

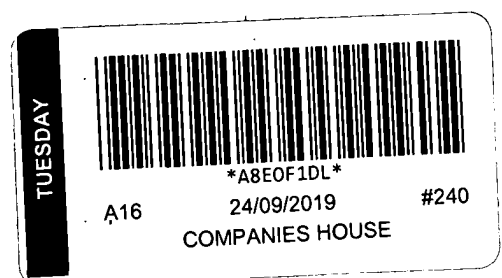
REGISTERED NUMBER: 03379754 (England and Wales)

AQUABIO LIMITED

REPORT OF THE DIRECTOR AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018**

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AQUABIO LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2018

DIRECTORS:

T K McCarthy
S C Goodwin
S G Langford

REGISTERED OFFICE:

Aquabio House
Ball Mill Top Business Park
Hallow
Worcester
Worcestershire
WR2 2LS

REGISTERED NUMBER:

03379754 (England and Wales)

AUDITORS:

Ernst & Young LLP
One Colmore Square
Birmingham
B4 6HQ

BANKERS:

Barclays Bank Plc
PO Box 190
2nd Floor
1 Park Row
Leeds
LS1 5WU

DIRECTORS REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31st December 2018.

DIRECTORS

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

T K McCarthy
S C Goodwin (Resigned 6th March 2018)
S G Langford

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £26,169 (period to 31st December 2017 – loss of £272,742). The directors do not recommend a final dividend (period to 31st December 2017 - £NIL).

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of water, waste water and air treatment design, process and project management.

GOING CONCERN

The directors have considered the cash requirements of the business for 12 months from the date of this report and are satisfied that sufficient funds are available to meet the liabilities as they fall due. In drawing this conclusion, they have considered the availability of cash that is held within the Freudenberg cash pool. Accordingly, the financial statements have been prepared on a going concern basis.

DIRECTORS' INDEMNITIES

During the year, an indemnity from the company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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.

AQUABIO LIMITED (REGISTERED NUMBER: 03379754)

DIRECTORS REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

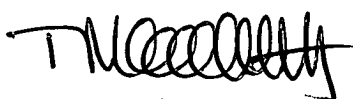
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



T K McCarthy
Director

Date: 24 June 2019

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AQUABIO LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2018

We have audited the financial statements of Aquabio Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income and Profit and Loss account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. 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.

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.

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AQUABIO LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2018

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

AUDITORS 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.



Helen Hemming (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
Date: 24 June 2019

STATEMENT OF COMPREHENSIVE INCOME AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	2018 £	2017 £
TURNOVER		4,114,834	2,722,047
Cost of sales		<u>2,739,085</u>	<u>1,696,236</u>
GROSS PROFIT		1,375,749	1,025,811
Administrative expenses		<u>1,330,220</u>	<u>1,354,278</u>
		45,529	(328,467)
Other operating income		-	-
OPERATING PROFIT	3	45,529	(328,467)
Interest receivable and similar income		<u>2,487</u>	<u>2,071</u>
		48,016	(326,396)
Interest payable and similar charges	5	<u>3,502</u>	<u>5,786</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		44,514	(332,182)
Tax expense on profit on ordinary activities	6	<u>18,345</u>	<u>(59,440)</u>
PROFIT FOR THE FINANCIAL PERIOD		26,169	(272,742)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>26,169</u>	<u>(272,742)</u>

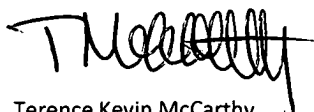
The notes form part of these financial statements

AQUABIO LIMITED (REGISTERED NUMBER: 03379754)

BALANCE SHEET
31ST DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		53,402		61,853
Intangible fixed assets	8		37,839		58,865
			91,241		120,718
CURRENT ASSETS					
Stocks and work in progress	9	154,081		179,858	
Debtors	10	986,653		964,431	
Debtors – amounts held under cash pooling	10	1,448,968		495,672	
Cash at bank		46		442	
		2,589,748		1,640,403	
CREDITORS					
Amounts falling due within one year	11	1,782,357		908,904	
NET CURRENT ASSETS			807,391		731,499
TOTAL ASSETS LESS CURRENT LIABILITIES			898,632		852,217
CREDITORS					
Amounts falling due after more than one year	12		-		-
PROVISIONS FOR LIABILITIES	14		37,343		17,097
NET ASSETS			861,289		835,120
CAPITAL AND RESERVES					
Called up share capital	15		2,200		2,200
Share premium	16		812		812
Merger reserve	16		294,800		294,800
Profit and loss account			563,477		537,308
SHAREHOLDERS' FUNDS			861,289		835,120

The financial statements were approved by the director on 24 June 2019 and were signed by:



Terence Kevin McCarthy
Director

The notes form part of these financial statements

AQUABIO LIMITED (REGISTERED NUMBER: 03379754)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Called up share capital £	Share premium £	Merger reserve £	Profit & loss £
At start date 1st January 2018	2,200	812	294,800	537,308
Profit for the year	-	-	-	26,169
At end date 31 December 2018	2,200	812	294,800	563,477

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018**

1. GENERAL INFORMATION

The company is a private company limited by share capital incorporated in England. The address of the registered office is given in the company information on page 1 of these financial statements.

2. ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 December 2018. The company adopted FRS 102 including section 1A for reduced disclosures in the current year. Section 1A of FRS102 permits a number of disclosure exemptions as a small company. The financial statements have been prepared in sterling.

Accounting convention and going concern

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The directors have considered the cash requirements of the business for 12 months from the date of this report and are satisfied that sufficient funds are available to meet the liabilities as they fall due. In drawing this conclusion they have considered the availability of cash that is held within the Freudenberg cash pool. Accordingly the financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of long term or service contracts where turnover is recognised when the company obtains the right to consideration.

Goodwill

Positive goodwill arising on acquisitions since 1 January 2013 is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life up to a presumed maximum of 5 years. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, and the expected period of benefits. Development expenditure is amortised on a straight-line basis over its useful economic life up to a presumed maximum of 5 years. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 33% on cost / 12.5% on reducing balance
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Stocks and long term contracts

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Derivative instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. *Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.* Exchange differences are shown within other income.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	24,045	32,897
Goodwill amortisation	21,026	47,639
Audit fees	10,759	10,149
Accountancy fees	<u>7,269</u>	<u>6,197</u>

4. STAFF COSTS

(a) Staff Costs:

	2018	2017
	£	£
Staff salaries	957,921	999,206
Staff social security	118,063	121,459
Pension costs	<u>148,587</u>	<u>66,157</u>
	<u>1,224,571</u>	<u>1,186,822</u>

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

	2018	2017
Project management and engineering	16	18
Sales	2	2
Administration	<u>2</u>	<u>2</u>
	<u>20</u>	<u>22</u>

(a) Directors remuneration:

Aggregate remuneration in respect of qualifying services	<u>128,217</u>	<u>53,713</u>
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The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>2</u>
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5. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Bank charges	2,344	2,444
Foreign exchange losses	<u>1,158</u>	<u>3,342</u>
	<u>3,502</u>	<u>5,786</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

6. TAXATION

(a) Tax on profit on ordinary activities

The tax charge on the profit on ordinary activities for the period was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	7,251	-
Adjustments in respect of previous periods	<u>(70,575)</u>	<u>(4,814)</u>
Total current tax	(63,324)	(4,814)
Deferred tax:		
Origination and reversal of timing differences	58,320	(63,520)
Adjustment in respect of previous periods	23,349	8,080
Effect of changes in tax rates	-	814
Total deferred tax	81,669	(54,626)
Tax on profit / (loss) on ordinary activities	<u>18,345</u>	<u>(59,440)</u>

(b) Factors affecting the current tax charge

	2018	2017
	£	£
Profit on ordinary activities before taxation	<u>44,514</u>	<u>(332,182)</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2017 – 19.25%)	8,458	(63,933)
Effects of:		
Expenses not deductible for tax purposes	4,422	413
Income not taxable	(4,237)	-
Tax rate changes	-	814
Tax losses	56,928	-
Adjustments in respect of previous periods	<u>(47,226)</u>	<u>3,266</u>
Tax charge for the period	<u>18,345</u>	<u>(59,440)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

6. TAXATION – continued

(c) Deferred tax

	2018	2017
The deferred tax included in the balance sheet is as follows:		
Fixed asset timing differences	(16,714)	(10,368)
Short-term timing differences	<u>-</u>	<u>(88,015)</u>
Total deferred tax asset	<u>(16,714)</u>	<u>(98,383)</u>
		£
At 1st January 2018		(98,383)
Profit and loss account movement arising during the year (note 6a)		58,320
Adjustment in respect of prior periods		<u>23,349</u>
At 31st December 2018 (note 11)		<u>(16,714)</u>

The management anticipates that the deferred tax asset will be recovered through a carry back claim.

(d) Factors that may affect future tax charges

The UK corporation tax rate changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for the previous accounting period are taxed at a blended rate of 19.25%.

In addition to the changes in rates of corporation tax disclosed above further changes to the UK corporation tax rates were announced in the Summer Finance Bill 2015. These include further reductions to the main rate to reduce the rate to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015 and therefore are included in these financial statements where appropriate.

