

Having received such assurances from the Hoerbiger Holding AG board and considered any other relevant uncertainties, the directors are therefore confident that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider that it is appropriate to continue to prepare these financial statements on a going concern basis.

Hoerbiger UK Limited
Directors' Report for the Year Ended 31 December 2016

.....continued

Directors

The directors who held office during the year, and subsequently, were as follows:

- B Martin
- H Stehr (resigned 18 May 2016)
- R Bacher (appointed 18 May 2016)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

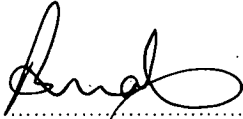
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders were notified about the intention to take advantage of the disclosure exemptions in the prior year financial statements and going forwards, and no objections were received. As such the Company continue to adopt the disclosure exemptions where applicable.

Approved by the Board and signed on its behalf by:



B Martin
Director

Date: 31 MAY 2017

Hoerbiger UK Limited
Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Hoerbiger UK Limited

We have audited the financial statements of Hoerbiger UK Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

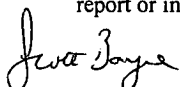
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the director's report.



Scott Bayne FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
31 May 2017

Hoerbiger UK Limited
Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	Continuing Operations 2015 £	Discontinued Operations 2015 £	Total 2015 £
Turnover	3	1,990,105	2,572,143	729,000	3,301,143
Cost of sales		(1,714,319)	(1,693,621)	(1,390,000)	(3,083,621)
Gross profit		275,786	878,522	(661,000)	217,522
Administrative expenses		(1,970,330)	(1,828,177)	(536,000)	(2,364,177)
Other income	6	4,596,588	731,109	2,000	733,109
Operating profit/(loss) on ordinary activities before taxation	4	2,902,044	(218,546)	(1,195,000)	(1,413,546)
Finance costs (net)	5	(452,430)	1,531	-	1,531
Profit/(Loss) on ordinary activities before taxation		2,449,614	(217,015)	(1,195,000)	(1,412,015)
Tax on profit/(loss) on ordinary activities	9	-	-	-	-
Profit/(Loss) for the financial year		2,449,614	(217,015)	(1,195,000)	(1,412,015)

All profits for the year ended 31 December 2016 derive from continuing operations. The notes on pages 11 to 25 form an integral part of these financial statements.

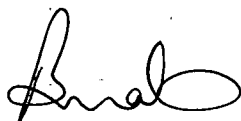
Hoerbiger UK Limited
Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Net profit / (loss) for the year		2,449,614	(1,412,015)
Total actuarial (losses) / gains relating to pension scheme	19	(37,715)	18,320
Movement in surplus restriction	19	37,715	(18,320)
Total comprehensive income / (expense) for the year		<u>2,449,614</u>	<u>(1,412,015)</u>

Hoerbiger UK Limited
Balance Sheet as at 31 December 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	10		1,251		1,251
Tangible assets	11		226,742		663,319
Investments	12		19,226,401		1,336,005
			<u>19,454,394</u>		<u>2,000,575</u>
Current assets					
Stocks	13	170,306		137,037	
Debtors due within one year	14	584,400		1,228,801	
Cash at bank and in hand		716		71,581	
		<u>755,422</u>		<u>1,437,419</u>	
Creditors					
Amounts due within one year	15	(1,836,559)		(1,014,351)	
Net current (liabilities)/assets			<u>(1,081,137)</u>		<u>423,068</u>
Creditors					
Amounts due after one year	16		(13,500,000)		
Net assets			<u>4,873,257</u>		<u>2,423,643</u>
Capital and reserves					
Called-up share capital	17		4,600,000		4,600,000
Other reserves			100,000		100,000
Profit and loss reserve			173,257		(2,276,357)
Shareholder's funds			<u>4,873,257</u>		<u>2,423,643</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements of Hoerbiger UK Limited, company number 02072970, were approved by the board and authorised for issue on 31 MAY 2017 and signed on its behalf by:



.....
B Martin
Director

The notes on pages 11 to 25 form an integral part of these financial statements.

