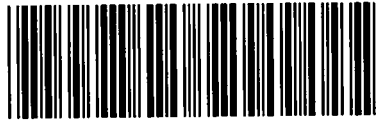


" Amending "

Teco Electric Europe Limited
Directors' report and financial statements
for the year ended 31 December 2017

SATURDAY

M



A7KE7YY2

A07 08/12/2018 #142
COMPANIES HOUSE

A7J10WVS

A14 19/11/2018 #176
COMPANIES HOUSE

Teco Electric Europe Limited
Directors' report and financial statements
for the year ended 31 December 2017
Contents

Directors and advisers for the year ended 31 December 2017	1
Directors' report for the year ended 31 December 2017	2
Independent auditors' report to the members of Teco Electric Europe Limited	5
Income statement for the year ended 31 December 2017	9
Balance sheet as at 31 December 2017	10
Statement of changes in equity for the year ended 31 December 2017	11
Statement of cash flows for the year ended 31 December 2017	12
Notes to the financial statements for the year ended 31 December 2017	13

Teco Electric Europe Limited

Directors and advisers for the year ended 31 December 2017

Directors

S C Chiang

P T Chiueh

W C Yeh (Appointed on 6 September 2017)

M Negro (Appointed on 6 September 2017)

G Cheetham

C I Meng

H H Lin (Resigned on 6 September 2017)

S Chiu (Resigned on 6 September 2017)

Company secretary

F Cheng

Registered office

Unit E1 Westbrook Park,

Westbrook Road,

Trafford Park,

Manchester.

M17 1AY

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

29 Wellington Street

Leeds

LS1 4DL

Solicitors

Hill Dickinson LLP

1 St Paul's Square

Liverpool

L3 9SJ

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

Teco Electric Europe Limited

Directors' report for the year ended 31 December 2017

Teco Electric Europe Limited – Registered Number 2757514

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2017. The Directors' report has been prepared taking advantage of the small companies' exemption in Section 415a of the Companies Act 2006. The Company has taken advantage of the small companies' exemption in Section 414b of the Companies Act 2006 from preparing a Strategic Report.

Results and dividends

The Company's loss for the financial year was £989,070 (2016: £457,524). The directors do not recommend payment of a dividend (2016: £nil).

Future developments

The board of directors has decided, with effect from 1 January 2018, to terminate part of the business that supplies standard products, known as GE and SA divisions, and to focus on engineered product, FA division, in order to improve profitability. The current GE/SA business will be integrated into an affiliated company, Motovario UK. The warehouse in Manchester will be closed. The employees not related to the FA business are being made redundant from Q2; there will be only 2 full time employees who will functionally report to the FA leader in Hannover. Their role will be to provide sales service to FA customers in the UK, Spain, and Italy.

The business outlook for FA in 2018 is expected to improve as the economy in Europe is continuing to stabilize and get stronger. Increased gas price is encouraging capital investment in the oil and gas industry, which is a major end user market for our FA product.

Our 2018 FA strategy is:

- Continue to establish good relationship with two existing important companies in Europe.
- To develop a professional relationship with Engineering, Procurement and Construction (EPC).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Teco Electric and Machinery Co. Limited. The directors have received confirmation that Teco Electric and Machinery Co. Limited intend to support the company for at least one year after these financial statements are approved.

Teco Electric Europe Limited

Directors' report for the year ended 31 December 2017 (continued)

Directors

The directors who held office during the year and up to the date of approving these financial statements (unless otherwise stated) were as follows:

S C Chiang

P T Chiueh

W C Yeh (Appointed on 6 September 2017)

M Negro (Appointed on 6 September 2017)

G Cheetham

C I Meng

H H Lin (Resigned on 6 September 2017)

S Chiu (Resigned on 6 September 2017)

Qualifying third party and pension scheme 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.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Teco Electric Europe Limited

Directors' report for the year ended 31 December 2017 (continued)

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent auditors

Pursuant to section 487(2) of the Companies Act 2006, the members have dispensed with the obligation to appoint auditors annually and PricewaterhouseCoopers LLP shall be deemed to be re-appointed each year.

On behalf of the Board



P T Chiueh

Director

19 February 2018

Teco Electric Europe Limited

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 2017 and of its loss and cash flows 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 Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Income statement, the Statement of cash flows, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Teco Electric Europe Limited

Independent auditors' report to the members of Teco Electric Europe Limited (continued)

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a 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.

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 2017 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 Statement of directors' responsibilities in respect of the financial statements, 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.

Teco Electric Europe Limited

Independent auditors' report to the members of Teco Electric Europe Limited (continued)

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.

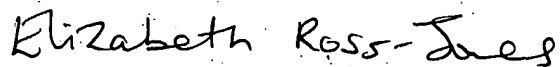
We have no exceptions to report arising from this responsibility.

