

## **Meiko UK Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 02846559

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# **Meiko UK Limited**

## **Company Information**

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<b>Directors</b>	P G Barry S Scheringer P G Anderson
<b>Company secretary</b>	J Hund
<b>Registered number</b>	02846559
<b>Registered office</b>	393 Edinburgh Avenue Slough SL1 4UF
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
<b>Bankers</b>	HSBC Bank plc 127 High Street Hounslow Middlesex TW3 0QP

# Meiko UK Limited

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# Meiko UK Limited

## Strategic report For the year ended 31 December 2019

The directors present their strategic report and the financial statements for the year ended 31 December 2019.

### Principal risks and uncertainties

Some of the most significant strategic/commercial risks facing the Company is a result of the impact of Coronavirus (Covid-19) sweeping not only the UK but most countries in the world. The flight to safe haven currencies such as the US\$ and Euro has seen Sterling fall dramatically in value against these currencies. The resulting devaluation of the Pound has increased pressure on the Company's margins as the majority of the commercial ware washing equipment is purchased in euros from Germany. The Company has in place some hedging instruments that mature in the next three months that will mitigate FX losses that are realised when payments are made.

The Company has some diversification in the sectors (hospitals, care homes, schools and universities) that it serves but the major part of its business is in the pubs, clubs and restaurants sector which has been heavily impacted by the forced closure in order to slow the spread of the virus. The Company expects the impact of this to last four months before trading recommences in this sector. While a drop in machine sales over the next four months will occur it is expected that this will be recovered as the economy slowly picks up again. Of more significance is the loss of service work for the four months. To mitigate this impact the Company will be taking advantage of the government job retention scheme to considerably lessen the salary burden on the Company of staff who have no work.

The Company as always has the support of the Meiko Global group that has been in business for over 90 years and is very strong financially. Agreement has been reached with the group that despite the uncertainty of how long this may last no payments will be made for purchases for the period of shutdown. As the amounts owed (creditors) are largely due to the group this ensures that good cash position for the Company going forward and its ability to meet its liabilities as they fall due.

### Financial key performance indicators

	2019	2018
	£	£
Revenue	19,412,783	19,050,002
Gross profit	8,126,995	7,700,573

The weaker pound continues to impact on the margins on sale of machines during the year as any movement cannot be reflected in the selling price which is set at the beginning of the year. The directors attempt to minimise any adverse effect by the timing of payments using judgement when the rates are most favourable.

This report was approved by the board on 6<sup>th</sup> Oct 2020 and signed on its behalf.



P G Barry  
Director

# **Meiko UK Limited**

## **Directors' report For the year ended 31 December 2019**

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

### **Directors' responsibilities statement**

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

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

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

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

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

### **Principal activity**

The principal activity of the Company in the year under review was to import, distribute, install and service commercial ware washing equipment.

### **Business review**

#### **Development of the business**

During the year under review, the Company continued to develop its core activities. The Company had a reasonable year given the economic climate with turnover increasing from £19,050,002 to £19,412,786. Sterling remained volatile against the Euro for the year but a late Sterling weakness in December resulted in a foreign exchange dip in position. The increase in sales was in part attributable to a growth in small machine sales resulting in the Company showing a profit before tax for the year of £822,730 compared to a profit before tax of £69,664 in 2018.

#### **Principal risks and uncertainties**

The Board and senior management have invested significant time and resources in identifying specific risks across the Company and they continue to assess the significant ongoing and emerging risks facing the business which fall broadly into the following four categories: strategic/commercial, operational, systems and financial. See the strategic report above.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £663,269 (2018 - £50,751).

The directors do not recommend payment of a dividend (2018: £Nil).

# **Meiko UK Limited**

## **Directors' report (continued) For the year ended 31 December 2019**

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### **Directors**

The directors who served during the year were:

P G Barry  
S Scheringer  
P G Anderson

### **Charitable contributions**

During the year the Company made charitable donations amounting to £5,124 (2018: £813).

### **Future developments**

The Company is launching a new range of dishwasher models currently under development.

### **Financial instruments**

The Company's policy is to finance working capital through retained earnings. The Company is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or result.

### **Research and development activities**

The Company is part of a group which, through its extensive laboratory and testing facilities, pursues ongoing research and development programmes directed towards the development of new value-added products.

### **Engagement with employees**

The company has successfully renewed its Investors in People status. Regular emails are sent to all staff from management to inform them of what is happening in the company.

### **Disclosure of information to auditor**

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

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

### **Post balance sheet events**

Post balance sheet events are disclosed in note 25.