Hoerbiger UK Limited
Statement of Changes in Equity at 31 December 2016

	Called-up share capital £	Equity reserve £	Profit and loss account £	Total £
At 1 January 2015	4,600,000	100,000	(864,342)	3,835,658
Loss for the financial year	-	-	(1,412,015)	(1,412,015)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(1,412,015)	(1,412,015)
At 31 December 2015	4,600,000	100,000	(2,276,357)	2,423,643
Profit for the financial year	-	-	2,449,614	2,449,614
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	2,449,614	2,449,614
At 31 December 2016	<u>4,600,000</u>	<u>100,000</u>	<u>173,257</u>	<u>4,873,257</u>

The notes on pages 11 to 25 form an integral part of these financial statements.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Hoerbiger UK Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors report on pages 3 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Hoerbiger UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Hoerbiger UK Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Hoerbiger UK Limited is consolidated in the financial statements of Hoerbiger Holding AG, which may be obtained at Baarerstrasse, 18 Postfach, 4348 CH-Zug, Switzerland. Exemptions have been taken in these Company financial statements in relation to presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

Turnover

Turnover represents amounts chargeable, excluding value added tax and trade discounts, in respect of the sale of goods and services to customers. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover relating to service activity is recognised on completion of the service work in line with the customer purchase agreement. Other income relates to recharges to group companies in respect of particular payroll costs and freight charged on sales to customers and freight income relates to recharges of freight costs to customers.

Going concern

Despite the Company being in a net current liability position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. However the directors believe that with the strong support the Company receives from the Hoerbiger Group it will be a valuable contributor to the overall group profitability.

Having received such assurances from the Hoerbiger Holding AG board and considered any other relevant uncertainties, the directors are therefore confident that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider that it is appropriate to continue to prepare these financial statements on a going concern basis.

Tangible fixed assets

Fixed assets are stated at cost less depreciation less any provision for impairment at the rates stated below.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	10-20% straight line
Freehold buildings	2% straight line
Leasehold land and buildings	6.7% straight line
Freehold land is not depreciated.	

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

Intangible fixed assets – goodwill and software rights

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life as stated below. Provision is made for any impairment.

Intangible software licenses are included at cost and are amortised on a straight line basis over their useful economic lives at the rates stated below. Provision is made for any impairment.

Intangible software licences	33% straight line
Goodwill	33% straight line

Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes direct labour, materials and appropriate production overheads. Stock held relates to items required to fulfil service obligations to customers. Provision is made for obsolete and slow moving stocks.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if the payments are not on this basis.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued.

Financial instruments (continued)

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. The scheme currently shows a surplus, however, this surplus has not been recognised in these accounts as the scheme is in the process of being wound up and the costs associated with this wind up are being met directly by the scheme. It is anticipated that the any resultant scheme surplus would be minimal.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors assessed the carrying value of fixed assets following the discontinuance of the production activities in 2015. As all fixed assets related to those activities were disposed of either to their group companies or third parties it was deemed the value of the remaining assets were fair. These assessments continue to be a key judgement as the business activities develop. The value of the land and buildings was impaired in the comparative figures to reflect the consideration agreed with the purchaser. All assumptions and estimates in relation to the defined benefit pension scheme are detailed in note 18.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

3. Turnover

An analysis of turnover by type is given below:

	Total 2016 £	Total 2015 £
Manufactured parts	-	729,000
Service Operations	1,990,105	2,572,143
	<u>1,990,105</u>	<u>3,301,143</u>

An analysis of turnover by geographical market is given below:

	Total 2016 £	Total 2015 £
UK	1,480,680	2,130,900
Rest of Europe	405,014	965,483
Rest of World	104,411	204,760
	<u>1,990,105</u>	<u>3,301,143</u>

4. Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging / (crediting):

	Total 2016 £	Total 2015 £
Depreciation of tangible fixed assets (note 11)	71,240	102,056
Impairment of tangible fixed assets (note 11)	-	48,700
Amortisation of other intangible assets (note 10)	-	1,286
Loss / (Profit) on disposal of fixed assets	29,752	(64,720)
Cost of stock recognized as an expense	916,708	1,226,985
Losses on foreign exchange	59,451	164,939
Operating lease rentals	88,657	78,421

The fee's payable to the company's auditor are £16,890 (2015: £15,000). The non-audit fees are £5,725 (2015: £4,225).

