

Company Registration No. 01212237 (England and Wales)

EBM-PAPST UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



!RickardLuckin

EBM-PAPST UK LIMITED

COMPANY INFORMATION

Directors	SR Brandl DJ Jarvis S Jarvis RL Ladyman GM Lockwood	(Appointed 1 July 2018)
Company number	01212237	
Registered office	Chelmsford Business Park Chelmsford Essex CM2 5EZ	
Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN	
Business address	Chelmsford Business Park Chelmsford Essex CM2 5EZ	
Bankers	NatWest Bank Plc - Chelmsford Chelmsford Business Centre 4-5 High Street Chelmsford Essex CM1 1FZ	

EBM-PAPST UK LIMITED

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EBM-PAPST UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business

The principal activity of the company continues to be manufacturers and suppliers of high efficiency fan and motor products for the OEM market, including an extensive product range, technical support, bespoke design and assembly capabilities.

The company strategy is to grow turnover by increasing its market share. This will be achieved by continuing to work alongside the company's mission statement to improve lives and businesses by providing valuable engineering solutions.

The directors are pleased to report on another successful year for the company with a turnover of £52.1 million, which is more than £4.7 million higher than achieved during the previous year. This represents a significant growth of 9.9%, and an element of this growth is due to the expansion into new markets.

The directors are pleased to report that the order book remains strong, and the company is looking to have another successful year for the year ended 31st March 2020. They are optimistic that the turnover and profit levels will continue to steadily grow in the future by maintaining and developing existing customer relationships, and building new solid relationships with customers.

Ebm-papst Group continue to develop market leading products, which enables the Group to maintain their strong position in the industry, further increasing its market position.

Principal risks and uncertainties

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interests and foreign currency risks associated with the company's activities.

The company's principal financial instruments include its bank account, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. The company does not use derivative financial instruments to hedge risk as they are not deemed to be significant.

Foreign currency risk

The company continues to routinely carry out business denominated in Euros and US dollars, as well as in Sterling. The company's principal foreign currency exposures arise from trading with overseas suppliers. Most foreign transactions are entered into as Euro-denominated, this risk is balanced by invoicing UK transactions in Euros where appropriate.

Credit risk

Investments of cash surplus and borrowings are made through banks. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

EBM-PAPST UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Key performance indicators

The key performance indicators used to review and monitor the company are shown below:-

	2019	2018
Product sales	£52,054,335	£47,353,739
EBIT	£2,639,247	£1,890,013
Return on sales	5.1%	4.0%
Turnover per headcount	£591,527	£550,625

On behalf of the board

DJ Jarvis
Director
12 July 2019



EBM-PAPST UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Directors

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

SR Brandl	(Appointed 1 July 2018)
DJ Jarvis	
S Jarvis	
RL Ladyman	
GM Lockwood	
MA Staples	(Resigned 13 February 2019)
T Borst	(Resigned 30 June 2018)

Results and dividends

The results for the year are set out on page 6.

An interim dividend of £2,000,000 was paid during the year (2018: £1,500,000).

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Auditor

Rickard Luckin Limited were appointed 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 directors' responsibilities

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. 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.

EBM-PAPST UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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



DJ Jarvis
Director

12 July 2019

EBM-PAPST UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EBM-PAPST UK LIMITED

Opinion

We have audited the financial statements of ebm-papst UK Limited (the 'company') for the year ended 31 March 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 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.

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.

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 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.

EBM-PAPST UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EBM-PAPST UK LIMITED

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.

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

Janis Osborne (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

Chartered Accountants
Statutory Auditor

25/7/19

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

EBM-PAPST UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	52,054,335	47,353,739
Change in stocks of finished goods and work in progress		1,048,963	836,083
		53,103,298	48,189,822
Other operating income		396,951	490,783
		53,500,249	48,680,605
Raw materials and other consumables		44,601,907	40,789,639
		44,601,907	40,789,639
		8,898,342	7,890,966
Staff costs		4,005,963	3,884,563
Depreciation and amortisation		479,772	427,246
Other operating charges		1,773,360	1,689,207
		6,259,095	6,001,016
Operating profit	4	2,639,247	1,889,950
Other interest receivable and similar income	8	6,393	2,261
Interest payable and similar charges	9	-	(323)
Profit on ordinary activities before taxation		2,645,640	1,891,888
Tax on profit on ordinary activities	10	(536,405)	(310,275)
Total comprehensive income for the year		2,109,235	1,581,613

