

Baader (UK) Limited
Financial Statements
31 December 2017



WILLIAMSON & DUNN
Chartered accountant & statutory auditor
3 West Craibstone Street
Aberdeen
AB11 6YW

Baader (UK) Limited

Financial Statements

Year ended 31 December 2017

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Baader (UK) Limited

Strategic Report

Year ended 31 December 2017

Review of the business

The principle activity of the company during the year was that of the sale and service of fish, meat and poultry processing machinery.

The company has performed well in the year to 31 December 2017, with profits after taxation amounting to £472,229 (2016 - £200,441).

The directors are pleased with the company's profits for the year, given the continued difficult trading conditions, and are confident of continued profitability in the forthcoming year. The year to 31 December 2017 has been particularly successful due to the increase in the proportion of the income attributable to sales and servicing of machinery. The directors believe that the company is well placed for the future.

Key performance indicators

The company uses a range of financial indicators to monitor the company's performance over time. The key performance indicators are set out below:

Total revenue - represents growth of the business.

Gross profit - represents residual profit after selling a product or service before deducting any associated overhead costs.

Gross margin - shows production efficiency of the business.

EBITDA - serves as an indicator of a company's overall financial performance.

EBITDA margin - shows company's operating profitability.

These are closely monitored using monthly management accounts and forecasting future cash flows to ensure that adequate funds are available.

Principal risks and uncertainties

The company operates in an industry which is impacted by both consumer and corporate business levels. The principle risk facing the company is the level of activity within the local economy. The company mitigates the risk by continually monitoring the results of the company and actions of competitors.

Baader (UK) Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Financial risk management objectives and policies

To assist in the monitoring and control of the principal risks and uncertainties faced by the company it holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below:

Interest rate risk

The company was not in a borrowing position as at 31 December 2017. The company's intention in the future is to manage its cost of borrowing using a mix of fixed and variable rate debt depending on the factors at the time.

Credit risk

The company does not operate out with normal trading terms. Individual exposures are monitored with customers subject to credit limit to ensure that the company's exposure to bad debt is not significant.

Exchange rate risk

The company buys and sells goods and services denominated in currencies other than sterling. These are short-term transactions and the company is of the opinion that the results will not be affected significantly by movements in exchange rates.

Fair values of financial assets and liabilities

Financial instruments included in the accounts have been reviewed and the carrying values per the accounts is the same as the fair value of these financial instruments.

Baader (UK) Limited

Strategic Report *(continued)*

Year ended 31 December 2017

This report was approved by the board of directors on 11 June 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'S. Jahnke', written over a horizontal line.

S. Jahnke
Director

Registered office:
Marina Court
Castle Street
Hull
England
HU1 1TJ

Baader (UK) Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

P. Baader
S. Jahnke

Dividends

The profit for the year, after taxation, amounted to £472,229 (2016 - £200,441). The directors have recommended a dividend of £472,229 (2016 - £200,441).

Future developments

The company has no significant future development plans but will continue to develop its share within the food processing market.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period.

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

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

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

Baader (UK) Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 11 June 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'S. Jahnke', written over a horizontal line.

S. Jahnke
Director

Registered office:
Marina Court
Castle Street
Hull
England
HU1 1TJ

Baader (UK) Limited

Independent Auditor's Report to the Members of Baader (UK) Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of Baader (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of income and retained earnings, statement of financial position, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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

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

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

Baader (UK) Limited

Independent Auditor's Report to the Members of Baader (UK) Limited *(continued)*

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

We have nothing to report in this regard.

Opinions 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.

Baader (UK) Limited

Independent Auditor's Report to the Members of Baader (UK) Limited *(continued)*

Year ended 31 December 2017

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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Baader (UK) Limited

Independent Auditor's Report to the Members of Baader (UK) Limited *(continued)*

Year ended 31 December 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mr Graeme Reid MA (HONS) CA (Senior Statutory Auditor)

For and on behalf of
Williamson & Dunn
Chartered accountant & statutory auditor
3 West Craibstone Street
Aberdeen
AB11 6YW

15 June 2018

Baader (UK) Limited

Statement of Income and Retained Earnings

Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	4,070,077	2,788,949
Cost of sales		<u>2,354,056</u>	<u>1,455,156</u>
Gross profit		1,716,021	1,333,793
Administrative expenses		<u>1,123,481</u>	<u>1,084,446</u>
Operating profit	5	592,540	249,347
Other interest receivable and similar income	9	<u>–</u>	<u>15</u>
Profit before taxation		592,540	249,362
Tax on profit	10	<u>120,311</u>	<u>48,921</u>
Profit for the financial year and total comprehensive income		472,229	200,441
Dividends paid and payable	12	<u>(472,229)</u>	<u>(200,441)</u>
Retained earnings at the start of the year		300,000	300,000
Retained earnings at the end of the year		300,000	300,000
Earnings per share			
Basic and diluted earnings per share	11	<u>472.23</u>	<u>200.44</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Baader (UK) Limited


Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	66,479	24,997
Current assets			
Stocks	14	131,384	138,362
Debtors	15	806,319	571,406
Cash at bank and in hand		565,325	411,782
		<u>1,503,028</u>	<u>1,121,550</u>
Creditors: amounts falling due within one year	16	<u>1,156,876</u>	<u>746,547</u>
Net current assets		<u>346,152</u>	<u>375,003</u>
Total assets less current liabilities		<u>412,631</u>	<u>400,000</u>
Provisions			
Taxation including deferred tax	17	12,631	—
Net assets		<u>400,000</u>	<u>400,000</u>
Capital and reserves			
Called up share capital	20	100,000	100,000
Profit and loss account	21	300,000	300,000
Shareholders funds		<u>400,000</u>	<u>400,000</u>

These financial statements were approved by the board of directors and authorised for issue on 11 June 2018, and are signed on behalf of the board by:


P. Baader
Director


S. Jahnke
Director

Company registration number: 01223500

The notes on pages 13 to 23 form part of these financial statements.

Baader (UK) Limited

Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	472,229	200,441
<i>Adjustments for:</i>		
Depreciation of tangible assets	18,757	10,942
Other interest receivable and similar income	–	(15)
(Gains)/loss on disposal of tangible assets	(3,223)	144
Tax on profit	120,311	48,921
Accrued expenses	6,414	11,362
<i>Changes in:</i>		
Stocks	6,978	(40,377)
Trade and other debtors	(234,913)	(108,882)
Trade and other creditors	17,627	28,075
Cash generated from operations	404,180	150,611
Interest received	–	15
Tax paid	(52,338)	(98,967)
Net cash from operating activities	351,842	51,659
Cash flows from investing activities		
Purchase of tangible assets	(61,599)	(22,379)
Proceeds from sale of tangible assets	4,583	–
Net cash used in investing activities	(57,016)	(22,379)
Cash flows from financing activities		
Proceeds from loans from group undertakings	330,946	87,626
Dividends paid	(472,229)	(200,441)
Net cash used in financing activities	(141,283)	(112,815)
Net increase/(decrease) in cash and cash equivalents	153,543	(83,535)
Cash and cash equivalents at beginning of year	411,782	495,317
Cash and cash equivalents at end of year	565,325	411,782

The notes on pages 13 to 23 form part of these financial statements.

Baader (UK) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Marina Court, Castle Street, Hull, HU1 1TJ, England.

The company's principle place of business is Suite 1, Clarence Street, The Courtyard, Aberdeen, AB11 5DB.

The principle activity of the company was that of the sale and repair fish, meat and poultry processing machinery.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The Company is a wholly-owned subsidiary of Baader Beteiligungs GmbH, which is registered in Germany. Baader Beteiligungs GmbH is the parent undertaking of the smallest and largest group which consolidates the financial information for the Company.

Copies of the Group's financial statements may be obtained from Baader Beteiligungs GmbH, at their registered office which is Lübeck, Germany, 23560.

Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, included an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of goods and services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Office Equipment	- 10% straight line
Motor Vehicles	- 25% straight line
Computer Equipment	- 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of goods and services	<u>4,070,077</u>	<u>2,788,949</u>

The whole of the turnover is attributable to the principal activity of the company undertaken in the United Kingdom.

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	18,757	10,942
(Gains)/loss on disposal of tangible assets	(3,223)	144
Impairment of trade debtors	–	6,391
Foreign exchange differences	<u>(7,144)</u>	<u>15,133</u>

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>7,000</u>	<u>5,000</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Number of administrative and operations staff	<u>12</u>	<u>10</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	579,268	489,729
Social security costs	69,935	52,408
Other pension costs	2,586	1,499
	<u>651,789</u>	<u>543,636</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	91,767	79,666
Company contributions to defined contribution pension plans	386	–
	<u>92,153</u>	<u>79,666</u>

9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>–</u>	<u>15</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

10. Tax on profit

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	107,680	48,921
Deferred tax:		
Origination and reversal of timing differences	12,631	—
Tax on profit	<u>120,311</u>	<u>48,921</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	592,540	249,362
Profit on ordinary activities by rate of tax	112,583	49,872
Effect of expenses not deductible for tax purposes	1,931	1,384
Effect of capital allowances and depreciation	—	(2,335)
Effect of different UK tax rates on some earnings	5,797	—
Tax on profit	<u>120,311</u>	<u>48,921</u>