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

....continued

5. Finance costs (net)

	Total 2016 £	Total 2015 £
Interest receivable and similar income	-	1,531
Interest on borrowings	(452,430)	-
	<u>(452,430)</u>	<u>1,531</u>

6. Other income

	Total 2016 £	Total 2015 £
Recharges to other group undertakings	546,126	676,480
Dividends from Subsidiaries	4,000,000	-
Freight income	50,462	56,629
	<u>4,596,588</u>	<u>733,109</u>

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

7. Particulars of employees

	Total 2016 No.	Total 2015 No.
The average number of employees, including directors, during the year were as follows:		
Sales and technical	6	5
Administration, production service and clerical	12	14
Production and service	6	16
	<u>24</u>	<u>35</u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	1,263,637	1,674,333
Restructuring Costs	-	311,836
Social security	158,284	204,033
Other pension costs	34,195	53,294
	<u>1,456,116</u>	<u>2,243,496</u>

Restructuring costs relate to the change in business operations in 2015, with the manufacturing process being halted.

8. Directors' emoluments

The directors' emoluments for the year are as follows:

	2016 £	2015 £
Directors' remuneration (including benefits in kind)	117,037	127,661
	<u>117,037</u>	<u>127,661</u>

There were no directors accruing benefits under defined benefit schemes during the year (2015: None).

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

9. Tax on result on ordinary activities

The tax charge comprises:

	2016 £	2015 £
Total current tax	-	-
Total deferred tax	-	-
Total tax on result on ordinary activities	-	-

The standard rate of tax applied to reported profit / (loss) on ordinary activities is 20% (2015: 20.25%). There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total tax shown above and the amount calculated by applying the average standard rate of UK corporation tax to the loss before tax is as follows:

	2016 £	2015 £
Profit / (loss) on ordinary activities before tax	2,449,614	(1,412,015)
Tax on profit / (loss) on ordinary activities at average standard UK corporation tax rate of 20% (2015: 20.25%)	489,923	(285,933)
Effects of:		
- Non Taxable Income	(800,000)	-
- Tax losses increased	310,077	285,933
Total tax result for year	-	-

The amount of the deferred tax asset provided and not provided in the financial statements is as follows:

	Provided 2016 £	Not provided 2016 £	Provided 2015 £	Not provided 2015 £
Deferred taxation	-	796,136	-	634,385

Deferred tax has not been provided due to the uncertainty around future profitability.

Factors that may affect future tax charges

The Finance Act 2016, which was fully enacted in September 2016, included provisions to reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. Accordingly 17% has been applied when calculating un-recognised deferred tax assets as at 31 December 2016.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

10. Intangible fixed assets

	Goodwill	Software licences	Total
Cost	£	£	£
As at 1 January 2016	277,227	216,046	493,273
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	277,227	216,046	493,273
	<hr/>	<hr/>	<hr/>
Amortisation			
As at 1 January 2016	277,227	214,795	492,022
Charge for the year	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2016	277,227	214,795	492,022
	<hr/>	<hr/>	<hr/>
Net book value			
As at 31 December 2016	-	1,251	1,251
	<hr/>	<hr/>	<hr/>
As at 31 December 2015	-	1,251	1,251
	<hr/>	<hr/>	<hr/>

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

11. Tangible fixed assets

Cost	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
As at 1 January 2016	954,090	-	1,877,000	2,831,090
Additions	-	3,006	71,638	74,644
Reclassification	-	89,139	(89,139)	-
Disposals	(954,090)	-	(403,810)	(1,357,900)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	-	92,145	1,455,689	1,547,834
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
As at 1 January 2016	524,090	-	1,643,681	2,167,771
Charge for the year	8,752	6,190	56,298	71,240
Disposals	(532,842)	-	(385,077)	(917,919)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	-	6,190	1,314,902	1,321,092
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	-	85,955	140,787	226,742
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2015	430,000	-	233,319	663,319
	<hr/>	<hr/>	<hr/>	<hr/>

