

REGISTRAR

Registered number: 02761294

ARBURG LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



ARBURG LIMITED

COMPANY INFORMATION

Directors	C F Tirel R Keinath S E Wrighton
Company secretary	M A Hehl
Registered number	02761294
Registered office	Tachbrook Park Drive Warwick CV34 6RH
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ
Bankers	Barclays Bank Plc Meridian Business Park Leicester LE16 1YE

ARBURG LIMITED

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ARBURG LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The Directors present their Strategic report and the financial statements for the year ended 31 December 2020.

Business review

The principal activity remained the distribution of plastic injection moulding machines, additive manufacturing technologies and associated services.

As with previous years, 2020 presented ARBURG Limited with a number of challenges. These came from both the market and competitors, but also as a result of Brexit and Covid-19 and the potential uncertainty caused therein.

Ultimately, Brexit had some influence on customers' planning activities, but we found that the majority continued to pursue their planned investment strategies.

In contrast, the impact of Covid-19 had a significant impact on our business in the months of April, May and June.

Whilst 2020 may not have been a record year in terms of the business gained, it was very satisfying in many respects, particularly concerning the number of new customers won throughout the year. An additional success was the highest order income for new machinery and robots in the month of December for over 15 years.

As in previous years, certain market sectors provided significant business in terms of new machines and automation. This included new start-up companies and business gained in the additive manufacturing market.

We also achieved some very good results in both service revenue and spare parts.

Turnover for 2020 was lower than that for 2019 as a direct result of the above challenges, but with considered monitoring of the Company's overheads combined with a concerted focus on sales, the Company ended the year with a profit before tax of £397,610.

The net assets have increased as a result of profits that have not been distributed.

ARBURG LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal risks and uncertainties**Cash flow risk**

With ARBURG Limited being a wholly owned subsidiary of a multinational group, any cash flow risk will be covered by the resources of the group. Monthly cash flow forecasts are produced to ensure sufficient funding is available for trading requirements over a 12 month period.

Credit risk

The credit exposure of the Company relates to the failure of the customers to meet their commitments. The Company takes this risk seriously and commits significant resources to ensure debtors do not exceed their agreed credit terms.

Currency risk

The Company is largely protected from currency risk by the trading policy of the ARBURG Group. All currency management is undertaken at a group level in Germany.

Competition

The Company operates in a highly competitive market both in the UK and Ireland, particularly with regard to price, leading to constant pressure on our margins. Our parent company continues to invest within the manufacturing plant in Lossburg, Germany to improve operational efficiencies, thus ensuring that our products are as competitive in terms of pricing and cutting edge technology as possible.

Economy

The manufacturing sector in the UK and Ireland continues to be positive and stable. In terms of business, ARBURG Limited enjoyed a good year in 2020 with a customer base spread across a diverse range of market sectors. We remain cautiously optimistic in terms of the next 12 - 24 months for the UK market. Sales into Ireland continue to provide good returns in terms of service revenue and machine sales, particularly in the medical market sector.

We sincerely hope, and are working hard to ensure, this continues throughout 2021 and beyond.

ARBURG LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

	<u>2020</u>	<u>2019</u>
Measurement of gross margin	25.14%	26.3%

The decrease was due to the sale of less automation in 2020, which generally has a higher margin.

Acid test ratio	1.96	1.70
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Less investment in stock machines in 2020 led to higher cash balances and lower inter-company liabilities at the year end, resulting in improved liquidity.

Pre-tax profit to sales %	4.35%	4.7%
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The decrease was due to lower automation sales, with the profit before tax decreasing to £397,610 in 2020 from £631,126 in 2019.

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


C F Tirel
Director

Date: 10 February 2021

ARBURG LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £306,133 (2019 - £497,861).

Directors

The directors who served during the year were:

C F Tirel
R Keinath
S E Wrighton

ARBURG LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future developments

We had projected a similar business year for 2020 in line with 2019.

Even given the continued Brexit discussions and protracted uncertainty, we felt that the majority of the customer base would continue to pursue their investment plans, looking to remain competitive for the future.

We have a number of continuing strategies to ensure that all members of staff at ARBURG Limited are trained in order to plan for the medium to long term objective of servicing our customers' on-going requirements in the UK and Ireland.

We are a market leader in a number of operational areas in what is a very mature and competitive arena. Our proactive approach encompasses the full range of new injection moulding machines, robots and additive manufacturing technology sales, training, technical support, spare parts and service for ARBURG machines and related technologies.

