Registered number: 02757514

TECO ELECTRIC EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

TECO ELECTRIC EUROPE LIMITED

CONTENTS

TECO ELECTRIC EUROPE LIMITED

COMPANY INFORMATION

Directors	G Cheetham C K Meng S K Mootz V Rajat W C Yeh
Company secretary	F Cheng
Registered number	02757514
Registered office	Unit 82 Atlantic Business Centre Atlantic Street Altrincham WA14 5NQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Hardman Street Manchester M3 3EB
Bankers	Royal Bank of Scotland 5th Floor 1 Spinningfields Square Manchester M3 3AP
	Australia and New Zealand Banking Group Limited 40 Bank Street Canary Wharf London E14 5EJ
Solicitors	Hill Dickinson LLP 1 St Paul's Square Liverpool L3 9SJ

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Teco Electric Europe Limited (the "Company") for the year ended 31 December 2018.

Principal activity

The principal activity of the Company during the year is the import, modification, assembly and distribution of a range of industrial automation products.

Review of the business, future developments and basis other than going concern

In the prior year the board of directors decided to rationalise part of the business that supplied standard products known as GE and SA. In the current year the board of directors has decided to terminate all of the remaining businesses and liquidate the Company. In recognition of this, the financial statements have not been prepared on a going concern basis. The change of basis has no impact on the reported profit for the financial year or other comprehensive income, or the book value of any assets or liabilities, Furthermore, no additional liabilities have been identified. The only disclosure adjustment to be made within the financial statements is to reclassify fixed assets as current assets.

Results and dividends

The profit for the financial year amounted to £220,511 (2017: loss £989,070).

The director do not recommend payment of dividend £Nil (2017: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statement, unless otherwise stated, were:

G Cheetham
C K Meng
S K Mootz (appointed 5 September 2018)
V Rajat (appointed 5 September 2018)
W C Yeh
S C Chiang (resigned 2 May 2019)
P T Chiueh (resigned 5 September 2018)
M Negro (resigned 5 September 2018)

Qualifying third party indemnity provisions

At the time this report is approved, no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions are in place for the benefit of one or more of the directors. At no time during the year were any such provisions in force for the benefit of one or more persons who were then directors.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

C K Meng
Director

Date: 30 September 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECO ELECTRIC EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Teco Electric Europe Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, and 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.

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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECO ELECTRIC EUROPE LIMITED (CONTINUED)

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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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. 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECO ELECTRIC EUROPE LIMITED (CONTINUED)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

H. Macnam

Hazel Mecnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
Date: 30 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Continuing operations 2018 £	Discontin'd operations 2018 £	Continuing operations 2017 £	Discontin'd operations 2017 £
Revenue	4	-	2,350,742	-	2,912,288
Cost of sales		-	(1,984,600)	-	(2,405,908)
Gross profit		-	366,142	-	506,380
Distribution costs		-	(35,614)	-	(1,050,677)
Administrative expenses		-	(254,107)	-	(427,241)
Other operating income/(expense)	5	-	61,077	-	(3,596)
Exceptional gain	19	-	93,036	-	-
Operating profit/(loss)	6	-	230,534	-	(975,134)
Finance costs	11	-	(10,023)	-	(13,936)
Profit/(loss) before taxation		-	220,511	-	(989,070)
Tax on profit/(loss)	12	-	-	-	-
Profit/(loss) for the financial year		-	220,511	-	(989,070)

Total comprehensive income/(expense) for the financial year

The notes on pages 10 to 26 form part of these financial statements.

TECO ELECTRIC EUROPE LIMITED
REGISTERED NUMBER: 02757514

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Property, plant and equipment	13	-	10,633
Current assets			
Other current assets		**1,843**	-
Inventories	14	-	507,581
Trade and other receivables	15	**558,554**	1,070,591
Cash and cash equivalents	16	**434,911**	238,817
		995,308	1,816,989
Current liabilities			
Trade and other payables	17	**(3,013,597)**	(3,505,049)
Net current liabilities		**(2,018,289)**	(1,688,060)
Total assets less current liabilities		**(2,018,289)**	(1,677,427)
Provisions	19	-	(561,373)
Net liabilities		**(2,018,289)**	(2,238,800)
Capital and reserves			
Called up share capital	21	**4,500,000**	4,500,000
Profit and loss account		**(6,518,289)**	(6,738,800)
Total shareholders' deficit		**(2,018,289)**	(2,238,800)

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 7 to 26 were approved and authorised for issue by the board and were signed on its behalf by:

C K Meng
Director

Date: 30 September 2019

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 January 2017	**4,500,000**	**(5,749,730)**	**(1,249,730)**
Comprehensive expense for the financial year			
Loss for the financial year	**-**	**(989,070)**	**(989,070)**
Total comprehensive expense for the financial year	**-**	**(989,070)**	**(989,070)**
At 31 December 2017 and 1 January 2018	**4,500,000**	**(6,738,800)**	**(2,238,800)**
Comprehensive income for the financial year			
Profit for the financial year	**-**	**220,511**	**220,511**
Total comprehensive income for the financial year	**-**	**220,511**	**220,511**
At 31 December 2018	**4,500,000**	**(6,518,289)**	**(2,018,289)**

The notes on pages 10 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Teco Electric Europe Limited (the "Company") is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Unit E1 Westbrook Park Westbrook Trading Estate, Westbrook Road, Trafford Park, Manchester, M17 1AY.

The principal activity of the Company during the year is the import, modification, assembly and distribution of a range of industrial automation products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements for the prior year were prepared on a going concern basis, but as described below this basis has not been used for the current year. The financial statements for both years have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

In the prior year the board of directors decided to rationalise part of the business that supplied standard products known as GE and SA. In the current year the board of directors has decided to terminate all of the remaining businesses and liquidate the Company. In recognition of this, the financial statements have not been prepared on a going concern basis.

The directors have considered whether adjustments are required to reduce asset to their realisable value, with no changes being made as all balances will be settled at net book value. Furthermore no additional liabilities have been identified as a result of the termination of the all the business activities and pending liquidations. The only disclosure adjustment to be made within the financial statements is to reclassify fixed assets as current assets.

The comparative information for the year ending 31 December 2017 was prepared on a going concern basis.

2. Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The partnership is a qualifying entity as its results are consolidated into the financial statements of Teco Electric and Machinery Co. Limited which are publicly available.

As a qualifying entity, the partnership has taken advantage of the following exemptions:

- *from the requirement to prepare a Statement of Cash Flows as required by paragraph 3.17(d) of FRS 102;*
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

2.4 Foreign currency

i) Functional and presentation currency
The Company's functional and presentational currency is pound sterling. The financial statements have been rounded to the nearest Pound.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.5 Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. For inventory motor sales, *revenue is recognised the day the goods are* shipped from the warehouse to the customer. For indent sales, the date of recognition of revenue is dependent on the individual terms and conditions of the relevant project.

2. Accounting policies (continued)

2.6 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i) 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.

ii) Defined contribution pension plans
The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2.7 Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised in directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred taxation
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.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2. Accounting policies (continued)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation. Depreciation is provided by the Company to write off the cost less the estimated residual value of property, plant and equipment by equal installments over their estimated useful economic lives as follows:

Short-term leasehold property	- life of lease
Plant and machinery	- 4 - 5 years
Fixtures, fittings, tools and equipment	- 4 - 5 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

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

2.9 Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leased assets
Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

ii) Lease incentives
Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the Statement of Comprehensive Income over the period to the first review date on which the rent is adjusted to market rates.

2. Accounting policies (continued)

2.10 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2.11 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. Where necessary, provision is made for obsolete, slow moving and defective inventories. Weighted average purchase price is considered a good approximation of what the inventory would be valued on a first in, first out (FIFO) basis.

2.12 Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdraft payable on demand.

2. Accounting policies (continued)

2.13 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets
Basic financial assets, including trade and other receivables and cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities
Basic financial liabilities, including trade and other payables and bank loans and overdrafts, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.14 Related party disclosures

As a wholly-owned subsidiary of Teco Electric and Machinery Co. Limited, the ultimate parent company, the Company has taken advantage of the exemptions as provided by paragraph 33.1 A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned. The Company discloses transactions with related parties which are not wholly owned with the same group. The Company is included in the consolidated financial statements of Teco Electric and Machinery Co. Limited, which are publicly available.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

-Onerous lease provision
Provision is made up of an onerous lease. This provision requires management's best estimate of the costs that will be incurred based on contractual requirements.

4. Revenue

Revenue arises wholly from the Company's principal activities. An analysis of revenue by geographical market is as follows:

	2018	2017
	£	£
United Kingdom	**583,569**	1,760,739
Europe (excluding United Kingdom)	**198,518**	698,344
Rest of the world	**1,568,655**	453,205
	2,350,742	2,912,288

5. Other operating income/(expense)

	2018	2017
	£	£
Sundry income	**65,254**	-
Commissions income	**396**	30,891
Exchange loss	**(4,573)**	(34,487)
	61,077	(3,596)

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of owned property, plant and equipment	**5,403**	12,528
Operating lease charges	**78,598**	79,701
Cost of inventory charged to cost of sales	**2,040,524**	2,295,363
Net inventory provision recognised	**44,549**	68,304
Net trade receivables provision recognised	**(6,267)**	950
Loss on disposal of fixed assets	**-**	21,133
Restructuring costs (see note 19)	**93,036**	561,373

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**18,500**	18,500

Fees payable to the Company's auditor in respect of:

All other services	**7,200**	4,500

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
External sales	**-**	3
Internal sales	**2**	5
Logistics	**-**	1
Administration	**-**	3
	2	12

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Directors' remuneration

None of the directors of the Company received any remuneration in respect of their services to the Company (2017: none). There are no retirement benefits accruing for any directors under a defined benefit scheme (2017: £Nil). There are no retirement benefits accruing for any director under a money purchase pension scheme (2017: £Nil).

