

**HELLER MACHINE TOOLS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2008**



**BLOOMER HEAVEN LIMITED**  
**Chartered Accountants**  
**& Business Advisors**

33 Lionel Street Birmingham B3 1AB

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# **HELLER MACHINE TOOLS LIMITED**

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## **HELLER MACHINE TOOLS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008**

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The directors present their report and the financial statements for the year ended 31 December 2008.

#### **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 (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that 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 1985. 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.

#### **Principal activity**

The company continued to be engaged in the assembly, sale and maintenance of CNC machine tools along with the supply of spare parts. Similarly, the design and supply of fixtures alongside its technical expertise and know how in order to provide solutions to its customers' engineering requirements.

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## HELLER MACHINE TOOLS LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

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#### Business review

Turnover rose by 12% during the year leading to an increase in the gross margin in absolute terms of over 3%. The key measure of the company's performance is its ability to build into its customer base through its high quality products and reputation for customer support.

The balance sheet on page 6 of the financial statements shows that the company's financial position has improved in comparison to the prior year with an increase in net assets. At the balance sheet date the current ratio was 1.21:1 (2008: 1.36:1), with the quick ratio standing at 0.20:1 (2008: 0.33:1).

The directors consider that the company is operationally and financially well placed to face the challenges of the current economic downturn.

The directors have reviewed the financial risk management objectives and policies of the group. Aside from fluctuation in worldwide demand for machine tools, the most significant risk faced by the group is exposure to foreign currency flows as the majority of its turnover is derived from Euro denominated exports to its German parent. In order to manage this risk the company operates a Euro deposit account, in addition to its Sterling facility, and makes a significant proportion of materials purchases from European suppliers which it then settles in Euros. This natural hedge precludes any need for forward currency transactions. The company does not enter into any derivatives or speculative financial instruments.

Gebr.Heller Maschinenfabrik GmbH continues an active programme of research and development on a group basis from which its subsidiary companies derive considerable benefits. Accordingly, expenditure by the individual subsidiary companies is at a negligible level and Heller Machine Tools Limited did not incur any significant expenditure on research and development during the year under review.

#### Results

The profit for the year, after taxation, amounted to £66,260 (2007 - £643,667).

#### Directors

The directors who served during the year were:

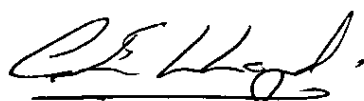
Mr G. E. Lloyd  
Mr K. Winkler

#### Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 7 April 2009 and signed on its behalf.



G. E. Lloyd  
Director

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## **HELLER MACHINE TOOLS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HELLER MACHINE TOOLS LIMITED**

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We have audited the financial statements of Heller Machine Tools Limited for the year ended 31 December 2008, set out on pages 5 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 opinion we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**HELLER MACHINE TOOLS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HELLER MACHINE TOOLS LIMITED**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**Bloomer Heaven Limited**

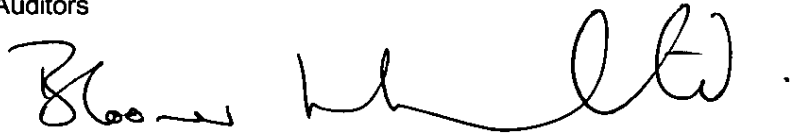
Chartered Accountants & Registered Auditors

33 Lionel Street

Birmingham

B3 1AB

7 April 2009

A handwritten signature in black ink, appearing to read 'Bloomer Heaven Limited', is written over the company name and address.

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**HELLER MACHINE TOOLS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Turnover</b>	1,2	<b>50,667,097</b>	45,222,182
Raw materials and consumables		(39,393,381)	(35,643,316)
Other external charges		(4,463,667)	(2,968,615)
Staff costs		(6,151,135)	(5,304,834)
Depreciation and amortisation		(402,656)	(302,267)
<b>Operating profit</b>	3	<b>256,258</b>	1,003,150
Interest receivable		1,638	1,645
Interest payable	7	(146,378)	(58,229)
<b>Profit on ordinary activities before taxation</b>		<b>111,518</b>	946,566
Tax on profit on ordinary activities	8	(45,258)	(302,899)
<b>Profit for the financial year</b>	15	<b>66,260</b>	643,667

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

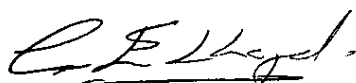
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**HELLER MACHINE TOOLS LIMITED (COMPANY NUMBER 1414150)****BALANCE SHEET  
AS AT 31 DECEMBER 2008**

