

**Sumitomo (SHI) Demag Plastics Machinery  
(UK) Limited**

Directors' report and financial  
statements

Registered number 1185700

31 December 2018



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## Directors' report

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

### Principal activities

The principal activities of the company continue to be the selling of machinery, ancillary equipment, and provision of technical services for the plastic processing industry.

### Business review

The results for the year are shown on page 7.

The company is exempt from the requirement to prepare and Enhances Business Review.

#### *Review of Development and Performance*

For 2018 the company focus has continued on two key sectors – packaging and precision. This has proven successful as the company has gained significant new accounts in both sectors. The market demand has remained stable but the company has found the extended delivery times from the factories challenging. There has been an increase in competitors, especially from China and the Far East. The company has continued to develop its identity in the UK market for not only high quality and high performance products but also world class service and support. The performance of the Training Academy in Daventry continues to improve and has started to gain significant traction in the market with 239 delegates attending courses in 2018.

#### *Principal Risks and Uncertainties*

The directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

The main financial risks that the Company could face have been considered by the directors. These cover areas such as Client Base, IT, Financial Management and Controls, Staff and Supplier Management.

Our future trading position with the EU continues to create uncertainty in the market, even though the decision on Brexit has been delayed the market has very much continued as usual. There has been some evidence of "stock piling" of finished goods which has created an artificial increase in demand which will be reversed post Brexit. The main impacts will be potential delays in the import of spare parts for machines and further instability in foreign exchange. We have completed our BREXIT risk assessment with our logistic suppliers and are confident that we can manage any adverse effects on the delivery of spare parts as a result.

### Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the period were as follows:

N Flowers  
G Liebig

The directors who held office at the end of the financial period had no disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company, or any other group company, were granted to the directors or their immediate families, or exercised by them, during the financial period.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report. The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial period and at the date of this report.

### **Political and charitable contributions**

The Company made no political contributions (2017: £nil) and no donations to UK charities during the period (2017: £nil).

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

The directors who have held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

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

By order of the board



**Nigel Flowers**  
*Director*

Accent House  
Triangle Business Park  
Wendover Road  
Aylesbury  
HP22 5BL

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.



KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

## **Independent auditor's report to the members of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited**

### **Opinion**

We have audited the financial statements of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited ("the company") for the year ended 31 December 2018 which comprise the 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

### **The impact of uncertainties due to Britain 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.

## **Independent auditor's report to the members of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited** *(continued)*

### **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.

### **Other information**

The directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

## **Independent auditor's report to the members of Sumitomo (SHI) Demag Plastics Machinery (UK) Limited** *(continued)*

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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](http://www.frc.org.uk/auditorsresponsibilities).

### **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.



**Derek McAllan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Theale  
Reading  
RG7 4SD  
14 August 2019



**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2018*

	<i>Note</i>	<b>2018</b> £'000	<b>2017</b> £'000
<b>Turnover</b>	2	<b>9,760</b>	<b>7,877</b>
Cost of sales		<b>(6,788)</b>	<b>(5,565)</b>
<b>Gross profit</b>		<b>2,972</b>	<b>2,312</b>
Administration Expenses		<b>(2,801)</b>	<b>(2,540)</b>
<b>Operating profit/(loss)</b>		<b>171</b>	<b>(228)</b>
Other interest receivable and similar income	3	<b>17</b>	<b>43</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	4	<b>188</b>	<b>(185)</b>
Tax on profit/loss on ordinary activities	7	<b>(7)</b>	<b>72</b>
<b>Profit/(loss) for the financial year</b>		<b>181</b>	<b>(113)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>181</b>	<b>(113)</b>

In the current and preceding year, the company had no other comprehensive income other than that presented in the Profit and Loss above.

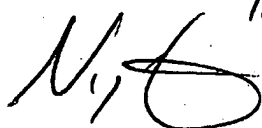
Notes on pages 10 to 17 form an integral part of the financial statements.

Turnover and operating profit derive entirely from continuing activities.

**Balance sheet**  
 at 31 December 2018

	Note	2018 £'000	2017 £'000	£'000
<b>Fixed assets</b>				
Tangible assets	8		88	57
<b>Current assets</b>				
Stocks	9	419	410	
Debtors	10	4,198	3,238	
Cash at bank and in hand		-	-	
		<u>4,617</u>	<u>3,648</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,030)</u>	<u>(1,221)</u>	
<b>Net current assets</b>			<u>2,587</u>	<u>2,427</u>
<b>Total assets less current liabilities</b>			<u>2,675</u>	<u>2,484</u>
<b>Provisions for liabilities</b>	12	(5)	(5)	
<b>Deferred tax liability</b>	13	(13)	(3)	
<b>Net assets</b>			<u>2,657</u>	<u>2,476</u>
<b>Capital and reserves</b>				
Called up share capital	14	50	50	
Profit and loss account		2,607	2,426	
<b>Shareholders' funds</b>			<u>2,657</u>	<u>2,476</u>