The carrying value of land not depreciated is £Nil as at yearend (2015: £100,000). The reclassification from plant and machinery to leasehold land and buildings is to better reflect the nature of these assets, being part of the new leasehold property.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

12. Fixed Asset Investments

	2016 £	2015 £
Cost and carrying value at 1 January	1,336,005	-
Additions	17,890,396	1,336,005
Cost and carrying value at 31 December	<u>19,226,401</u>	<u>1,336,005</u>

The addition in the year represents the purchase of 100% of the share capital of Newson Gale Limited which was completed on 4 January 2016. The undertakings in which the company's interest at the yearend is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Held directly by Company			
IEP Technologies Limited	England and Wales	Explosion protection systems	100% Ordinary shares

Registered Address: Regent House, Clinton Avenue, Nottingham, NG5 1AZ.

Newson Gale Limited	England and Wales	Static Electricity protection systems	100% Ordinary shares
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Registered Address: Unit 1, Neptune Business Centre, Cheltenham, GL51 9FB.

13. Stocks

	2016 £	2015 £
Raw materials and consumables	3,963	51,053
Work in progress	29,240	37,329
Finished goods and goods for resale	137,103	48,655
	<u>170,306</u>	<u>137,037</u>

The directors consider the net book value of stocks to be the same as their replacement cost.

14. Debtors due within one year

	2016 £	2015 £
Trade debtors	441,799	430,706
Amounts owed by group undertakings	35,998	362,737
Prepayments and accrued income	106,603	435,358
	<u>584,400</u>	<u>1,228,801</u>

Amounts owed by group undertakings include cash balances of £10,203 (2015: £nil) held under a cash pooling arrangement with Hoerbiger UK Limited's parent company.

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

15. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	71,272	145,882
Other taxation and social security	94,677	46,152
Amounts owed to group undertakings	133,997	397,215
Intragroup loan	1,500,000	-
Accruals and deferred income	36,613	425,102
	<u>1,836,559</u>	<u>1,014,351</u>

Amounts owed to group undertakings include overdrawn cash balances of £14,684 (2015: £305,180) held under a cash pooling arrangement with Hoerbiger UK Limited's parent company. The intragroup loan represents loan notes charged at 3 month LIBOR plus 4.65% and have a maturity date of 31 December 2026.

16. Creditors: amounts falling due after one year

	2016 £	2015 £
Intragroup loan	13,500,000	-
	<u>13,500,000</u>	<u>-</u>

The intragroup loan represents loan notes charged at 3 month LIBOR plus 4.65% and have a maturity date of 31 December 2026.

17. Called-up share capital and reserves

	2016 £	2015 £
Allotted, called up and fully paid		
4,600,000 Ordinary shares of £1 each	4,600,000	4,600,000
	<u>4,600,000</u>	<u>4,600,000</u>

The Company has one class of ordinary share with no right to fixed income. The profit and loss reserve represents cumulative profits or losses. The Directors are of the opinion that the other reserves are non-distributable.

18. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	43,572	27,796	34,495	56,573
- between one and five years	174,288	13,551	148,871	30,878
- after five years	366,731	-	448,429	-
	<u>584,591</u>	<u>41,347</u>	<u>631,795</u>	<u>87,451</u>

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

19. Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £34,195 (2015: £53,294). There were no outstanding or prepaid contributions at the end of the financial year (2015: none).

Defined benefit pension scheme

The company also operates a defined benefit scheme for qualifying employees who are entitled to retirement benefits as a percentage of their final salary. No other post-retirement benefits are provided. The scheme is closed to new members and future accruals.