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

EBM-PAPST UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12	5,565,979		5,755,529	
Investments	13		1		1
		<u>5,565,980</u>		<u>5,755,530</u>	
Current assets					
Stocks	15	7,714,904		6,665,941	
Debtors	16	11,220,387		10,417,527	
Cash at bank and in hand		2,761,794		1,626,803	
		<u>21,697,085</u>		<u>18,710,271</u>	
Creditors: amounts falling due within one year	17	<u>(9,307,153)</u>		<u>(6,640,124)</u>	
Net current assets		<u>12,389,932</u>		<u>12,070,147</u>	
Total assets less current liabilities		<u>17,955,912</u>		<u>17,825,677</u>	
Provisions for liabilities	18	<u>(52,000)</u>		<u>(31,000)</u>	
Net assets		<u><u>17,903,912</u></u>		<u><u>17,794,677</u></u>	
Capital and reserves					
Called up share capital	21	1,600,000		1,600,000	
Share premium account		2,400,000		2,400,000	
Profit and loss reserves	22	13,903,912		13,794,677	
Total equity		<u><u>17,903,912</u></u>		<u><u>17,794,677</u></u>	

Under Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

The financial statements were approved by the board of directors and authorised for issue on 12 July 2019 and are signed on its behalf by:

SR Brandl
Director

Company Registration No. 01212237

EBM-PAPST UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2017		1,600,000	2,400,000	13,713,064	17,713,064
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	1,581,613	1,581,613
Dividends	11	-	-	(1,500,000)	(1,500,000)
Balance at 31 March 2018		1,600,000	2,400,000	13,794,677	17,794,677
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	2,109,235	2,109,235
Dividends	11	-	-	(2,000,000)	(2,000,000)
Balance at 31 March 2019		1,600,000	2,400,000	13,903,912	17,903,912

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

ebm-papst UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Chelmsford Business Park, Chelmsford, Essex, CM2 5EZ.

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. 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;

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.

ebm-papst UK Limited is a wholly owned subsidiary of ebm Beteiligungs GmbH and the results of ebm-papst UK Limited are included in the consolidated financial statements of ebm papst Mulfingen GmbH & Co KG which are available from www.bundesanzeiger.de.

1.2 Going concern

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.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.4 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	3% on cost on buildings and 0% on land
Property Improvements	7.1% to 15% on cost
Fixtures, fittings & equipment	7.1% to 33.3% on cost
Motor vehicles	33% on cost

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

In determining the cost of raw materials, consumables and the cost of goods for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production costs.

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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 at bank and in hand

Cash at bank and in hand 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.

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.

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.

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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.

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.

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.

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 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 are included in the profit and loss account for the period.

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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Income from sale of goods	52,054,335	47,353,739
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	6,393	2,261
Commissions received	396,793	479,236
	<u> </u>	<u> </u>

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Turnover and other revenue

(Continued)

Turnover analysed by geographical market

In the opinion of the Directors, it would be seriously prejudicial to the interests of the company to disclose the geographical analysis of the turnover.

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(30,761)	(64,894)
Depreciation of owned tangible fixed assets	479,772	427,246
Profit on disposal of tangible fixed assets	(383)	-
Cost of stocks recognised as an expense	42,954,630	39,392,097
Operating lease charges	112,095	118,354

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	31,840	30,500
For other services		
Other taxation services	12,175	15,075
All other non-audit services	49,484	16,810
	61,659	31,885

6 Employees

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

	2019 Number	2018 Number
Sales	48	45
Administration	17	16
Production	23	25
	88	86

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	3,367,080	3,260,398
Social security costs	452,188	443,489
Pension costs	186,695	180,676
	<u>4,005,963</u>	<u>3,884,563</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	673,477	681,319
Company pension contributions to defined contribution schemes	63,706	59,571
	<u>737,183</u>	<u>740,890</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	216,080	219,437
Company pension contributions to defined contribution schemes	27,186	26,700
	<u>243,266</u>	<u>246,137</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	6,233	1,769
Other interest income	160	492
	<u>6,393</u>	<u>2,261</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>6,233</u>	<u>1,769</u>
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EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	-	323
	<u> </u>	<u> </u>

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	514,449	371,002
Adjustments in respect of prior periods	956	(60,727)
	<u> </u>	<u> </u>
Total current tax	515,405	310,275
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	21,000	-
	<u> </u>	<u> </u>
Total tax charge	536,405	310,275
	<u> </u>	<u> </u>