Notes on pages 10 to 17 form an integral part of the financial statements. These financial statements were approved by the board of directors on 12/8/19 and were signed on its behalf by:

  
 Nigel Flowers  
 Director

Company number: 1185700

**Statement of Changes in Equity**  
*For the year ended 31 December 2018*

	Called up Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Balance at 1 January 2017	50	2,539	2,589
	_____	_____	_____
<b>Total comprehensive income for the period</b>			
Loss for the year	-	(113)	(113)
	_____	_____	_____
Balance at 31 December 2017	50	2,426	2,476
	_____	_____	_____
<b>Total comprehensive income for the period</b>			
Profit for the year	-	181	181
	_____	_____	_____
<b>Balance at 31 December 2018</b>	<b>50</b>	<b>2,607</b>	<b>2,657</b>
	_____	_____	_____

Notes on pages 10 to 17 form an integral part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Sumitomo (SHI) Demag Plastics Machinery (UK) Limited ("the Company") is a company limited by shares and incorporated & domiciled in the UK. The Company is exempt by virtue 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Sumitomo Heavy Industries Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Sumitomo Heavy Industries Ltd are available to the public and may be obtained from ThinkPark Tower, 1-1, Osaki 2-Chome Shinagawa-Ku, Tokyo 141-6025 Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Sumitomo Heavy Industries, Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

#### ***Going concern***

The Company's business activities and its financial results, together with the factors which may affect its future development, performance and position are set out on pages 1 and 2. The Directors have reviewed the financial position of the Company, including the trading arrangement with group undertakings, and have no reason to doubt that these arrangements will continue for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost, less accumulated depreciation/amortisation and provision for impairment. Depreciation/amortisation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful economic lives, as follows:

Fixtures, fittings tools & equipment - 10%-33.3% reducing balance basis

#### ***Stocks***

Stock is valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

#### *Classification of financial instruments issued by the Company*

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) 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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Customer's machine deposits represent unearned revenue and are initially recorded as customer deposit liabilities. Customer deposits are subsequently recognised as turnover following customer acceptance of the machine. Sales of parts and aftermarket ancillary equipment is recognised at the time of delivery to the customer. Turnover relating to service is recognised at the time that the service is provided.

**Notes (continued)**

**1 Accounting policies (continued)**

***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**2 Turnover**

The geographical analysis of turnover is as follows:

	2018 £'000	2017 £'000
United Kingdom	8,605	6,757
Republic of Ireland	726	1,120
Germany	429	-
	<u>9,760</u>	<u>7,877</u>

All turnover relates to the sale of goods.

**3 Interest receivable and similar income**

	2018 £'000	2017 £'000
Realised exchange gain	17	43
	<u>17</u>	<u>43</u>

**4 Profit/(loss) on ordinary activities before taxation**

	2018 £'000	2017 £'000
<b><i>Profit/(loss) on ordinary activities before taxation is stated after charging</i></b>		
Depreciation written off tangible fixed assets:		
Owned	13	15
Operating leases:		
Property	60	60
Other assets	93	101
Exchange gain	17	43
	<u>183</u>	<u>219</u>
<b><i>Auditor's remuneration</i></b>		
Audit of these financial statements	21	20
Taxation compliance	4	5
	<u>25</u>	<u>25</u>

**Notes (continued)**

**5 Staff numbers and costs**

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	Number of employees	
	2018	2017
Production and Technical	12	10
Sales and Distribution	9	10
Administrative	4	7
	25	27
	25	27

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	1,280	1,218
Social security costs	168	162
Other pension costs	77	74
Other employee costs	58	154
	1,583	1,608
	1,583	1,608

**6 Remuneration of directors**

	2018	2017
	£000	£000
Directors' emoluments	143	132
Company contributions to money purchase pension schemes	11	11
	154	143
	154	143

**Number of directors**

Retirement benefits are accruing to the following number of directors under:

	2018	2017
	Money purchase pension scheme	1
	1	1

**Notes (continued)**

**7 Tax on profit/loss on ordinary activities**

*Total tax expense recognised in the profit and loss account:*

	2018 £'000	£'000	2017 £'000	£'000
<i>Current Tax</i>				
Current tax on income for the year	1		1	
Group relief payable/(receivable)	-		(35)	
Adjustment in respect of prior years	(4)	(3)	(35)	(69)
<hr/>				
<i>Deferred Tax (see note 13)</i>				
Origination and reversal of timing differences	7		2	
Adjustment in respect of prior years	3		(5)	
<hr/>				
		10		(3)
<hr/>				
Total tax charge/(credit) on profit/(loss) on ordinary activities		7		(72)
<hr/> <hr/>				