The most recent actuarial valuation was carried out by JLT Benefit Solutions Ltd based on values as at 30 September 2016 and then projected to the year-end based on the current bonus rate of 2% per annum using the defined accrued benefit method.

Reconciliation of scheme liabilities and scheme assets to assets and liabilities recognised

	2016 £	2015 £
At 1 January		
Present value of scheme liabilities	(208,195)	(213,424)
Fair value of scheme assets	388,194	369,334
	<u>179,999</u>	<u>155,910</u>
Interest costs	(7,495)	(7,640)
Actuarial gains / (losses)	(37,715)	18,320
Expected return on scheme assets	13,975	13,409
	<u>(31,235)</u>	<u>24,090</u>
At 31 December		
Present value of scheme liabilities	(229,706)	(208,195)
Fair value of scheme assets	378,470	388,194
Surplus	148,764	179,999
Unrecognised surplus	(148,764)	(179,999)
Net pension asset	<u>-</u>	<u>-</u>

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

19. Pension scheme (continued)

Amounts recognised in the Statement of Comprehensive Income

The total amount recognised in the Statement of Comprehensive Income is:

	2016	2015
	£	£
Actual return less expected return on scheme assets	(23,699)	19,413
Experience gains / (losses) arising on scheme liabilities	9,674	456
Changes in the assumptions underlying the scheme liabilities	(23,690)	(1,549)
Effect of limit on amount of surplus not being recognisable	37,715	(18,320)
	<hr/>	<hr/>
Result as at end of year	<hr/>	<hr/>

The cumulative amount of actuarial gains / (losses) recognised in the statement of total recognised gains and losses since the adoption of FRS 102 is (£18,995) loss (2015: £18,320 gain).

Amounts recognised in profit and loss

The amounts recognised in profit and loss are as follows:

	2016	2015
	£	£
Interest cost	7,495	7,640
Expected return on scheme assets	(13,975)	(13,409)
Actual return on scheme assets	9,724	32,822
	<hr/>	<hr/>

Scheme liabilities

Changes in the present value of the scheme liabilities are as follows:

	2016	2015
	£	£
As at start of year	208,193	213,424
Interest costs	7,495	7,640
Actuarial losses	14,016	1,093
Benefits paid	-	(13,962)
	<hr/>	<hr/>
As at end of year	229,704	208,195
	<hr/>	<hr/>

Scheme assets

Changes in the fair value of the scheme assets are as follows:

	2016	2015
	£	£
As at start of year	388,194	369,334
Expected return on scheme assets	13,975	13,409
Actuarial gains	(23,699)	19,413
Benefits paid	-	(13,962)
	<hr/>	<hr/>
As at end of year	378,470	388,194
	<hr/>	<hr/>

Hoerbiger UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2016

.....continued

19. Pension scheme (continued)

Future contributions

The company expects to contribute £nil to this defined benefit pension scheme in the next accounting period.

Analysis of assets

The major categories of scheme assets are as follows:

	2016	2015
	£	£
With Profits Policy	378,470	388,194

The long term expected rate of return on the With Profits Policy is determined by reference to long dated government bond yields with an allowance for out-performance in part of the assets in relation to the underlying asset split.

None of the fair values of the assets above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company.

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate at end of year	2.2%	3.6%

Since the scheme provides for a defined benefit on retirement, assumptions regarding future inflation rates and salary changes are not applicable.

20. Related parties

Controlling entity

The company's immediate parent company is Hoerbiger Kompressortechnik Europa Holding GmbH, incorporated in Austria, whose principal place of business and address is Techgate Tower, Floor 15, Donau City Strasse, 1220 Vienna, Austria. The ultimate reporting and controlling company is Hoerbiger Holding AG whose principal place of business is Switzerland and whose address is Baarerstrasse, 18 Postfach, 4348 CH-Zug, Switzerland. Hoerbiger Holding AG is the only company that prepares consolidated financial statements.

The Company has taken advantage of the exemption granted in section 33 of Financial Reporting Standards not to disclose related party transactions with other wholly owned group companies. There were no other related party transactions.