Company Registration No. 02923255

GEA Group Holdings (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

GEA GROUP HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2018
CONTENTS

PAGE

GEA GROUP HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

Directors

I Aprcovic (resigned 15/05/2019)
T Donbavand
T.A. O'Neill
B Dumble (appointed 15/05/2019)

Registered Office

School Lane
Chandlers Ford Industrial Estate
Eastleigh
Hampshire
SO53 4DG

Bankers

Danske Bank
75 King William Street
London
EC4N 7DT

Auditors

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Taxation

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

GEA GROUP HOLDINGS (UK) LIMITED

STRATEGIC REPORT

Principal activities and business review

The company is a wholly owned subsidiary of GEA Group AG and forms part of the group operations in the United Kingdom.

The principal activity of the company is to carry on the business of an investment and holding company.

The balance sheet on page 8 of the financial statements shows the company's financial position at the year end. The company made a profit of £1,651,754 (2017: profit of £6,523,439). The company has net assets of £4,279,782 (2017 £2,628,028). The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK group of GEA Group AG, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

The risk management system used by the company is similar to that of all companies within the GEA Group. The company's monthly reporting system, annual budgeting reports and regular management meetings are used to identify and analyse the various risks. The group's reporting structure ensures that key decision makers are promptly informed about any risks that affect the company and its future development.

Financial risks

The company follows the GEA AG Group's guidelines to control financial risks and thereby hedge, or largely limit, the risks involved. The objectives of the rules are to protect the company assets, eliminate security risks, and improve efficiency in the identification and analysis of risks. As part of these guidelines the company can use various derivative financial instruments to help mitigate the price risk pertaining to currencies, interest rates and commodities. As these instruments are exposed to a risk of default from the failure of the counterparty, they are entered into only with reputable financial institutions that enjoy excellent credit ratings, so the risk of default can be deemed very low. During the financial year to 31 December 2018 no such instruments have been used by the entity.

Environment

The GEA Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Brexit

The immediate risks of Brexit will have a nominal impact on GEA Group Holdings (UK) Limited as it has no production or sale of product. The costs of Brexit preparations is being assessed continually and is likely to increase in the future due to uncertainty. The short term effect of Brexit may be disruptive, but no long term effect is anticipated.

Approved by the Board of directors and signed on behalf of the Board

T Donbavand
Director

7 October 2019

GEA GROUP HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Dividends

The directors approved receipt of dividends received in 2018 of £2mil (2017: £6mil).

Directors

The directors who served during the year and subsequently were as shown below:

I Aprcovic (resigned 15/05/2019)
T Donbavand
T.A. O'Neill
B Dumble (appointed 15/05/2019)

Post balance sheet events

The directors are not aware of any material post balance sheet events.

Going concern

The financial statements have been prepared on the going concern basis and the directors report that they have satisfied themselves that the company is a going concern, having adequate resources to continue in operational existence for the foreseeable future despite the current economic conditions. In forming this view the directors made enquiries into the financial position and bank and intercompany loan resources available to the company including those provided by other group companies, as evidenced by a letter of support.

Political Contributions

Neither the company nor any of its subsidiaries make any political donations or incurred any political expenditure during the year.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006.

Approved by the Board of directors and signed on behalf of the Board

T Donbavand
Director

7 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 *Reduced Disclosure Framework*.

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 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

GEA GROUP HOLDINGS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEA GROUP HOLDINGS (UK) LIMITED

Opinion

We have audited the financial statements of GEA Group Holdings (UK) Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state 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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other Matter

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

GEA GROUP HOLDINGS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEA GROUP HOLDINGS (UK) LIMITED

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
-

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

GEA GROUP HOLDINGS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEA GROUP HOLDINGS (UK) LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephen Ward

Stephen Ward (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snowhill Queensway

Birmingham

B4 6GH

7 October 2019

GEA GROUP HOLDINGS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £ (Restated*)
Other Income	18	2,000,000	6,000,000
Income			
Operating expenses		(128,954)	(131,850)
Operating profit	1	1,871,046	5,868,150
Interest receivable	2	47,834	56,891
Interest payable and similar charges	3	(366,068)	(633,626)
Profit on ordinary activities before taxation	6 (b)	1,552,812	5,291,415
Tax credit on profit for ordinary activities	6 (a)	98,942	1,232,024
Profit for the financial year		1,651,754	6,523,439

All recognised gains and losses have been reflected in the Profit and Loss account for the current and prior year and arise solely from continuing operations. Accordingly a statement of total recognised gains and losses is not presented.