10. Discontinued operations

In the prior year the board of directors decided to rationalise part of the business that supplies standard product (known as GE and SA). In the current year the board of directors has now decided to terminate all of the business and liquidate the Company.

11. Finance Costs

	2018	2017
	£	£
Interest payable on bank loans and overdrafts	**10,023**	13,936

12. Tax on profit/(loss)

	2018 £	2017 £
Current tax		
UK corporation tax on profit/(loss) for the year	-	-
Total tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) before taxation	**220,511**	(989,070)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**41,897**	(190,362)
Effects of:		
Expenses not deductible for tax purposes	-	13
Current year losses carried forward not recognised	-	190,349
Utilisation of brought forward losses not recognised	**(41,897)**	-
Total tax charge for the financial year	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reduction to the main rate to reduce the rate to 17% from April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The Company has a potential deferred tax asset of £993,694 (2017: £1,038,000) (calculated using a deferred tax rate of 17%), which has not been recognised in the accounts. This is primarily due to unrecognised tax losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Property, plant and equipment

	Plant and machinery £	Fixtures and fittings, tools and equipment £	Total £
Cost			
At 1 January 2018	**40,917**	**130,770**	**171,687**
Disposals	**(1,701)**	**-**	**(1,701)**
Transfers to current assets	**(39,216)**	**(130,770)**	**(169,986)**
At 31 December 2018	**-**	**-**	**-**
Accumulated depreciation			
At 1 January 2018	**36,543**	**124,511**	**161,054**
Charge for the year	**987**	**4,416**	**5,403**
Disposals	**1,686**	**-**	**1,686**
Transfers to current assets	**(39,216)**	**(128,927)**	**(168,143)**
At 31 December 2018	**-**	**-**	**-**
Net book value			
At 31 December 2018	**-**	**-**	**-**
At 31 December 2017	4,374	6,259	10,633

Depreciation costs are recognised within administrative expenses in the Statement of Comprehensive Income.

14. Inventories

	2018 £	2017 £
Goods in transit	**-**	38,703
Finished goods and goods for resale	**-**	468,878
	-	507,581

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amount. Inventories are stated after provision for impairment of £103,946 (2017: £170,799)

15. Trade and other receivables

	2018 £	2017 £
Trade receivables	**34,447**	942,276
Amounts owed by group undertakings	**455,534**	9,507
Other debtors	**4,553**	11,436
Prepayments and accrued income	**64,020**	107,372
	558,554	1,070,591

Trade receivables are stated after provision for impairment of £54,137 (2017: £9,588).

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	**434,911**	238,817

17. Trade and other payables

	2018 £	2017 £
Bank loans	**200,000**	1,000,000
Trade payables	**20,407**	54,243
Amounts owed to group undertakings	**2,369,494**	2,250,095
Taxation and social security	**10,842**	15,333
Accruals and deferred income	**412,854**	185,378
	3,013,597	3,505,049

The Company has a fully available loan facility of £200,000 (31 December 2017: £1,000,000). At 31 December 2018 this was fully utilised. The facility is secured by cross guarantee given by the parent company and is repayable on demand. The interest charge for the facility is calculated on a daily basis and is dependent on the balance of the account on the relevant day.

Amount owned to group undertakings are unsecured, interest free and repayable on demand.

Included within the Accruals and deferred income in the current year is £55,143 relating to warranty provision. In the current year this has been classified in provisions shown in note 19.

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**929,445**	1,202,036
Financial liabilities		
Financial liabilities measured at amortised cost:	**2,589,901**	3,304,338

Financial assets that are debt instruments measured at amortised cost comprise trade receivables, other debtors, amounts owed by group undertakings and cash and cash equivalent.

Financial liabilities measured at amortised cost comprise bank loans, trade payables and amounts owed to group undertakings.

19. Provisions

Where leasehold properties become vacant, the Company provides for all costs, to the end of the lease or the anticipated date of the disposal or sublease. The provision relates to warehouse and offices in Manchester. The provision is expected to be utilised.