Teco Electric Europe Limited

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.



Elizabeth Ross-Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
19 February 2018

Teco Electric Europe Limited

Income statement for the year ended 31 December 2017

	Note	2017			2016		
		£			£		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	2	1,033,563	1,878,725	2,912,288	1,511,128	1,733,854	3,244,982
Cost of sales		(891,928)	(1,513,980)	(2,405,908)	(1,196,915)	(1,338,102)	(2,535,017)
Gross profit		141,635	364,745	506,380	314,213	395,752	709,965
Distribution costs		(124,796)	(925,881)	(1,050,677)	(183,587)	(586,661)	(770,248)
Administrative expenses		(87,320)	(339,921)	(427,241)	(90,627)	(229,378)	(320,005)
Other operating expense	3	(3,596)	-	(3,596)	(61,925)	-	(61,925)
Operating loss	4	(74,077)	(901,057)	(975,134)	(21,926)	(420,287)	(442,213)
Finance costs	7	(13,936)	-	(13,936)	(15,311)	-	(15,311)
Loss before income tax		(88,013)	(901,057)	(989,070)	(37,237)	(420,287)	(457,524)
Income tax expense	8	-	-	-	-	-	-
Loss for the financial year		(88,013)	(901,057)	(989,070)	(37,237)	(420,287)	(457,524)

There is no comprehensive income in the years ended 31 December 2016 and 31 December 2017 other than the loss for the respective financial years. Accordingly, a separate statement of comprehensive income has not been presented.

Teco Electric Europe Limited

Balance sheet as at 31 December 2017

	Note	2017 £	2016 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	10,633	38,668
Total non-current assets			38,668
Current assets			
Inventories	10	507,581	847,735
Trade and other receivables	11	✓ 1,070,591	612,792
Cash and cash equivalents		238,817	256,341
Total current assets		1,816,989	1,716,868
Total assets		1,827,622	1,755,536
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	15	4,500,000	4,500,000
Retained earnings		(6,738,800)	(5,749,730)
Total equity		(2,238,800)	(1,249,730)
Liabilities			
Non - current liabilities			
Provisions	14	301,956	-
Total non - current liabilities		301,956	-
Current liabilities			
Trade and other payables	12	3,505,049	3,005,266
Provisions	14	259,417	
Total current liabilities		3,764,466	3,005,266
Total liabilities		4,066,422	1,755,536
Total equity and liabilities		1,827,622	1,755,536

These financial statements, on pages 9 to 31, were approved by the board of directors on 19 February 2018 and were signed on its behalf by:



P T Chiueh
Director

Teco Electric Europe Limited – Registered Number 2757514

Teco Electric Europe Limited

Statement of changes in equity for the year ended 31 December 2017

		Called up share capital	Accumulated loss	Total Equity
	Note	£	£	£
Balance as at 1 January 2016		4,500,000	(5,292,206)	(792,206)
Loss for the financial year		-	(457,524)	(457,524)
Balance as at 31 December 2016	15	4,500,000	(5,749,730)	(1,249,730)
Loss for the financial year		-	(989,070)	(989,070)
Balance as at 31 December 2017	15	4,500,000	(6,738,800)	(2,238,800)

Teco Electric Europe Limited

Statement of cash flows for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flow from operating activities	17	2,038	105,774
Taxation paid		-	-
Net cash generated from / (used in) operating activities		2,038	105,774
Cash flow from investing activities			
Purchase of property, plant and equipment		(5,626)	(28,115)
Net cash used in investing activities		(5,626)	(28,115)
Cash flow from financing activities			
Interest paid and similar charges		(13,936)	(15,311)
Net cash used in financing activities		(13,936)	(15,311)
Net (decrease)/increase in cash and cash equivalents		(17,524)	62,348
Cash and cash equivalents at the beginning of the year		256,341	193,993
Cash and cash equivalents at the end of the year		238,817	256,341
Cash and cash equivalents consists of:			
Cash at bank and in hand		238,817	256,341
Cash and cash equivalents		238,817	256,341

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017

1. Accounting Policies

General information

Teco Electric Europe Limited 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 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.

Statement of compliances

The financial statements of Teco Electric Europe Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policy

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(o).

b) Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Teco Electric and Machinery Co. Limited. The directors have received confirmation that Teco Electric and Machinery Co. Limited intend to support the Company for at least one year after these financial statements are approved.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has not taken advantage of any available exemptions.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting Policies (continued)

d) Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the 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 income statement.

e) 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.

f) 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.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, 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.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting Policies (continued)

g) Taxation (continued)

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.

h) 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 instalments over their estimated useful economic lives as follows:

Short leasehold improvements	-	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.

i) 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 income statement on a straight-line basis over the lease term.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting Policies (continued)

i) Leases (continued)

ii) *Lease incentives*

Incentives received to enter into an operating lease are credited to the income statement, 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 income statement over the period to the first review date on which the rent is adjusted to market rates.

j) 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 income statement, 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 income statement.