The notes on pages 10 to 23 form part of these financial statements.

Refer to Note 18 (Restated *)

BALANCE SHEET
YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018		31 December 2017	
		£	£	£	£
Fixed assets					
Investments	7		30,755,721		30,755,721
Current assets					
Debtors	8	6,062,671		5,032,155	
Cash and cash equivalents		4,451,232		3,546,970	
Creditors: amounts falling due within one year	9	(25,046,165)		(24,738,519)	
Net current liabilities			(14,532,262)		(16,159,394)
Total assets less current liabilities			16,223,459		14,596,327
Creditors: amounts falling due after more than one year	10		(11,943,677)		(11,968,299)
Net assets			4,279,782		2,628,028
Capital and reserves					
Called up share capital	11		6,500,000		6,500,000
Capital contribution	12		19,000,000		19,000,000
Profit and loss account deficit	13		(21,220,218)		(22,871,972)
Shareholder's funds			4,279,782		2,628,028

These financial statements of GEA Group Holdings (UK) Limited, registered number 02923255, were approved and authorised for issue by the Board of directors on

Signed on behalf of the Board of directors

T Donbavand

Director

7 October 2019.

The notes on pages 11 to 23 form part of these financial statements.

GEA GROUP HOLDINGS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Notes	Called up share capital £	Capital Contribution £	Profit and loss account £	Total equity £
Balance at 1 January 2017		6,500,000	19,000,000	(29,395,411)	(3,895,411)
Profit for the year *	18	-	-	6,523,439	6,523,439
Balance at 31 December 2017		6,500,000	19,000,000	(22,871,972)	2,628,028
Balance at 1 January 2018		6,500,000	19,000,000	(22,871,972)	2,628,028
Profit for the year		-	-	1,651,754	1,651,754
Balance at 31 December 2018		6,500,000	19,000,000	(21,220,218)	4,279,782

*Refer to Note 18 (Restated)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

GEA Group Holdings (UK) Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes (Parent Cash Flow Statement publicly available at www.gea.com);
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

Financial instruments (policy applicable from 1 January 2018)

(i) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 **Accounting policies** *(continued)*

1.5 **Financial instruments (policy applicable from 1 January 2018)** (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment. Investments in subsidiaries are accounted for in accordance with IFRS 9.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

1 Accounting policies *(continued)*

1.5 Financial instruments (policy applicable from 1 January 2018) (continued)

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 30 days past due.

1 **Accounting policies** *(continued)*
1.5 **Financial instruments (policy applicable from 1 January 2018)** (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Financial instruments (policy applicable prior to 1 January 2018))

(i) **Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

(ii) **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

1 **Accounting policies** *(continued)*

1.5 **Financial instruments (policy applicable from 1 January 2018) (continued)**

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, GEA Group AG, includes the Company in its consolidated financial statements. The consolidated financial statements of GEA Group AG are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from GEA Group AG, Peter-Müller-Str. 12, 40468 Düsseldorf, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of GEA Group AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1. **Accounting policies** *(continued)*

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

After reviewing the company's budget for the next financial year, and other longer term plans, together with the financial position of the group, its cash flows, liquidity position and borrowing facilities, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. The company is dependant for its working capital on funds provided by GEA Group AG, the company's ultimate parent undertaking. GEA Group AG has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular it will not seek repayment of the amounts currently made available. This support extends to intercompany debt. This should enable the company to continue in operational existence for the foreseeable future by measuring its liabilities as they fall due for payment.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(c) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the company; and

(d) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in subsidiaries, trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. After initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1. **Accounting policies** *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2018

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest receivable from group undertakings	47,834	48,459
Other interest receivable	-	8,432
	47,834	56,891

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest payable on loans from group undertakings	366,068	633,626
	366,068	633,626

4. EXPENSES AND AUDITOR'S REMUNERATION

The profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Management charges	124,375	125,000
Auditor's remuneration – fees payable to the company's auditors for the audit of the company's annual accounts	8,000	8,000

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, GEA Group AG.

5. EMPLOYEES AND DIRECTORS

The company had no employees (2017: nil) other than the directors. The directors performed no material qualifying services for the company in respect of the current period therefore received no emoluments.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2018

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
UK Corporation tax:		
Current tax credit	(84,966)	(136,403)
Prior year credit	(13,976)	(1,095,621)
	(98,942)	(1,232,024)

(b) Factors affecting the tax credit for the current year:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit on ordinary activities before tax	1,552,812	5,291,415
Taxation on ordinary activities at 19.00% (2017: 19.25%)	295,034	1,018,597
Effects of:		
Income not subject to current Tax	(380,000)	(1,155,000)
Tax credit on losses surrendered for group relief	(13,976)	(1,095,621)
Total current tax credit (see above)	(98,942)	(1,232,024)

Reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset and liability at 31 December 2018 have been calculated based on these rates.