## Meiko UK Limited

Directors' report (continued)  
For the year ended 31 December 2019

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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6<sup>th</sup> Oct 2020 and signed on its behalf.



P G Barry  
Director

# **Meiko UK Limited**

## **Independent Auditor's report to the members of Meiko UK Limited**

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### **Opinion**

We have audited the financial statements of Meiko UK Limited ("the Company") for the year ended 31 December 2019 which comprise Statement of income and retained earnings, Balance sheet and Statement of cash flows, and the 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.



# **Meiko UK Limited**

## **Independent Auditor's report to the members of Meiko UK Limited (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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 the audit:

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

### **Matters on which we are required to report by exception**

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

# Meiko UK Limited

## Independent Auditor's report to the members of Meiko UK Limited (continued)

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### 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

**BDO LLP**

**Nick Poulter** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Guildford  
United Kingdom

Date: 6 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Meiko UK Limited

## Statement of income and retained earnings For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	19,412,786	19,050,002
Cost of sales		(11,285,791)	(11,349,429)
<b>Gross profit</b>		<b>8,126,995</b>	<b>7,700,573</b>
Distribution costs		(430,818)	(390,530)
Administrative expenses		(6,814,211)	(7,284,760)
Fair value movements		(59,326)	44,309
<b>Operating profit</b>	5	<b>822,640</b>	<b>69,592</b>
Interest receivable and similar income		90	72
<b>Profit before tax</b>		<b>822,730</b>	<b>69,664</b>
Tax on profit	9	(159,461)	(18,913)
<b>Profit after tax</b>		<b>663,269</b>	<b>50,751</b>
Retained earnings at the beginning of the year		688,569	637,818
Profit for the year		663,269	50,751
<b>Retained earnings at the end of the year</b>		<b>1,351,838</b>	<b>688,569</b>

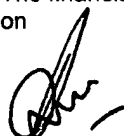
The notes on pages 11 to 22 form part of these financial statements.

**Meiko UK Limited**  
Registered number:02846559

**Balance sheet**  
**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	909,917	927,704
		<u>909,917</u>	<u>927,704</u>
<b>Current assets</b>			
Stocks	11	3,258,334	2,486,727
Debtors: amounts falling due within one year	12	3,607,443	3,841,287
Cash at bank and in hand	13	2,110,095	2,056,624
		<u>8,975,872</u>	<u>8,384,638</u>
Creditors: amounts falling due within one year	14	(5,842,568)	(6,230,761)
<b>Net current assets</b>		<u>3,133,304</u>	<u>2,153,877</u>
<b>Total assets less current liabilities</b>		<u>4,043,221</u>	<u>3,081,581</u>
Creditors: amounts falling due after more than one year	15	(845,308)	(615,081)
<b>Provisions for liabilities</b>			
Deferred tax	17	(84,927)	-
Other provisions	18	(261,148)	(277,931)
		<u>(346,075)</u>	<u>(277,931)</u>
<b>Net assets</b>		<u><u>2,851,838</u></u>	<u><u>2,188,569</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,500,000	1,500,000
Profit and loss account	20	1,351,838	688,569
		<u><u>2,851,838</u></u>	<u><u>2,188,569</u></u>

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



**P G Barry**  
Director

6<sup>th</sup> OCT 2020

The notes on pages 11 to 22 form part of these financial statements.

# Meiko UK Limited

## Statement of cash flows For the year ended 31 December 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	663,269	50,751
<b>Adjustments for:</b>		
Depreciation of tangible assets	465,392	458,774
Profit on disposal of tangible assets	(68,775)	(36,287)
Interest received	(90)	(72)
Taxation charge	159,461	18,913
(Increase) in stocks	(771,607)	(458,512)
Decrease/(increase) in debtors	215,148	(369,125)
(Decrease)/increase in creditors	(313,687)	180,740
Increase in amounts owed to groups	40,557	142,726
(Decrease)/increase in provisions	(16,783)	-
Increase in net pension assets/liabs	-	32,952
Net fair value losses/(gains) recognised in P&L	59,326	(44,309)
Corporation tax received	-	71,311
<b>Net cash generated from operating activities</b>	<b>432,211</b>	<b>47,862</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(480,379)	(364,618)
Sale of tangible fixed assets	101,549	93,159
Interest received	90	72
<b>Net cash from investing activities</b>	<b>(378,740)</b>	<b>(271,387)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>53,471</b>	<b>(223,525)</b>
Cash and cash equivalents at beginning of year	2,056,624	2,280,149
<b>Cash and cash equivalents at the end of year</b>	<b>2,110,095</b>	<b>2,056,624</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,110,095	2,056,624
	<b>2,110,095</b>	<b>2,056,624</b>