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 income statement.

k) 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.

l) 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.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting Policies (continued)

m) 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 income statement.

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 income statement.

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.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting Policies (continued)

m) Financial Instruments (continued)

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.

n) 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 33.1A 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.

o) Critical accounting judgements and key source 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:

- *Useful economic lives of property, plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of property, plant and equipment and note 1 for the useful economic lives for each class of asset.

- *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.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Revenue

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

	2017 £	2016 £
United Kingdom	1,760,739	1,887,166
Europe (excluding United Kingdom)	698,344	576,554
Rest of World	453,205	781,262
	2,912,288	3,244,982

3. Other operating expense

	2017 £	2016 £
Commission income	30,891	71,740
Exchange loss	(34,487)	(133,665)
	(3,596)	(61,925)

4. Operating loss

Operating loss is stated after charging:

	2017 £	2016 £
Depreciation of owned property, plant and equipment	12,528	15,822
Operating lease charges	79,701	61,925
Cost of inventory charged to cost of sales	2,295,363	2,449,461
Net inventory provision recognised	68,304	38,874
Net trade receivables provision recognised	950	2,946
Loss on disposal of fixed assets	21,133	16,451
Restructuring costs	561,373	-
Auditors' remuneration		
Audit of financial statements	18,500	14,000
Other services - tax compliance	4,500	4,500

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

Restructuring costs of £561,373 have been recognised within admin expenses. This includes £415,189 relating to an onerous lease provision, £71,184 in redundancy costs and £75,000 in other restructuring costs.

5. Employee information

The average monthly number of persons (inclusive of directors) employed by the company during the year, analysed by activity, was as follows:

	Number of employees	
	2017	2016
External sales	3	3
Internal sales	5	6
Logistics	1	1
Administration	3	3
	12	13

The aggregate payroll costs of these persons (including directors) were as follows:

	2017	2016
	£	£
Wages and salaries	532,097	618,246
Social security costs	56,873	63,051
Other pension costs (see note 18)	17,108	16,654
	606,078	697,951

Directors' remuneration

None of the directors of the company received any remunerations in respect of their services to the company (2016: none). There are no retirement benefits accruing for any directors under a defined benefit scheme (2016: £nil). There are no retirement benefits accruing for any director under a money purchase pension scheme (2016: £nil).

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

6. Discontinued operations

The board of directors has decided, with effective from 1 January 2018, to terminate part of the business that supplies standard product (known as GE and SA).

7. Finance Costs

	2017	2016
	£	£
Interest payable on bank loans and overdrafts	13,936	15,311

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

8. Income tax expense

	2017 £	2016 £
Current tax:		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior years	-	-
Tax on loss	-	-

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25 % (2016: 20.00%). The differences are explained below.

	2017 £	2016 £
Loss before income tax	(989,070)	(457,524)
Loss before income tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(190,362)	(91,505)
Effects of:		
Expenses not deductible for tax purposes	13	3,458
Current year losses carried forward not recognised	190,349	88,047
Total tax for the year	-	-

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 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 £1,038,000 (2016: £870,000) (calculated using a deferred tax rate of 17%), which has not been recognised in the accounts. This is primarily due to unrecognised tax losses.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9. Property, plant and equipment

	Short Leasehold improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£
Cost:				
At 1 January 2017	18,242	36,301	138,952	193,495
Disposals	(19,182)	-	(8,252)	(27,434)
Additions	940	4,616	70	5,626
At 31 December 2017	-	40,917	130,770	171,687
Accumulated depreciation:				
At 1 January 2017	753	35,692	118,382	154,827
Disposals	(2,336)	-	(3,965)	(6,301)
Charge for the year	1,583	851	10,094	12,528
At 31 December 2017	-	36,543	124,511	161,054
Net book value:				
At 31 December 2017	-	4,374	6,259	10,633
At 31 December 2016	17,489	609	20,570	38,668

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

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

10. Inventories

	2017	2016
	£	£
Goods in transit	38,703	120,601
Finished goods and goods for resale	468,878	727,134
	507,581	847,735

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts. Inventories are stated after provision for impairment of £170,799 (2016: £102,495)

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11. Trade and other receivables

	2017	2016
	£	£
Trade receivables	942,276	441,910
Amounts owed by group undertakings	9,507	57,421
Other Debtors	11,436	26,200
Prepayments and accrued income	107,372	87,261
	1,070,591	612,792

Trade receivables are stated after provision for impairment of £9,588 (2016: £8,638).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Trade and other payables