11. Earnings per share

Basic and diluted earnings per share

	2017	2016
Basic and diluted earnings per share from continuing operations (pence per share)	<u>472.23</u>	<u>200.44</u>

The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

	2017 £	2016 £
Earnings used in the calculation of basic and diluted earnings per share calculation from continuing operations	<u>472,229</u>	<u>200,441</u>
	2017 No.	2016 No.
Weighted average number of ordinary shares in issue	<u>100,000</u>	<u>100,000</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

12. Dividends

	2017 £	2016 £
Dividends	<u>472,229</u>	<u>200,441</u>

13. Tangible assets

	Office Equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost				
At 1 January 2017	13,260	20,600	18,881	52,741
Additions	23,188	32,510	5,901	61,599
Disposals	—	(20,600)	(2,207)	(22,807)
At 31 December 2017	<u>36,448</u>	<u>32,510</u>	<u>22,575</u>	<u>91,533</u>
Depreciation				
At 1 January 2017	167	19,742	7,835	27,744
Charge for the year	6,499	6,773	5,485	18,757
Disposals	—	(19,742)	(1,705)	(21,447)
At 31 December 2017	<u>6,666</u>	<u>6,773</u>	<u>11,615</u>	<u>25,054</u>
Carrying amount				
At 31 December 2017	<u>29,782</u>	<u>25,737</u>	<u>10,960</u>	<u>66,479</u>
At 31 December 2016	<u>13,093</u>	<u>858</u>	<u>11,046</u>	<u>24,997</u>

14. Stocks

	2017 £	2016 £
Raw materials and consumables	<u>131,384</u>	<u>138,362</u>

15. Debtors

	2017 £	2016 £
Trade debtors	561,129	431,542
Amounts owed by group undertakings	235,069	132,522
Prepayments and accrued income	10,121	7,342
	<u>806,319</u>	<u>571,406</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	26,494	27,401
Amounts owed to group undertakings	887,795	556,849
Accruals and deferred income	48,518	42,104
Corporation tax	80,039	24,697
Social security and other taxes	114,030	95,496
	<u>1,156,876</u>	<u>746,547</u>

HSBC holds a guarantee in favour of HM Revenue & Customs for £4,000 (2016 - £4,000).

17. Provisions

	Deferred tax (note 18) £
At 1 January 2017	–
Additions	12,631
At 31 December 2017	<u>12,631</u>

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 17)	<u>12,631</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	<u>12,631</u>	<u>–</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £2,586 (2016: £1,499).

20. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Operating leases

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

	2017	2016
	£	£
Not later than 1 year	57,136	35,548
Later than 1 year and not later than 5 years	116,603	20,809
	<u>173,739</u>	<u>56,357</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

23. Related party transactions

During the year the following transactions took place. All transactions were at arm's length and on normal commercial terms. There are other group companies with which infrequent non-material transactions occur.

Purchases of goods and services from other group companies ~

	2017 £	2016 £
Nordischer Maschinenbau Rud Baader GmbH & Co KG	1,104,049	848,547
Baader (Denmark) A/S	–	11,075
Baader Iceland	35,885	58,048
Baader Linco Inc	12,430	9,808
Linco Food Systems A/S	864,116	465,438
Baader (Norge) A/S	–	3,079
Trio Food Processing	70,442	67,275
Total	<u>2,086,922</u>	<u>1,463,270</u>

Payable to related parties ~

	2017 £	2016 £
Nordischer Maschinenbau Rud Baader GmbH & Co KG	657,615	239,406
Linco Food Systems A/S	214,481	100,044
Trio FTC Sweden & Norway	11,599	12,729
Baader Iceland	1,856	76
Baader Linco	2,244	4,153
Baader Beteiligungs GmbH	–	200,441
Total	<u>887,795</u>	<u>556,849</u>

Sales of goods and services to other group companies ~

	2017 £	2016 £
Nordischer Maschinenbau Rud Baader GmbH & Co KG	177,661	87,840
Linco Food Systems A/S	824,883	320,400
Baader (Norge) A/S	–	112,759
Trio Food Processing	–	644
Total	<u>1,002,544</u>	<u>521,643</u>

Baader (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

Related party transactions *(continued)*

Receivable from related parties ~

	2017	2016
	£	£
Nordischer Maschginenbau Rud Baader GmbH & Co KG	94,364	56,253
Linco Food Systems A/S	140,705	75,514
Baader SI Pty Ltd	-	755
Total	<u>235,069</u>	<u>132,522</u>

24. Controlling party

The company's parent undertaking and ultimate parent undertaking is Baader Beteiligungs GmbH. The company is incorporated in Germany and their registered office is Lübeck, Germany, 23560.