The notes on pages 11 to 22 form part of these financial statements.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

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### 1. General information

Meiko UK Limited is a company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page and the nature of the Company's operations and principal activities are given in the directors' report and strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The COVID-19 pandemic is a non-adjusting post balance sheet event for the company. The Directors continue to monitor the economic impact of the pandemic and acknowledge there is considerable uncertainty in the macroeconomic and microeconomic effects. The Directors have reviewed detailed cash flow forecasts for the company for the next 12 months, and have obtained written assurances of financial support if required from MEIKO Maschinenbau GmbH & Co. KG covering a period of 12 months from the date of signing of these accounts. Taking the above into account, along with the company's current cash and liquidity levels, post year-end trading since the onset of the pandemic and expected future trading conditions, the Directors consider it appropriate to prepare the accounts on a going concern basis. The Strategic Report contains further considerations in relation to the impact of COVID-19.

The following principal accounting policies have been applied:

#### 2.2 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts, and is recognised when the contractual right to such revenue has been satisfied. Amounts received in relation to warranties and pre planned maintenance contracts are released over the period to which the contract relates.

#### 2.3 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Plant and machinery	-	25% straight line / 20% - 33% straight line for rental machines
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line

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

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

#### 2.4 Stocks

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

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

#### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 2.6 Cash and cash equivalents

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

#### 2.7 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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

The Company has entered into foreign exchange hybrid instruments to manage its exposure to foreign exchange risk on its purchases. These derivatives are measured at fair value at each reporting date. Movements on these instruments are recognised in profit or loss for the period.

# **Meiko UK Limited**

## **Notes to the financial statements For the year ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of income and retained earnings.

#### **2.10 Operating leases: the Company as lessor**

Rentals income from operating leases is credited to the statement of income and retained earnings on a straight-line basis over the term of the relevant lease.

#### **2.11 Operating leases: Lessee**

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

#### **2.12 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.

#### **2.13 Interest income**

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

#### **2.14 Warranty provisions**

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### **2.15 Current and deferred taxation**

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

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



# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 2. Accounting policies (continued)

#### 2.15 Current and deferred taxation (continued)

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

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

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

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 10)  
Tangible fixed assets are depreciated over their useful lives after considering their residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	18,990,853	18,493,203
Rest of Europe	421,933	556,799
	<u>19,412,786</u>	<u>19,050,002</u>

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods	14,416,408	14,377,422
Supply of services	4,996,378	4,672,580
	<u>19,412,786</u>	<u>19,050,002</u>

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Exchange differences	(439,952)	(67,653)
Other operating lease rentals	189,000	189,000
Rents receivable under operating leases	(83,607)	(83,611)
Depreciation of tangible fixed assets	465,394	458,774
Defined contribution pension cost	286,024	259,750
	<u>286,024</u>	<u>259,750</u>

### 6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	22,600	22,600
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Non-audit service fees	<u>6,500</u>	<u>5,725</u>

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 7. Employees

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

	2019 £	2018 £
Wages and salaries	4,237,244	4,363,388
Social security costs	478,716	483,952
Cost of defined contribution scheme	286,024	259,750
	<u>5,001,984</u>	<u>5,107,090</u>

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

	2019 No.	2018 No.
Sales	25	26
Service	69	67
Administration	5	5
	<u>99</u>	<u>98</u>

### 8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	295,957	266,857
Company contributions to defined contribution pension schemes	47,642	47,073
Social security costs	26,646	28,250
	<u>370,245</u>	<u>342,180</u>

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £194,709 (2018: £168,371).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,676 (2018: £11,016).

The directors are the only employees considered to be key management personnel.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 9. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on (losses)/profits for the year	73,730	-
<b>Total current tax</b>	<u>73,730</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	85,731	18,913
<b>Total deferred tax</b>	<u>85,731</u>	<u>18,913</u>
<b>Taxation on profit on ordinary activities</b>	<u><u>159,461</u></u>	<u><u>18,913</u></u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>822,730</u>	<u>69,664</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	156,319	13,236
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12,541	7,747
Fixed asset differences	687	-
Other permanent differences	-	154
Other differences leading to an decrease in the tax charge	(10,086)	(2,224)
<b>Total tax charge for the year</b>	<u><u>159,461</u></u>	<u><u>18,913</u></u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 10. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2019	476,475	1,521,046	188,530	2,186,051
Additions	5,056	413,040	62,283	480,379
Disposals	-	(461,653)	-	(461,653)
At 31 December 2019	481,531	1,472,433	250,813	2,204,777
<b>Depreciation</b>				
At 1 January 2019	317,033	814,227	127,087	1,258,347
Charge for the year	84,477	351,443	29,472	465,392
Disposals	-	(428,879)	-	(428,879)
At 31 December 2019	401,510	736,791	156,559	1,294,860
<b>Net book value</b>				
At 31 December 2019	80,021	735,642	94,254	909,917
At 31 December 2018	159,442	706,819	61,443	927,704