*Reconciliation of effective tax rate:*

	2018 £'000	2017 £'000
Profit for the year	181	(113)
Total tax expense/(credit)	7	(72)
<hr/>		
Profit/(loss) before tax	188	(185)
<hr/>		
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 19% (2017: 19.25%).	36	(36)
<hr/>		
<i>Effect of:</i>		
Expenses not deductible for tax purposes	4	4
Utilisation of tax losses	-	(5)
Adjustment in respect of prior year – current tax	(4)	(35)
Adjustment in respect of prior year – deferred tax	3	(5)
R&D tax credit	(7)	-
Effect of tax rate change	(3)	-
Deferred not recognised	(22)	(30)
Group relief claimed	-	35
<hr/>		
Total tax charge/(credit)	7	(72)
<hr/> <hr/>		



**Notes (continued)**

**7 Tax on profit/loss on ordinary activities (continued)**

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate down to 17% was announced in the 2016 Budget and substantively enacted on 6 September 2016 (to be effective from 1 April 2020). This will reduce the company's future tax charge accordingly and reduce the deferred tax balance, although the extent of this effect cannot currently be quantified with any degree of certainty.

**8 Tangible fixed assets**

	<b>Fixtures and fittings £'000</b>
<i>Cost</i>	
At beginning of year	233
Additions	44
	<hr/>
At end of year	277
	<hr/> <hr/>
<i>Depreciation</i>	
At beginning of year	176
Charge for year	13
	<hr/>
At end of year	189
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2018	88
	<hr/> <hr/>
At 31 December 2017	57
	<hr/> <hr/>

**9 Stocks**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Finished goods and goods for resale	419	410
	<hr/>	<hr/>

**10 Debtors**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade debtors	2,796	2,032
Amounts owed by group undertakings	1,334	1,078
Other debtors	45	48
Prepayments and accrued income	23	9
Corporation tax	-	71
	<hr/>	<hr/>
	<b>4,198</b>	<b>3,238</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**11 Creditors: Amounts falling due within one year**

	2018 £'000	2017 £'000
Trade creditors	400	423
Amounts owed to group undertakings	932	558
Other creditors	110	8
Corporation tax	1	-
Other taxation and social security	71	69
Accruals and deferred income	516	163
	<u>2,030</u>	<u>1,221</u>

**12 Provisions for liabilities**

	Guarantee claims £000
<b>Guarantee claims</b>	
At beginning of year	5
Utilised during year	-
	<u>5</u>
At end of year	<u>5</u>

A provision for guarantee claims has been recognised for expenditure arising from machine technical risks which could be incurred within one year of the balance sheet date.

**13 Deferred tax liability**

	Deferred taxation £'000
Liability at beginning of year	3
Charge to the profit and loss for the year	10
	<u>13</u>
<b>Liability at end of year</b>	<u>13</u>

The elements of deferred taxation are as follows:

	2018 £'000	2017 £'000
Difference between accumulated depreciation and amortisation and capital allowances	13	3
	<u>13</u>	<u>3</u>

There is an unrecognised deferred tax asset of £198,000 in respect of tax losses.

**Notes (continued)**

**14 Called up share capital**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Allotted, called up and fully paid</i>		
"A" Ordinary Shares of £1 each	<b>38</b>	<b>38</b>
"B" Ordinary Shares of £1 each	<b>12</b>	<b>12</b>
	<hr/>	<hr/>
Shares classified in shareholders' funds.	<b>50</b>	<b>50</b>
	<hr/>	<hr/>

Both classes of shares have equal voting rights in terms of one vote per share held. In addition, both classes of shares have equal rights in the event of a dividend and to the assets of the company in the event of a winding up

**15 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Less than one year	<b>87</b>	<b>69</b>
Between one and five years	<b>46</b>	<b>124</b>
	<hr/>	<hr/>
	<b>133</b>	<b>193</b>
	<hr/>	<hr/>

During the year £152,583 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £161,200).

**16 Ultimate parent company**

The Company is a subsidiary undertaking of Sumitomo (SHI) Demag Plastics Machinery GmbH, incorporated in Germany. The largest group in which the results of the company are consolidated is Sumitomo Heavy Industries, Ltd.

The consolidated financial statements of this group are available to the public and may be obtained from the group at Sumitomo Heavy Industries, Ltd, ThinkPark Tower, 1-1, Osaki 2-Chome Shinagawa-Ku, Tokyo 141-6025 Japan.