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

	2019 £	2018 £
Profit before taxation	2,645,640	1,891,888
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	502,672	359,459
Tax effect of expenses that are not deductible in determining taxable profit	5,824	9,457
Adjustments in respect of prior years	956	(60,727)
Permanent capital allowances in excess of depreciation	29,838	44,235
Other permanent differences	(2,515)	(4,437)
Deferred tax	(370)	(37,712)
	<u> </u>	<u> </u>
Taxation charge for the year	536,405	310,275
	<u> </u>	<u> </u>

11 Dividends

	2019 £	2018 £
Interim paid	2,000,000	1,500,000
	<u> </u>	<u> </u>

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

	Freehold land and buildings	Property improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	7,883,787	1,570,329	1,844,750	15,945	11,314,811
Additions	-	-	290,222	-	290,222
At 31 March 2019	7,883,787	1,570,329	2,134,972	15,945	11,605,033
Depreciation and impairment					
At 1 April 2018	2,812,231	1,359,168	1,377,359	10,524	5,559,282
Depreciation charged in the year	163,207	83,804	227,340	5,421	479,772
At 31 March 2019	2,975,438	1,442,972	1,604,699	15,945	6,039,054
Carrying amount					
At 31 March 2019	4,908,349	127,357	530,273	-	5,565,979
At 31 March 2018	5,071,556	211,161	467,391	5,421	5,755,529

13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2018 & 31 March 2019	1
Carrying amount	
At 31 March 2019	1
At 31 March 2018	1

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
ebm papst Limited	Republic of Ireland	Dormant	Ordinary Shares	100.00	

15 Stocks

	2019 £	2018 £
Finished goods and goods for resale	7,714,904	6,665,941

At the year end a provision for obsolete and damaged stock of £399,144 was made (2018: £613,085). This was charged to cost of sales in the profit and loss account.

16 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	10,588,929	9,993,117
Amounts owed by group undertakings	123,869	18,525
Other debtors	120,505	13,541
Prepayments and accrued income	387,084	392,344
	<u>11,220,387</u>	<u>10,417,527</u>

17 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	488,452	450,714
Amounts owed to group undertakings	5,645,750	3,544,609
Corporation tax	279,386	109,800
Other taxation and social security	2,054,845	1,730,299
Other creditors	15,685	38,045
Accruals and deferred income	823,035	766,657
	<u>9,307,153</u>	<u>6,640,124</u>

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	19	52,000	31,000

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	52,000	31,000
Movements in the year:		2019 £
Liability at 1 April 2018		31,000
Charge to profit or loss		21,000
Liability at 31 March 2019		52,000

There is a movement in deferred tax of £21,000.

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	186,695	180,676

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.

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
800,000 A Ordinary shares of £1 each	800,000	800,000
800,000 B Ordinary shares of £1 each	800,000	800,000
	<u>1,600,000</u>	<u>1,600,000</u>

The company has two classes of ordinary shares which both carry the equal right to one vote per share in any circumstance. Both classes of ordinary share carry no right to fixed income.

22 Profit and loss reserves

Retained earnings are wholly distributable.

23 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:

	2019 £	2018 £
Within one year	101,514	94,608
Between two and five years	66,194	106,768
	<u>167,708</u>	<u>201,376</u>

24 Related party transactions

At the balance sheet date the company had the following balances with its parent company and its fellow subsidiary companies:

	Owed to company		Owed by company	
	2019	2018	2019	2018
ebm - papst Landshut GmbH	-	-	365,289	579,260
ebm - papst Mulfingen GmbH	-	-	3,949,028	2,541,017
ebm - papst St. Georgen GmbH	-	-	1,175,911	422,845
Other ebm - papst subsidiaries	123,869	18,525	155,522	1,487
	<u>123,869</u>	<u>18,525</u>	<u>5,645,750</u>	<u>3,544,609</u>

EBM-PAPST UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25 Ultimate controlling party

In this and the preceding financial year, the immediate parent undertaking and controlling party is ebm Beteiligungs GmbH, a limited partnership incorporated in Germany.

In this and the preceding financial year, the ultimate parent undertaking is ebm - papst Mulfingen GmbH & Co. KG, a company incorporated in Germany, consolidated financial statements are available from www.bundesanzeiger.de.