### 11. Stocks

	2019 £	2018 £
Finished goods and goods for resale	3,258,334	2,486,727

Stock recognised in cost of sales during the year as an expense was £11,400,779 (2018: £10,733,659).

An impairment loss of £3,130 (2019 provision: £18,730, 2018 provision: £15,600) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 12. Debtors

	2019 £	2018 £
Trade debtors	3,332,217	3,555,670
Other debtors	108,876	98,206
Prepayments and accrued income	166,350	168,715
Deferred taxation	-	804
Financial instruments	-	17,892
	<u>3,607,443</u>	<u>3,841,287</u>

An impairment loss of £11,163 (2018: £38,449) has been recognised in respect of bad and doubtful debts in the year.

### 13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>2,110,095</u>	<u>2,056,624</u>

### 14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	267,585	255,858
Amounts owed to group undertakings	3,772,112	3,731,555
Corporation tax	73,730	-
Other taxation and social security	627,366	686,440
Other creditors	65,988	120,501
Accruals and deferred income	994,353	1,436,407
Financial instruments	41,434	-
	<u>5,842,568</u>	<u>6,230,761</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 15. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Accruals and deferred income	845,308	615,081
	<u>845,308</u>	<u>615,081</u>

### 16. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Derivative financial instruments measured at fair value through profit or loss	-	17,892
Financial assets that are debt instruments measured at amortised cost	5,551,188	5,710,500
	<u>5,551,188</u>	<u>5,728,392</u>
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss	(41,434)	-
Financial liabilities measured at amortised cost	(4,711,023)	(4,882,989)
	<u>(4,752,457)</u>	<u>(4,882,989)</u>

Financial assets and liabilities measured at fair value through profit or loss comprise foreign exchange hybrid instruments that are in place to hedge against the foreign exchange risk.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 17. Deferred taxation

	2019 £	2018 £
Asset at 1 January	804	19,717
Charged to profit or loss	(85,731)	-
Utilised in year	-	(18,913)
<b>At 31 December</b>	<b>(84,927)</b>	<b>804</b>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(84,927)	(58,051)
Short term timing differences	-	58,855
	<b>(84,927)</b>	<b>804</b>

### 18. Provisions

	Warranty provision £
At 1 January 2019	277,931
Utilised in year	(16,783)
<b>At 31 December 2019</b>	<b>261,148</b>

### 19. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,500,000 Ordinary shares of £1 each	<b>1,500,000</b>	<b>1,500,000</b>



# Meiko UK Limited

## Notes to the financial statements For the year ended 31 December 2019

### 20. Reserves

The Company has the following reserves:

#### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

### 21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £286,024 (2018: £259,750). No amounts were outstanding at the current or prior year end.

### 22. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	205,110	189,000
Later than 1 year and not later than 5 years	868,000	80,260
Later than 5 years	1,177,151	-
	<u>2,250,260</u>	<u>269,260</u>

### 23. Related party transactions

During the year the Company made purchases of £9,782,956 (2018: £9,743,224) and sales of £29,298 (2018: £3,282) from/to Meiko Maschinenbau GmbH & Co. KG, an associated company.

At the year end, £3,772,112 (2018: £3,731,555) was due to Meiko Maschinenbau GmbH & Co. KG.

### 24. Controlling party

The immediate parent undertaking and controlling undertaking is Meiko Anglo American GmbH, a company incorporated in Germany. The ultimate parent entity is a German Foundation which is known as the Oskar und Rosel Meier-Stiftung Foundation.

### 25. Post balance sheet events

Following the end of the financial year ended 31 December 2019, the world has been impacted by the COVID-19 virus pandemic and this has adversely affected the United Kingdom and the global economy in general. Although the potential macroeconomic and microeconomic impacts of COVID-19 area at this stage unquantifiable, management are continuing to monitor the situation and any risks posed to best protect the interests of the company. Further details of the impact on the company are disclosed in the Strategic Report.