The Company had the following provisions during the year:

	Restructuring provision <1 year £	Onerous lease provision < 1 year £	Warranty provision < 1 year £	Total £
At 1 January 2018	146,184	415,189	-	561,373
(Credited)/charged to profit or loss	(93,036)	-	17,541	(75,495)
Transferred to accruals on liquidation	-	(301,707)	(72,684)	(374,391)
Included in accruals in FY18	-	-	55,143	55,143
Utilised in year	(53,148)	(113,482)	-	(166,630)
At 31 December 2018	-	-	-	-

In the prior year a onerous lease provision was booked for £415,189 of which £113,482 has been utilised in the year. Furthermore a restructuring provision of £146,184 was booked, £71,184 for redundancy costs ands £75,000 for other restructuring costs. In the current year £53,148 was utilised, however the rest of the provision was not required and this resulted in and exceptional gain in the profit and loss account of £93,036.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Deferred taxation

	2018 Provided £	2018 Unprovided £	2017 Provided £	2017 Unprovided £
Difference between accumulated depreciation and capital allowances	-	(7,408)	-	(7,961)
Other timing difference	-	-	-	(657)
Losses carried forward	-	(986,286)	-	(1,029,972)
Unrecognised deferred tax asset	-	(993,694)	-	(1,038,590)

A deferred tax asset is not recognised since in the opinion of the directors recoverability is not sufficiently certain.

21. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
4,500,000 (2017: 4,500,000) Ordinary shares of £1 (2017: £1) each	**4,500,000**	4,500,000

There is single class of ordinary shares. There are no restrictions on the distribution of dividend and the repayment of capital.

22. Pensions

The Company operates a defined contribution scheme. The costs of contributions to this scheme amount to £4,134 (2017: £17,108).

23. Capital commitments

There are no capital commitments at the beginning or end of the financial year for which a provision has been made.

24. Related party transactions

The Company has taken exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

Key management compensation
Key management personnel includes only directors as there are no other members of senior management having authority and responsibility. The Company does not have any compensation to key management personnel (other than directors) as disclosed in note 8.

During the year, the Company has following transaction and balance with its related parties within the same group:

	2018 £	2017 £
Teco Electric Machinery B.V.*		
Sale of goods	**2,425**	99,596
Purchase of goods	**7,089**	155,127

24. Related party transactions (continued)

Amount owed to Teco Electric Machinery B.V. at 31 December	**405,453**	408,809
Amount owed from Teco Machinery B.V. at 31 December	**3,979**	1,529
Teco Electric & Machinery Co & Ltd**		
Sale of goods	**-**	15,553
Purchase of goods	**1,267,912**	1,805,827
Amount owed to Teco Electric & Machinery Co., Ltd at 31 December	**1,925,592**	1,839,048
Amount owed from Teco Electric & Machinery Co., Ltd at 31 December	**2,207**	2,207
Teco Westinghouse Motor Company*		
Purchase of goods	**16,625**	634
Amount owed to Teco Westinghouse Motor Company at 31 December	**16,661**	-
Wuxi Teco Electric & Machinery Co., Ltd		
Sale of goods	**-**	5,771
Amount owed from Wuxi Teco Electric & Machinery Co., Ltd at 31 December	**-**	5,771
Teco Electric & Machinery (PTE) Singapore		
Purchase of goods	**-**	373
Teco Australia Pty Ltd*		
Purchase of goods	**-**	137
Optimer Elektrik Makina LTD		
Amount owed to Optimer Elektrik Makina LTD at 31 December	**2,282**	2,238
Motovario Ltd		
Sale of goods	**411,866**	-
Amount owed from Motovario Ltd at 31 December	**295,273**	-
Motovario S.p.A.		
Sale of goods	**153,975**	-
Amount owed from Motovario S.p.A. at 31 December	**151,340**	-
Motovario SA		
Sale of goods	**2,300**	-
Amount owed from Motovario SA at 31 December	**441**	-
Motovario SA		
Sale of goods	**3,469**	-
Amount owed from Motovario SA at 31 December	**2,294**	-

24. Related party transactions (continued)

During the year, the Company has the following transactions and balance with its related parties within the same group:

There were no provisions made on the outstanding balances nor any expense recognised during the year in respect of bad or doubtful debts.

* Payment term from Teco Electric & Machinery B.V. and Teco Westinghouse Motor Company is 30 days.

** Payment term from Teco Electric Machinery Co, Ltd is 120 days.

25. Ultimate parent company and controlling party

The immediate and ultimate parent undertaking and controlling party is Teco Electric and Machinery Co. Limited, a company incorporated in Taiwan, Republic of China.

Teco Electric and Machinery Co. Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Teco Electric and Machinery Co. Limited are available to the public and may be obtained from the parent company head office at No 19-9 San Chong Road, Nan-Kang, Taiwan, Republic of China.