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	Note	2008 £	2007 £
<b>Fixed assets</b>			
Tangible fixed assets	9	7,767,966	6,819,914
<b>Current assets</b>			
Stocks	10	11,229,608	9,169,283
Debtors	11	2,254,016	2,979,801
Cash at bank and in hand		1,198	2,813
		<u>13,484,822</u>	<u>12,151,897</u>
<b>Creditors:</b> amounts falling due within one year	12	<u>(11,154,374)</u>	<u>(8,949,657)</u>
<b>Net current assets</b>		<u>2,330,448</u>	<u>3,202,240</u>
<b>Total assets less current liabilities</b>		<u>10,098,414</u>	<u>10,022,154</u>
<b>Provisions for liabilities</b>			
Deferred tax	13	<u>(234,000)</u>	<u>(224,000)</u>
<b>Net assets</b>		<u><u>9,864,414</u></u>	<u><u>9,798,154</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	4,500,000	4,500,000
Revaluation reserve		1,430,963	1,430,963
Profit and loss account	15	<u>3,933,451</u>	<u>3,867,191</u>
<b>Shareholders' funds</b>	16	<u><u>9,864,414</u></u>	<u><u>9,798,154</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 April 2009.



**G.E. Lloyd  
Director**

The notes on pages 8 to 18 form part of these financial statements.



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**HELLER MACHINE TOOLS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
Net cash (outflow)/inflow from operating activities	17	(631,943)	1,297,052
Returns on investments and servicing of finance	18	(144,740)	(56,584)
Taxation		(265,257)	(222,164)
Capital expenditure and financial investment	18	(1,350,708)	(995,169)
<b>Cash (outflow)/inflow before financing</b>		<b>(2,392,648)</b>	<b>23,135</b>
Financing	18	-	(195,625)
<b>Decrease in cash in the year</b>		<b>(2,392,648)</b>	<b>(172,490)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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	<b>2008 £</b>	<b>2007 £</b>
Decrease in cash in the year	(2,392,648)	(172,490)
Cash outflow from decrease in debt	-	195,625
<b>Movement in net debt in the year</b>	<b>(2,392,648)</b>	<b>23,135</b>
Net debt at 1 January 2008	(690,302)	(713,437)
<b>Net debt at 31 December 2008</b>	<b>(3,082,950)</b>	<b>(690,302)</b>

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The notes on pages 8 to 18 form part of these financial statements.

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## HELLER MACHINE TOOLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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#### 1. Accounting Policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold properties, and are in accordance with applicable accounting standards.

##### 1.2 Going Concern

The current, almost unprecedented, disruption in financial markets has resulted in a steep decline in economic activity around the world. This has inevitably created uncertainty, particularly over (a) demand for the products of the Heller Group worldwide, (b) the exchange rates between Sterling and the Euro (and therefore, the cost of materials) and (c) the general availability of bank finance to support businesses in the foreseeable future.

The group, Heller GmbH, of which Heller Machine Tools Limited is the UK subsidiary, has both considerable financial resources and an encouraging order book with a number of customers across both different geographic areas and industries. As a consequence, the directors of Heller Machine Tools Limited believe that the company is well placed to manage its business risks successfully despite the current economic outlook.

After making enquiries therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### 1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related items. Turnover also includes the value of work done on long term contracts.

Turnover on long-term contracts represents the value of work done in the year, including estimates of amounts not invoiced, and is recognised by reference to the stage of completion.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	25 years
Plant and machinery	-	between 5 and 25 years
Fixtures, fittings & equipment	-	between 5 and 10 years
Tools	-	3 years

##### 1.5 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15: Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 31 December 1996 and will not update that valuation.

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## **HELLER MACHINE TOOLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

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#### **1. Accounting Policies (continued)**

##### **1.6 Operating leases**

Rentals under operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged on a straight line basis over the period of the lease.

##### **1.7 Stocks**

Stocks and production work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes material, direct labour and appropriate production overheads, where applicable. .

##### **1.8 Deferred taxation**

Deferred taxation is provided on the liability method in respect of tax effects arising from all timing differences.

##### **1.9 Foreign currencies**

Monetary assets and liabilities denominated 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 on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

##### **1.10 Government grants**

Capital grants when received are shown as contributions towards the purchase of the relevant assets. The grants are amortised in the profit and loss account in line with the depreciation policy for the assets concerned.

##### **1.11 Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. Amounts recoverable under long-term contracts, which are included in debtors, are stated at the net sales value of the work less the amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts are included in long-term contract balances in stock.

##### **1.12 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

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## HELLER MACHINE TOOLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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#### 2. Turnover

The whole of the turnover is attributable to the company's principal activity of machine tool manufacturing, sales and servicing.