7. FIXED ASSET INVESTMENTS

	Investment in subsidiaries £
Cost	
At 1 January 2018	30,755,721
At 31 December 2018	30,755,721
Net book value:	
At 31 December 2018	30,755,721
At 31 December 2017	30,755,721

The company holds the following investments:

Subsidiary	Registered address	Country of incorporation	Principal Activity	Directly
GEA Refrigeration UK Ltd (formerly GEA Grasso Holdings Ltd).	St Bride's House, 10 Salisbury Square, London, EC4Y 8EH	England and Wales	Holding Company	100%
GEA Process Engineering Ltd	Leacroft House, Leacroft Road, Birchwood, Warrington, Cheshire, WA3 6JF	England and Wales	Process integration	100%
GEA Mechanical Equipment UK Ltd (formerly Westfalia Separator UK Limited Ltd)	Westfalia House, Old Wolverton Road, Old Wolverton, Milton Keynes, Buckinghamshire, MK12 5PY	England and Wales	Separation equipment sales and services and supply of milking machines	100%
GEA Farm Technologies (UK) Ltd	Wylye Works, Watery Lane, Bishopstow, Warminster, Wiltshire, BA12 9HT	England and Wales	Dairy and farm technology	100%

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018 £	31 December 2017 £
Amounts owed by group undertakings	5,332,266	5,032,155
Due from Tax authorities	730,405	-
	10,513,903	8,579,125

9. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	31 December 2018 £	31 December 2017 £
Amounts owed to group undertakings	25,005,832	24,697,374
Accruals	40,332	41,146
	25,046,165	24,738,519

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2018 £	31 December 2017 £
Amounts owed to group undertakings	11,943,677	11,968,299

Amounts owed to group undertakings are unsecured loans, and bear interest at a rate which reflects the cost of borrowing to the group.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2018

11. SHARE CAPITAL

	31 December 2018 £	31 December 2017 £
Authorised, allowed, called up and fully paid		
Ordinary shares of £1 each	6,500,000	6,500,000

12 Capital Contribution

	31 December 2018 £	31 December 2017 £
Capital contribution from parent company	19,000,000	19,000,000

13 Reserves

	31 December 2018 £	31 December 2017 £
Profit and loss account deficit At the beginning of the year	(22,871,972)	(29,395,411)
Profit for the financial year restated	1,651,754	6,523,439
At the end of the year	(21,220,218)	(22,871,972)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2018

14. RELATED PARTY TRANSACTIONS

As an ultimate subsidiary of GEA Group AG, the company has taken advantage of exemptions in FRS 101 not to disclose transactions with other wholly owned members of the group headed by GEA Group AG.

15. PARENT COMPANIES AND ULTIMATE CONTROLLING PARTIES

At 31 December 2018, the company's immediate parent undertaking was GEA Group Holdings GmbH, registered in Germany and whose principal place of business is Drostener Strasse 484, W-4630 Bochum 1, Germany.

In the directors' opinion at 31 December 2018 the company's ultimate parent company and ultimate controlling party was GEA Group AG, incorporated in Germany and whose principal place of business is at Peter-Müller-Str. 12, 40468 Düsseldorf, Germany.

The largest and smallest group in which the accounts of the company are consolidated is that headed by GEA Group AG. Copies of the group accounts, which are published in English, are available from the company's registered office.

As a subsidiary undertaking of GEA Group AG, the company has taken advantage of exemptions in FRS101 "Related party disclosures" not to disclose transactions with other members of the group headed by GEA Group AG.

16. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events.

17. ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of investments

Determining whether an investments is impaired requires an estimation of its value in use. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the investment and the application of a suitable discount rate in order to calculate the present value. The discount rates used are based on the Group's weighted average cost of capital.

18. Disclosure note on material restatement

The nature of the prior period error is one of recognition. Dividends received in 2017 were not shown in the Profit and Loss account but presented only as dividends received on the Statement of Changes in Equity. This adjustment had an effect in the following line items of the Profit and Loss account, as well as the line item "Profit of the year" in the Statement of changes in equity:

	Adjustment
	£
(Increase) in Operating Profit/Loss and Profit for the financial year	6,000,000

This adjustment has no impact in the balance sheet.