	2017	2016
	£	£
Bank loans and overdrafts	1,000,000	1,000,000
Trade payables	54,243	36,458
Amounts owed to group undertakings	2,250,095	1,778,065
Taxation and social security	15,333	3,747
Accruals and deferred income	185,378	186,996
	3,505,049	3,005,266

The Company has an available fully loan facility of £1,000,000 (31 December 2016 £ 1,000,000). At 31 December 2017 this was fully utilised. The facility is secured by a 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.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

13. Financial instruments by category

	Note	2017 £	2016 £
Financial assets			
Financial assets that are debt instruments measured at amortised cost:			
Trade receivables	11	942,276	441,910
Other Debtors	11	11,436	26,200
Amounts owed by group undertakings	11	9,507	57,421
Cash and cash equivalents		238,817	256,341
Total		1,202,036	781,872
Financial liabilities			
Financial liabilities measured at amortised cost:			
Bank loans and overdrafts	12	1,000,000	1,000,000
Trade payables	12	54,243	36,458
Amounts owed to group undertakings	12	2,250,095	1,778,065
Total		3,304,338	2,814,523

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

14. Provisions for liabilities and charges

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 £	Deferred tax £	Total £
At 1 January 2017	-	-	-	-
Additional	(259,417)	(301,956)	-	(561,373)
At 31 December 2017	(259,417)	(301,956)	-	(561,373)

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2017 Provided £	2017 Unprovided £	2016 Provided £	2016 Unprovided £
Difference between accumulated depreciation and capital allowances	-	(7,961)	-	(5,339)
Other timing difference	-	(657)	-	(708)
Losses carried forward	-	(1,029,972)	-	(864,412)
Unrecognised deferred tax asset	-	(1,038,590)	-	(870,459)

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

15. Called up share capital

	2017 £	2016 £
Issued, allotted and fully paid		
4,500,000 (2016: 4,500,000) ordinary shares of £1 each	4,500,000	4,500,000

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

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

16. Commitments

At 31 December the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
	£	£
Within 1 year	-	77,479
1 – 5 years	-	387,397
Later than five years	-	277,634
	-	742,510

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

17. Reconciliation of loss before income tax to cash flow from operating activities

	2017	2016
	£	£
Loss before income tax	(989,070)	(457,524)
Finance costs	13,936	15,311
Depreciation charge	12,528	15,822
Decrease in inventories	340,154	33,730
Increase in trade receivables	(457,799)	(71,609)
Increase in trade payables and other payables	499,783	553,593
Increase in provisions	561,373	-
Loss on disposal of property, plant and equipment	21,133	16,451
Cash flow from operating activities	2,038	105,774

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

18. Pensions

The Company operates a defined contribution scheme. The costs of contributions to this scheme amount to £17,108 (2016: £16,654). The outstanding contribution at the year-end is £3,863 (2016: £4,164).

19. Ultimate parent company

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 2017. 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.

20. 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 5.

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

20. Related party transactions and balance (continued)

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

	2017 £	2016 £
<i>Teco Electric Machinery B.V.¹</i>		
Sale of goods	99,596	175,536
Purchase of goods	155,127	294,731
Amount owed to Teco Electric Machinery B.V. at 31 December	408,809	359,100
Amount owed from Teco Electric Machinery B.V. at 31 December	1,529	57,106
<i>Teco Electric & Machinery Co & Ltd²</i>		
Sale of goods	15,553	483
Purchase of goods	1,805,827	2,031,372
Amount owed to Teco Electric & Machinery Co., Ltd at 31 December	1,839,048	1,346,784
Amount owed from Teco Electric & Machinery Co., Ltd at 31 December	2,207	315
<i>Teco Westinghouse Motor Company¹</i>		
Purchase of goods	634	59,465
Amount owed to Teco Westinghouse Motor Company at 31 December	-	69,799
<i>Wuxi Teco Electric & Machinery Co.,Ltd</i>		
Sale of goods	5,771	-
Amount owed from Wuxi Teco Electric & Machinery Co.,Ltd at 31 December	5,771	-
<i>Teco Electric & Machinery (PTE) Singapore</i>		
Sale of goods	-	805
Purchase of goods	373	-

Teco Electric Europe Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

20. Related party transactions and balance (continued)

	2017	2016
	£	£
<i>Teco Australia Pty Ltd¹</i>		
Purchase of goods	137	-
Amount owed to Teco Australia Pty Ltd at 31 December	-	-
<i>Optimer Elektrik Makina LTD</i>		
Purchase of goods	-	2,382
Amount owed to Optimer Elektrik Makina LTD at 31 December	2,238	2,382

1. Payment term from Teco Electric & Machinery B.V. and Teco Westinghouse Motor Company and Teco Australia PTY Ltd and Teco Westinghouse Motor Industrial Canada is 30 days.
2. Payment term from Teco Electric Machinery Co, Ltd is 120 days.

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