Company Registration No. 00227842 (England and Wales)

KOLBUS AUTOBOX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

KOLBUS AUTOBOX LIMITED

COMPANY INFORMATION

Directors	R M Flather	
	S R Penwright	
	J C D Walker	
	G Bird	(Appointed 8 October 2020)
Secretary	R M Flather	
Company number	00227842	
Registered office	Kolbus House Blackburn Road Houghton Regis Dunstable Beds LU5 5BQ	
Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF	

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business
Demand was severely affected in the first half of the year by the Covid 19 pandemic resulting in a temporary closure of the factory and use of UK Government financial support. Demand recovered in the second half and with some restructuring measures enabled profitability to return. Product development continued throughout the year and with additional technical support from the ultimate parent some exciting new products are under development.

Principal risks and uncertainties
There are a number of principal risks and uncertainties which could have an impact on the performance of the Company. The Directors review and agree policies for managing each of these risks as follows:

Financial instruments
The Company uses various financial instruments including intra-group borrowings, cash and various items such as trade debtors and trade creditors, that arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks. The main risk arising from the Company's financial instruments is currency risk.

Currency risk
The Company purchases components from its parent company in Germany in both Euros and Sterling and consequently is exposed to fluctuations in exchange rates. The Company does not make use of hedging instruments or derivatives but seeks to match the value of assets and liabilities in the same denomination.

Credit risk
The Company's principal financial assets are cash and trade debtors. The company trades almost exclusively with other group companies so has no trade debtors outside the ultimate group.

Liquidity risk
The Company seeks to managed financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk
The Company finances its operations primarily through retained profits and debt from affiliates. Trade debtors and creditors do not attract interest and are therefore subject to fair value interest rate risk.

Other performance indicators
The Company uses turnover and profit as the key performance indicators.

On behalf of the board

R M Flather
Director
26 March 2021

KOLBUS AUTOBOX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities
The principal activity of the company continued to be that of the design and manufacturing of corrugated packaging machinery.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R M Flather
S R Penwright
J C D Walker
G Bird (Appointed 8 October 2020)

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Going Concern
The business continues to trade during the Covid-19 pandemic. The Directors have reviewed forecasts for the 12 months from the date of signing of these financial statements and are satisfied that the Group will remain a going concern.

We have the ongoing support of our ultimate parent undertaking who have confirmed their commitment to the business during this period of the pandemic as they are confident of its long term future.

Auditor
Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R M Flather
Director

26 March 2021

KOLBUS AUTOBOX LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

KOLBUS AUTOBOX LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOLBUS AUTOBOX LIMITED

Qualified Opinion
We have audited the financial statements of Kolbus Autobox Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 loss 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 qualified opinion
At 31 December 2018, Kolbus Autobox Limited had a carrying amount of stock of £1,463,029, the prior auditor found that the audit evidence available to them was limited as they did not observe the counting of the physical stock as at 31 December 2018, since management were unable to complete a stock count as at that date. Owing to the nature of the company's records, they were unable to obtain sufficient appropriate audit evidence regarding the stock quantities using other audit procedures.

At 31 December 2020 and 31 December 2019 we were able to obtain sufficient appropriate audit evidence regarding the carrying value of stock of £1,055,239 and £1,548,442 respectively relating to Kolbus Autobox Limited. However, we are unable to obtain sufficient appropriate audit evidence regarding the carrying value of opening stock of £1,463,029 in the Consolidated Balance Sheet at 31 December 2019 and the Cost of Sales for Kolbus Autobox of £5,309,802 in the Statement of Comprehensive Income Account for the comparative period ended 31 December 2019.

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 UK, including the FRC'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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.

As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the valuation of opening stock for the comparative period.

Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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 auditor's 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Mercer & Hole

Steve Robinson FCA (Senior Statutory Auditor)
For and on behalf of Mercer & Hole

26 March 2021

Chartered Accountants
Statutory Auditor

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

KOLBUS AUTOBOX LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	2,593,203	5,874,970
Cost of sales		(2,462,262)	(5,353,285)
Gross profit		130,941	521,685
Administrative expenses		(1,125,488)	(1,338,396)
Other operating income		371,253	11,831
Operating loss	4	(623,294)	(804,880)
Interest payable and similar expenses	7	(38,785)	(40,993)
Loss before taxation		(662,079)	(845,873)
Tax on loss	8	10,390	-
Loss for the financial year		(651,689)	(845,873)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KOLBUS AUTOBOX LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	9		7,532		13,482
Tangible assets	10		1,550,189		1,691,304
			1,557,721		1,704,786
Current assets					
Stocks	11	1,055,239		1,548,442	
Debtors	12	580,019		915,461	
Cash at bank and in hand		3,767		1,380	
		1,639,025		2,465,283	
Creditors: amounts falling due within one year	13	(3,413,885)		(2,803,826)	
Net current liabilities			(1,774,860)		(338,543)
Total assets less current liabilities			(217,139)		1,366,243
Creditors: amounts falling due after more than one year	14		(2,683)		(934,376)
Net (liabilities)/assets			(219,822)		431,867
Capital and reserves					
Called up share capital	19		2,529		2,529
Capital redemption reserve			12,761		12,761
Profit and loss reserves			(235,112)		416,577
Total equity			(219,822)		431,867