Amongst others, two objectives that we will focus on in 2021 and beyond is to increase automation and additive manufacturing sales. This is by entering into detailed discussions regarding additive manufacturing with potential trials at our parent company in Germany. We will also proactively seek to be our customers' turnkey automation solution provider.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

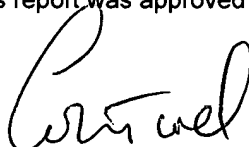
Post balance sheet events

There have been no significant events affecting the Company since the year end. The effects of the Covid-19 pandemic have been discussed in accounting policy 2.4.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



C F Tirel
Director

Date: 10 February 2021

ARBURG LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBURG LIMITED

Opinion

We have audited the financial statements of ARBURG Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of budgets and forecasts and cash flow requirements of the entity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

ARBURG LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBURG LIMITED (CONTINUED)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBURG LIMITED (CONTINUED)

Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journals entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

ARBURG LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBURG LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



Steven Moore BA ACA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Moorgate House
201 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 1LZ

10 February 2021

ARBURG LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	9,136,714	13,487,985
Cost of sales		(6,839,618)	(9,944,810)
Gross profit		2,297,096	3,543,175
Distribution costs		(135,897)	(151,200)
Administrative expenses		(1,849,852)	(2,844,796)
Other operating income	5	67,514	67,829
Operating profit	6	378,861	615,008
Interest receivable and similar income	10	20,899	35,367
Interest payable and expenses	11	(2,150)	(19,249)
Profit before tax		397,610	631,126
Tax on profit	12	(91,477)	(133,265)
Profit after tax		306,133	497,861
Retained earnings at the beginning of the year		5,386,208	4,888,347
Profit for the year		306,133	497,861
Retained earnings at the end of the year		5,692,341	5,386,208

The notes on pages 14 to 26 form part of these financial statements.

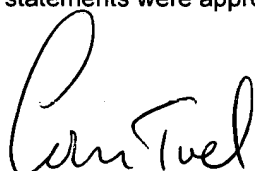
ARBURG LIMITED
REGISTERED NUMBER: 02761294

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	514,749	576,648
Investment property	14	940,500	940,500
		<u>1,455,249</u>	<u>1,517,148</u>
Current assets			
Stocks	15	1,772,576	1,939,507
Debtors: amounts falling due within one year	16	2,521,042	2,225,898
Cash at bank and in hand	17	2,622,381	2,593,882
		<u>6,915,999</u>	<u>6,759,287</u>
Creditors: amounts falling due within one year	18	(2,620,736)	(2,834,462)
Net current assets		<u>4,295,263</u>	<u>3,924,825</u>
Total assets less current liabilities		<u>5,750,512</u>	<u>5,441,973</u>
Provisions for liabilities			
Deferred tax	19	(8,171)	(5,765)
		<u>(8,171)</u>	<u>(5,765)</u>
Net assets		<u><u>5,742,341</u></u>	<u><u>5,436,208</u></u>
Capital and reserves			
Called up share capital	20	50,000	50,000
Profit and loss account	21	5,692,341	5,386,208
		<u>5,742,341</u>	<u>5,436,208</u>

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

C F Tirel
Director



Date: 10 February 2021

The notes on pages 14 to 26 form part of these financial statements.

ARBURG LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	306,133	497,861
Adjustments for:		
Depreciation of tangible assets	78,880	87,476
Interest paid	2,150	19,249
Interest received	(20,899)	(35,367)
Taxation charge	91,477	133,265
Decrease in stocks	166,931	296,274
(Increase)/decrease in debtors	(312,012)	218,570
Decrease/(increase) in amounts owed by groups	16,868	(53,800)
Increase/(decrease) in creditors	531,627	(190,590)
(Decrease) in amounts owed to groups	(715,557)	(176,344)
Corporation tax (paid)	(118,869)	(127,682)
Net cash generated from operating activities	<u>26,729</u>	<u>668,912</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(16,979)	(3,797)
Interest received	20,899	35,367
Net cash from investing activities	<u>3,920</u>	<u>31,570</u>
Cash flows from financing activities		
Interest paid	(2,150)	(19,249)
Net cash used in financing activities	<u>(2,150)</u>	<u>(19,249)</u>
Net increase in cash and cash equivalents	<u>28,499</u>	<u>681,233</u>
Cash and cash equivalents at beginning of year	2,593,882	1,912,649
Cash and cash equivalents at the end of year	<u><u>2,622,381</u></u>	<u><u>2,593,882</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,622,381</u></u>	<u><u>2,593,882</u></u>

ARBURG LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	2,593,882	28,499	2,622,381

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

ARBURG Limited is a private company limited by shares, incorporated in England and Wales, registered number 02761294. The registered office and principal place of business is Tachbrook Park Drive, Warwick, CV34 6RH.

Figures in the financial statements and the notes have been rounded to the nearest whole number in GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.5 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 10 - 25 years
Plant and machinery	- 10 years
Motor vehicles	- 2 - 10 years
Office equipment	- 2 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.10 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of income and retained earnings.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

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

In the application of the Company's accounting policies, which are described in note 2, management have been required to make judgements, estimates and assumptions. These estimates which relate to the carrying values of assets and liabilities, where not readily available from other sources, are based on underlying assumptions and experience. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

The principal judgements are with regard to the assessment of the stock provision. Management closely monitor the ageing of stock and its forecast sales and use this information in making their informed assessment of the stock provision.