A geographical analysis of turnover is as follows:

	2008 £	2007 £
Europe	50,578,533	45,187,688
Other	88,564	34,494
	<u>50,667,097</u>	<u>45,222,182</u>

#### 3. Operating profit

The operating profit is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	402,656	309,017
Operating lease rentals:		
- vehicles and plant	238,123	217,001
Exchange difference	1,483,015	438,399
	<u>1,483,015</u>	<u>438,399</u>

#### 4. Auditor's remuneration

	2008 £	2007 £
Fees payable to the company's auditor for the audit of the financial statements	24,500	35,935
Fees payable to the company's auditor in respect of:		
Other services	1,900	1,070
	<u>1,900</u>	<u>1,070</u>

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## HELLER MACHINE TOOLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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#### 5. Staff costs

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

	2008 £	2007 £
Wages and salaries	5,342,240	4,582,036
Social security costs	580,772	499,206
Other pension costs	228,123	223,592
	<u>6,151,135</u>	<u>5,304,834</u>

The average number of employees during the year was as follows:

	2008 No.	2007 No.
Directors	2	2
Production, sales and administration	186	165
	<u>188</u>	<u>167</u>

#### 6. Directors' remuneration

	2008 £	2007 £
Emoluments	<u>174,602</u>	<u>172,906</u>
Company pension contributions to money purchase pension schemes	<u>50,978</u>	<u>52,512</u>

During the year retirement benefits were accruing to 1 director (2007 - 1) in respect of money purchase pension schemes.

#### 7. Interest payable

	2008 £	2007 £
On bank loans and overdrafts	<u>146,378</u>	<u>58,229</u>

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**HELLER MACHINE TOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**8. Taxation**

	2008 £	2007 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	40,000	320,000
Adjustments in respect of prior periods	(4,742)	(19,101)
<b>Total current tax</b>	<u>35,258</u>	<u>300,899</u>
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	10,000	2,000
<b>Tax on profit on ordinary activities</b>	<u>45,258</u>	<u>302,899</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2007 - higher than) the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>111,518</u>	<u>946,566</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	31,783	283,970
<b>Effects of:</b>		
Expenses not deductible for tax purposes	19,832	19,731
Difference between capital allowances and depreciation	(11,691)	16,070
Rounding of current year provision	76	229
Adjustments to tax charge in respect of prior periods	(4,742)	(19,101)
<b>Current tax charge for the year</b> (see note above)	<u>35,258</u>	<u>300,899</u>

The UK corporation tax rate fell to 28% with effect from 1 April 2008 (previously 30%).

# HELLER MACHINE TOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 9. Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2008	6,583,182	2,100,993	581,269	9,265,444
Additions	487,957	367,190	495,561	1,350,708
Disposals	-	(53,022)	(60,958)	(113,980)
At 31 December 2008	<u>7,071,139</u>	<u>2,415,161</u>	<u>1,015,872</u>	<u>10,502,172</u>
<b>Depreciation</b>				
At 1 January 2008	866,358	1,230,293	348,879	2,445,530
Charge for the year	137,098	115,287	150,271	402,656
On disposals	-	(53,022)	(60,958)	(113,980)
At 31 December 2008	<u>1,003,456</u>	<u>1,292,558</u>	<u>438,192</u>	<u>2,734,206</u>
<b>Net book value</b>				
At 31 December 2008	<u>6,067,683</u>	<u>1,122,603</u>	<u>577,680</u>	<u>7,767,966</u>
At 31 December 2007	<u>5,716,824</u>	<u>870,700</u>	<u>232,390</u>	<u>6,819,914</u>

Freehold land and buildings include freehold land not subject to depreciation amounting to £2,538,447 (2007: £2,538,447).

Cost or valuation at 31 December 2008 is as follows:

	<b>Freehold land and buildings</b>
<b>At cost</b>	<b>4,046,138</b>
<b>At valuation:</b>	
Valued by the directors in 1996 at market value.	<b>3,025,001</b>
	<u><b>7,071,139</b></u>

If the freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2008 £	2007 £
Cost	4,046,138	5,152,219
Accumulated depreciation	(1,003,457)	(866,358)
Net book value	<u>3,042,681</u>	<u>4,285,861</u>

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**HELLER MACHINE TOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**10. Stocks**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Raw materials	<b>5,722,822</b>	3,819,884
Work in progress	<b>5,506,786</b>	5,349,399
	<b><u>11,229,608</u></b>	<b><u>9,169,283</u></b>

**11. Debtors**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>386,096</b>	1,830,358
Amounts owed by group undertakings	<b>40,895</b>	18,503
Other debtors	<b>604,917</b>	260,327
Prepayments and accrued income	<b>158,372</b>	193,038
Amounts recoverable on long term contracts	<b>1,063,736</b>	677,575
	<b><u>2,254,016</u></b>	<b><u>2,979,801</u></b>

**12. Creditors:  
Amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>3,084,148</b>	693,115
Payments received on account	-	475,822
Trade creditors	<b>2,098,840</b>	2,333,679
Amounts owed to group undertakings	<b>5,149,879</b>	4,367,658
Corporation tax	-	195,000
Social security and other taxes	<b>278,032</b>	255,456
Accruals and deferred income	<b>543,475</b>	628,927
	<b><u>11,154,374</u></b>	<b><u>8,949,657</u></b>

Bank borrowings are secured by a mortgage on the freehold property and by debentures incorporating a fixed and floating charge over current and future assets of the company.