The financial statements were approved by the board of directors and authorised for issue on 26 March 2021 and are signed on its behalf by:

R M Flather
Director

Company Registration No. 00227842

KOLBUS AUTOBOX LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	2,529	12,761	1,262,450	1,277,740
Period ended 31 December 2019:				
Loss and total comprehensive income for the period	-	-	(845,873)	(845,873)
Balance at 31 December 2019	2,529	12,761	416,577	431,867
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(651,689)	(651,689)
Balance at 31 December 2020	2,529	12,761	(235,112)	(219,822)

1 Accounting policies

Company information

Kolbus Autobox Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kolbus House, Blackburn Road, Houghton Regis, Dunstable, Beds, LU5 5BQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kolbus UK Limited as at 31 December 2020. These consolidated financial statements are available from Companies House.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Kolbus Autobox Limited is a wholly owned subsidiary of Autobox Machinery Limited and the results of Kolbus Autobox Limited are included in the consolidated financial statements of Kolbus UK Limited which are available from Kolbus House, Blackburn Road, Houghton Regis, Dunstable, LU5 5BQ.

1.2 Going concern

The directors have produced forecasts to reflect the impact of COVID 19 on the UK economy to date and estimated the impact for the next 18 months in some detail, aware that there are still uncertainties associated with any forecast. Based on current banking facilities and cash held within the UK Group, the company and UK Group can continue to operate with the ongoing support of the ultimate parent company in Germany.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group 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

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

- the Group has transferred significant risks and rewards of ownership to the buyer;
- the group 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 group will receive 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

Turnover 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 Group 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.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	20% straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a 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 profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1 Accounting policies **(Continued)**

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Provision for bad debts

The Company assess its trade and other receivables at each reporting date. In determining whether an impairment loss should be recorded in the profit and loss account the company makes judgements as to whether observable data indicating a measurable decrease in the estimated future cash flows from the trade and other receivables.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	2,479,091	5,538,432
Rendering of services	114,112	336,538
	2,593,203	5,874,970

	2020	2019
	£	£
Other significant revenue		
Grants received	371,253	11,831

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	617,818	1,466,378
Rest of Europe	1,975,385	2,145,290
Rest of the world	-	2,263,302
	2,593,203	5,874,970

4 Operating loss

Operating loss for the year is stated after charging/(crediting):	2020 £	2019 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	40,784	(19,829)
Government grants	(371,253)	(11,831)
Fees payable to the company's auditor for the audit of the company's financial statements	9,350	9,825
Depreciation of owned tangible fixed assets	143,287	162,406
Profit on disposal of tangible fixed assets	(33,244)	(8,419)
Amortisation of intangible assets	5,950	5,614
Impairment of stocks recognised or reversed	9,702	266,209
Operating lease charges	48,515	47,429

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2020 £	2019 £
For audit services		
Audit of the financial statements of the company	9,350	9,825

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Administration	6	7
Research and development	5	6
Manufacturing and installation	31	38
Sales	2	2
Total	44	53

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,381,570	1,876,840
Social security costs	111,893	176,924
Pension costs	71,783	54,900
	1,565,246	2,108,664

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	35,127	34,355
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,658	6,638
	38,785	40,993

8 Taxation

	2020	2019
	£	£
Deferred tax		
Adjustment in respect of prior periods	(10,390)	-

8 Taxation **(Continued)**

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(662,079)	(845,873)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(125,795)	(160,716)
Tax effect of expenses that are not deductible in determining taxable profit	397	11,682
Adjustments in respect of prior years	(10,390)	-
Deferred tax adjustments in respect of prior years	(34,107)	-
Adjust closing deferred tax rate to average rate of 19%	-	34,255
Adjust opening deferred tax rate to average rate of 19%	-	(19,198)
Deferred tax not recognised	153,502	127,981
Fixed asset differences	6,003	5,996
Taxation credit for the year	(10,390)	-

The company has tax losses of £2,476,652 (31 December 2019: £1,938,723) that are available indefinitely to offset against future trading profits. There is an associated deferred tax asset of approximately £432,468 (31 December 2019: £291,166) which has not been recognised as the timing of its recoverability cannot be assessed with any certainty. The tax would become recoverable once the relevant member of the company achieves taxable trading profits.