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Totals £
COST					
At 1st January 2018	144,312	124,167	66,578	21,607	356,664
Additions	8,800	3,470	1,826	1,498	15,594
Disposals	<u>(2,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,274)</u>
At 31st December 2018	<u>150,838</u>	<u>127,637</u>	<u>68,404</u>	<u>23,105</u>	<u>369,984</u>
DEPRECIATION					
At 1st January 2018	109,730	109,815	61,657	13,609	294,811
Charge for period	11,046	7,756	3,189	2,054	24,045
On disposals	<u>(2,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,274)</u>
At 31st December 2018	<u>118,502</u>	<u>117,571</u>	<u>64,846</u>	<u>15,663</u>	<u>316,582</u>
NET BOOK VALUE					
At 31st December 2018	<u>32,336</u>	<u>10,066</u>	<u>3,558</u>	<u>7,442</u>	<u>53,402</u>
At 31st December 2017	<u>34,582</u>	<u>14,352</u>	<u>4,921</u>	<u>7,998</u>	<u>61,853</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

8. INTANGIBLE FIXED ASSETS

	Goodwill	Internally generated intangibles	Total
	£	£	£
COST			
At 1st January 2018	159,358	78,584	237,942
Additions	-	-	-
Disposals	-	-	-
	<u>159,358</u>	<u>78,584</u>	<u>237,942</u>
At 31st December 2018	<u>159,358</u>	<u>78,584</u>	<u>237,942</u>
AMORTISATION			
At 1st January 2018	154,048	25,029	179,077
Charge for period	5,310	15,716	21,026
On disposals	-	-	-
	<u>159,358</u>	<u>40,745</u>	<u>200,103</u>
At 31st December 2018	<u>159,358</u>	<u>40,745</u>	<u>200,103</u>
NET BOOK VALUE			
At 31st December 2018	<u>-</u>	<u>37,839</u>	<u>37,839</u>
At 31st December 2017	<u>5,310</u>	<u>53,555</u>	<u>58,865</u>

9. STOCKS AND WORK IN PROGRESS

	2018	2017
	£	£
Stocks	154,081	179,858
Work-in-progress	-	-
	<u>154,081</u>	<u>179,858</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	690,172	610,076
Deferred tax asset	16,714	98,383
Prepayments	112,649	118,323
Amounts recoverable on contracts	34,859	68,714
Corporation tax	132,259	68,935
	<u>986,653</u>	<u>964,431</u>
Amounts due from group companies under cash pooling arrangements	<u>1,448,968</u>	<u>495,672</u>
	<u>2,435,621</u>	<u>1,460,103</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts	309	4,475
Trade creditors	490,127	370,495
Amounts due to related parties	6,220	-
Corporation Tax	-	-
Social security and other taxes	251,679	122,492
Sundry creditors	11	-
Accrued expenses	<u>1,034,011</u>	<u>411,442</u>
	<u>1,782,357</u>	<u>908,904</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Hire purchase contracts	<u>-</u>	<u>-</u>

13. OPERATING LEASE COMMITMENTS

At the year end, the company had the following annual commitments under non-cancellable operating leases:

	2018	2017
	£	£
Expiring:		
Within one year	85,605	72,812
In two to five years	190,833	233,636
Over five years	<u>-</u>	<u>-</u>

14. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Warranty provision	<u>37,343</u>	<u>17,097</u>
		Warranty Provision £
Balance at 31st December 2017		17,097
Additions during the year		34,454
Amounts charged against / released from the provision		<u>(14,208)</u>
		<u>37,343</u>

The deferred tax asset is included within debtors, as shown in note 10.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2018**

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
1,955 (2017 – 1,955)	A Ordinary Shares	£1	1,955	1,955
245 (2017 – 245)	B Ordinary Shares	£1	245	245
			<u>2,200</u>	<u>2,200</u>

On 6th March 2013, 155 'A' shares and 45 'B' shares with aggregate nominal value of £200 were issued at £1,475 each in exchange for the issued share capital of Automation & Control Limited.

The rights attaching to the A and B shares are as follows:

As regards income, dividends may be paid on either A or B shares or both as resolved by the directors and subject to the approval of the shareholders;

As regards capital, any surplus assets of the company on winding up will be distributed amongst A and B shares in proportion to the amounts paid up or credited as paid up on the A and B shares respectively;

As regards voting, holders of B shares are entitled to receive notice of but shall not be entitled to attend nor vote at any general meeting of the company.

Under the Company's Enterprise Management Incentive Scheme, no options were held at 31 December 2018 for unissued ordinary 'B' shares (2017 - 0).

16. RESERVES

Share premium reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Merger reserve

This reserve records the amount above the nominal value paid for shares acquired during the hive up of Automation and Control Limited, less transaction costs.

17. PENSION COMMITMENTS

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account as incurred. Contributions of £148,587 (31st December 2017: £66,157) are included in these accounts and no further contributions are payable for the period.

18. RELATED PARTY DISCLOSURES

As the company is a wholly owned subsidiary of Freudenberg & Co. KG, a German Partnership, the company has taken advantage of the exemption contained within paragraph 33.1A FRS 102 not to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member. The group financial statements of Freudenberg & Co. KG, within which this partnership is included, can be obtained from Freudenberg & Co. KG, Kommanditgesellschaft, 69464 Weinheim, Germany.