4. Turnover

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	6,941,473	9,756,385
Rest of Europe	2,195,241	3,731,600
	<u>9,136,714</u>	<u>13,487,985</u>

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020	2019
	£	£
Net rents receivable	67,514	67,829

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	78,878	87,476
Exchange differences	(93,121)	154,938

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,050	8,500

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

Taxation compliance and other services relating to taxation	6,155	4,700
All other assurance services	2,000	-
Advisory and training services	3,400	-
Payroll services	1,840	4,200
	13,395	8,900

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	1,178,455	1,270,714
Social security costs	139,697	210,968
Cost of defined contribution scheme	106,683	95,987
	<u>1,424,835</u>	<u>1,577,669</u>

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

	2020 No.	2019 No.
Administrative	3	3
Other sales and service	23	23
	<u>26</u>	<u>26</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	204,331	237,157
Company contributions to defined contribution pension schemes	75,813	16,209
	<u>280,144</u>	<u>253,366</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £114,301 (2019 - £165,843).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £54,859 (2019 - £10,583).

Key Management Personnel

Key management personnel are made up of the directors only. The total compensation paid to the directors (excluding social security contributions) in the year ended 31 December 2020 is disclosed above.

Social security contributions paid in the year ended 31 December 2020 were £19,274 (2019 - £24,320)

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Interest receivable

	2020 £	2019 £
Interest receivable from group companies	19,252	30,937
Other interest receivable	1,647	4,430
	<u>20,899</u>	<u>35,367</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on loans from group undertakings	<u>2,150</u>	<u>19,249</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	89,071	135,984
Total current tax	<u>89,071</u>	<u>135,984</u>
Deferred tax		
Origination and reversal of timing differences	2,406	(2,719)
Total deferred tax	<u>2,406</u>	<u>(2,719)</u>
Taxation on profit on ordinary activities	<u>91,477</u>	<u>133,265</u>

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>397,610</u>	<u>631,126</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	75,546	119,914
Effects of:		
Expenses not deductible for tax purposes	12,465	10,182
Changes in provisions leading to an increase (decrease) in the tax charge	2,787	-
Impact of changes to tax rates	679	-
Group relief	-	3,169
Total tax charge for the year	<u>91,477</u>	<u>133,265</u>

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Office equipment £	Total £
Cost				
At 1 January 2020	1,522,424	434,052	342,852	2,299,328
Additions	-	-	16,979	16,979
At 31 December 2020	<u>1,522,424</u>	<u>434,052</u>	<u>359,831</u>	<u>2,316,307</u>
Depreciation				
At 1 January 2020	1,042,020	365,670	314,990	1,722,680
Charge for the year on owned assets	57,560	8,454	12,864	78,878
At 31 December 2020	<u>1,099,580</u>	<u>374,124</u>	<u>327,854</u>	<u>1,801,558</u>
Net book value				
At 31 December 2020	<u>422,844</u>	<u>59,928</u>	<u>31,977</u>	<u>514,749</u>
At 31 December 2019	<u>480,404</u>	<u>68,382</u>	<u>27,862</u>	<u>576,648</u>

Included within freehold property is an element of £399,335 (2019 - £399,335) for land which is not depreciated.

14. Investment property

	Freehold investment property £
Valuation	
At 1 January 2020	940,500
At 31 December 2020	<u>940,500</u>

The 2020 valuations were made by the Directors', on an open market value for existing use basis.

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>1,772,576</u>	<u>1,939,507</u>

16. Debtors

	2020 £	2019 £
Trade debtors	2,347,034	2,117,566
Amounts owed by group undertakings	36,932	53,800
Other debtors	45,762	40,392
Prepayments and accrued income	91,314	14,140
	<u>2,521,042</u>	<u>2,225,898</u>

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>2,622,381</u>	<u>2,593,882</u>

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Payments received on account	1,385,297	1,039,229
Trade creditors	145,444	203,761
Amounts owed to group undertakings	-	715,557
Corporation tax	17,658	47,454
Other taxation and social security	699,880	453,186
Other creditors	2,417	8,159
Accruals and deferred income	370,040	367,116
	<u>2,620,736</u>	<u>2,834,462</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Deferred taxation

	2020 £	2019 £
At beginning of year	5,765	8,484
Utilised in year	2,406	(2,719)
At end of year	8,171	5,765

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	20,963	18,508
Short term timing differences	(12,792)	(12,743)
	8,171	5,765

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	50,000	50,000

21. Reserves**Profit and loss account**

This includes all current and prior year retained profits and losses.

ARBURG LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	111,768	84,138
Later than 1 year and not later than 5 years	116,522	103,533
	<u>228,290</u>	<u>187,671</u>

During the year the Company has incurred costs in relation to operating leases in the Statement of income and retained earnings of £122,247 (2019 - £96,325).

23. Controlling party

The immediate parent undertaking is ARBURG HOLDING GmbH, a company incorporated in Germany. This makes up the smallest group of accounts.

The ultimate parent company is Hehl International GmbH & Co KG, a company incorporated in Germany. This makes up the largest group of accounts. Consolidated accounts can be obtained from Artur-Hehl-Strasse, Lossburg, D-72290, Germany.

In the opinion of the directors there is no ultimate controlling party.