9 Intangible fixed assets

	Computer software £
Cost	
At 1 January 2020 and 31 December 2020	29,747
Amortisation and impairment	
At 1 January 2020	16,265
Amortisation charged for the year	5,950
At 31 December 2020	22,215
Carrying amount	
At 31 December 2020	7,532
At 31 December 2019	13,482

Computer software is amortised evenly over it useful life of 5 years. Amortisation is included in administrative expenses in the Statement of Comprehensive Income.

10 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2020	1,579,806	396,292	361,588	101,530	2,439,216
Additions	-	14,995	1,432	-	16,427
Disposals	-	(45,000)	-	(95,030)	(140,030)
At 31 December 2020	1,579,806	366,287	363,020	6,500	2,315,613
Depreciation and impairment					
At 1 January 2020	149,065	348,253	172,819	77,775	747,912
Depreciation charged in the year	31,596	41,656	60,535	9,500	143,287
Eliminated in respect of disposals	-	(45,000)	-	(80,775)	(125,775)
At 31 December 2020	180,661	344,909	233,354	6,500	765,424
Carrying amount					
At 31 December 2020	1,399,145	21,378	129,666	-	1,550,189
At 31 December 2019	1,430,741	48,039	188,769	23,755	1,691,304

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Plant and equipment	14,934	69,566

11 Stocks

	2020	2019
	£	£
Raw materials and consumables	1,055,239	1,548,442

12 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	84,922	141,055
Amounts owed by group undertakings	402,867	616,114
Other debtors	47,522	98,703
Prepayments and accrued income	44,708	59,589
	580,019	915,461

12 Debtors **(Continued)**

An impairment loss of £12,582 (31 December 2019: £12,582) was recognised against trade debtors and £nil (31 December 2019: £nil) against amounts owed by group undertakings.

13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	**15**	1,200,341	384,907
Obligations under finance leases	**16**	34,479	46,090
Trade creditors		244,190	864,039
Amounts owed to group undertakings		1,845,176	1,364,534
Taxation and social security		28,678	41,045
Other creditors		481	31,735
Accruals and deferred income		60,540	71,476
		3,413,885	2,803,826

Amounts due under hire purchase contracts are secured on the assets concerned. Bank loans are secured by fixed and floating charges over all the assets of the Company, including freehold premises.

Other creditors includes £481 (31 December 2019: £31,735) for amounts paid in advance by customers for machine sales.

14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	**15**	-	897,214
Obligations under finance leases	**16**	2,683	37,162
		2,683	934,376

Amounts due under hire purchase contracts are secured on the assets concerned. Bank loans are secured by fixed and floating charges over all the assets of the Company, including the freehold premises.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	611,762

15 Loans and overdrafts

	2020	2019
	£	£
Bank loans	924,562	992,365
Bank overdrafts	275,779	289,756
	1,200,341	1,282,121
Payable within one year	1,200,341	384,907
Payable after one year	-	897,214

The long-term loans are secured by fixed charges over the company's property and a floating charge over all the company's assets.

The bank loan was entered into on 31 March 2017 for a principal amount of £1,160,000. The loan is repayable in monthly instalments over the 15 year term of the loan and carries interest at Base rate +2.6%.

16 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	34,479	46,090
In two to five years	2,683	37,162
	37,162	83,252

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Deferred grants

Deferred income of £26,615 is recognised in the financial statements and relates to a government incentive grant to bring industry and employment to the Tamworth area. The income is being deferred over the 5 year lease term of the Tamworth property which ends 31 March 2021.

18 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	71,783	54,900

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
2,529 Ordinary shares of £1 each	2,529	2,529	2,529	2,529

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	25,894	57,201
Between two and five years	32,295	64,308
In over five years	-	10,019
	58,189	131,528

21 Related party transactions

Transactions with related parties

Other information

The only transactions in the year have been with the parent company, the ultimate parent, or their subsidiaries both within the UK and internationally. As such the Company has taken advantage of the exemptions available under FRS 102, with respect to the disclosure of related party transactions.

22 Ultimate controlling party

The immediate parent undertaking of this Company is Kolbus UK Limited, which is incorporated in England and Wales.

The ultimate parent undertaking of this Company is Kolbus GmbH & Co. KG, which is incorporated in Germany.

Kolbus GmbH & Co. KG is the Company's ultimate controlling party by virtue of its shareholding.

The smallest group of undertakings for which group accounts have been drawn up is that headed by Kolbus UK Limited which is incorporated in the UK. The consolidated accounts of Kolbus UK Limited are available at the following address, Kolbus House, Blackburn Road, Houghton Regis, Dunstable, LU5 5BQ.

The largest group of undertakings for which the group accounts have been drawn up is that headed by Kolbus GmbH & Co. KG which is incorporated in Germany. The financial statements are not available.