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**HELLER MACHINE TOOLS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**13. Deferred taxation**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>224,000</b>	222,000
Charge for year	<b>10,000</b>	2,000
	<hr/>	<hr/>
At end of year	<b>234,000</b>	224,000
	<hr/>	<hr/>

The provision for deferred taxation is made up as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>234,000</b>	224,000
	<hr/>	<hr/>

**14. Share capital**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted, called up and fully paid</b>		
4,500,000 Ordinary shares of £1 each	<b>4,500,000</b>	4,500,000
	<hr/>	<hr/>

**15. Reserves**

	<b>Profit and loss account £</b>
At 1 January 2008	<b>3,867,191</b>
Profit for the year	<b>66,260</b>
	<hr/>
At 31 December 2008	<b>3,933,451</b>
	<hr/>

**16. Reconciliation of movement in shareholders' funds**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	<b>9,798,154</b>	9,154,487
Profit for the year	<b>66,260</b>	643,667
	<hr/>	<hr/>
Closing shareholders' funds	<b>9,864,414</b>	9,798,154
	<hr/>	<hr/>

# HELLER MACHINE TOOLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 17. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2008 £	2007 £
Operating profit	256,258	1,003,150
Depreciation of tangible fixed assets	402,656	309,017
Profit on disposal of tangible fixed assets	-	(6,750)
Increase in stocks	(2,060,325)	(2,457,139)
Decrease in debtors	783,176	1,010,743
Increase in amounts owed by group undertakings	(22,392)	(15,918)
(Decrease)/increase in creditors	(773,537)	1,080,522
Increase in amounts owed to group undertakings	782,221	373,427
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(631,943)</b>	<b>1,297,052</b>

### 18. Gross cash flows

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,638	1,645
Interest paid	(146,378)	(58,229)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(144,740)</b>	<b>(56,584)</b>
	2008 £	2007 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,350,708)	(1,126,754)
Sale of tangible fixed assets	-	131,585
<b>Net cash outflow from capital expenditure</b>	<b>(1,350,708)</b>	<b>(995,169)</b>
	2008 £	2007 £
<b>Financing</b>		
Repayment of loans	-	(195,625)

## HELLER MACHINE TOOLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

#### 19. Analysis of changes in net debt

	1 January 2008 £	Cash flow £	Other non-cash changes £	31 December 2008 £
Cash at bank and in hand:	2,813	(1,615)	-	1,198
Bank overdraft	(693,115)	(2,391,033)	-	(3,084,148)
<b>Net debt</b>	<b>(690,302)</b>	<b>(2,392,648)</b>	<b>-</b>	<b>(3,082,950)</b>

#### 20. Capital commitments

At 31 December 2008 the company had capital commitments as follows:

	2008 £	2007 £
Contracted for but not provided in these financial statements	66,949	290,408

#### 21. Pension commitments

The company operates a defined contribution pension scheme. The charge for the year of £228,123 (2007: £223,592) represents contributions falling due and paid over in the year.

#### 22. Operating lease commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
<b>Expiry date:</b>		
Within 1 year	162,537	180,295
Between 2 and 5 years	245,791	358,582
After more than 5 years	37,082	4,608

#### 23. Related party transactions

The company's financial statements are consolidated into those of its ultimate parent undertaking, Heller GmbH whose financial statements are publicly available. Consequently, the company has taken advantage of the exemptions provided in paragraph 3(c) of FRS 8: Related Party Transactions not to disclose transactions with other Heller Group entities.

Amounts due to and from group related parties at the balance sheet date are detailed in notes 11 and 12 to the financial statements.

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## **HELLER MACHINE TOOLS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

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#### **24. Ultimate parent undertaking and controlling party**

Heller Machine Tools Limited is a wholly owned subsidiary of Heller Machine Tools Holdings Limited, which itself is a wholly owned subsidiary of Gebr. Heller Maschinenfabrik GmbH of Nürtingen, Germany.

Heller Machine Tools Limited regards Heller GmbH of Nürtingen, Germany as its ultimate parent company.