

**Company Registration No 02937921**

**Andritz Limited**

**Report and Financial Statements**

**31 December 2012**



# **Andritz Limited**

## **Report and financial statements 2012**

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# **Andritz Limited**

## **Report and Financial Statements 2012**

### **Officers and Professional Advisers**

#### **Directors**

M Weeks  
M Ostwald  
N Randles

#### **Secretary**

A L Peach

#### **Registered office**

Speedwell Road  
Parkhouse East  
Newcastle-under-Lyme  
Staffordshire  
ST5 7RG

#### **Bankers**

HSBC Plc  
Market Place  
Chesterfield  
Derbyshire  
S40 1TN

#### **Solicitors**

Cobbetts LLP  
58 Mosley Street  
Manchester  
M2 3HZ

DLA Piper  
3 Noble Street  
London  
EC2V 7EE

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds

# Andritz Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

### Principal activity

The principal activity of the company in the year under review was that of the supply, installation and maintenance of equipment to the chemical, food, water and sewage treatment industry

### Review of business and future developments

2012 has been a reasonable year for the company with the company maintaining its profitable operating position

The current economic climate continues to make trading conditions difficult

The company is also affected by the movement in the exchange rate with the Euro. The company minimises the risk involved by using forward foreign currency contracts

### Going concern

The company has generated sufficient cash from its historical trading to meet its day to day working capital requirements. The current economic conditions create uncertainty particularly over the level of demand for the company's products and the cost of the company's raw materials

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for additional financing facilities

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### Results and dividends

The result for the year ended 31 December 2012 was a profit after taxation of £313,624 (2011 £515,987). The directors have not recommended a final dividend for the year. The 2011 final dividend of £218,000 was settled in 2012

### Key performance indicators

The Directors are pleased to record a growth in gross profit although sales decreased in 2012. There was also change in sales mix between Capital and Service work with a greater proportion of Service work being undertaken than in previous years. This resulted in a higher gross profit margin

	2012	2011
Sales (decrease)/growth (1)	(14.04%)	67.97%
Margin (2)	20.76%	19.13%
Working capital (3)	3,624,058	3,446,167

(1) Sales (decrease)/growth/ = (decrease)/increase in turnover over the year

Turnover is as per the profit and loss account in the financial statements

(2) Margin = Gross Profit / Turnover

Gross Profit and Turnover are as per the profit and loss account in the financial statements

(3) Working capital = Net current assets

Net current assets is as per the net current assets in the financial statements

**Directors' report (continued)**

**Risks and uncertainties**

**Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company does use foreign exchange forward contracts to hedge this exposure.

**Credit risk**

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

**Treasury**

The group headed by Andritz AG and the company's treasury function operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise inter-company borrowings, cash and various items, such as trade debtors, amounts recoverable on contracts, trade creditors and payments on account that arise directly from its operations. The company uses forward foreign currency contracts to manage the currency rate risks arising from the company's operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

**Directors**

The directors, who served throughout the year and subsequently, were as follows:

- M Ostwald (appointed 18 June 2012)
- G Schulze (resigned 18 June 2012)
- M Weeks
- N Whittaker (appointed 9 January 2012) (resigned 15 June 2012)
- M Schulze (resigned 18 June 2012)
- N Randles (appointed 11 March 2013)

**Charitable & political donations**

The company made no political donations and made charitable donations of £Nil (2011: £150).

**Auditor**

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

- 1 so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 2 the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



N Randles  
Director  
30th October 2013

## Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting 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, and
- 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.

## **Independent Auditor's Report To The Members of Andritz Limited**

We have audited the financial statements of Andritz Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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.



Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, UK

*5 November* 2013

# Andritz Limited

## Profit and loss account Year ended 31 December 2012

	Note	2012 £	2011 £
<b>Turnover</b>		8,243,018	9,590,057
Cost of sales		(6,531,524)	(7,755,622)
<b>Gross profit</b>		<u>1,711,494</u>	<u>1,834,435</u>
Administrative expenses		(1,325,077)	(1,131,814)
<b>Operating profit</b>	3	386,417	702,621
Dividend received		16,047	-
Net interest receivable/(payable)	4	10,048	7,460
<b>Profit on ordinary activities before taxation</b>		<u>413,012</u>	<u>710,081</u>
Tax on profit on ordinary activities	5	(99,388)	(194,094)
<b>Profit for the year</b>	16	<u><u>313,624</u></u>	<u><u>515,987</u></u>

All activities are derived from continuing operations

The company had no recognised gains and losses other than the profit for that year. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The accompanying notes are an integral part of this profit and loss account.



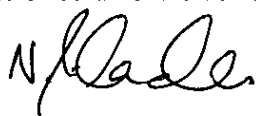
# Andritz Limited

## Balance sheet 31 December 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Goodwill	7	95,725	101,043
Tangible assets	8	149,265	179,087
Investments	9	122,518	122,518
		<u>367,508</u>	<u>402,648</u>
<b>Current assets</b>			
Stocks	10	645,385	1,176,331
Debtors	11	3,970,563	3,023,310
Cash in hand		453,635	1,682,785
		<u>5,069,583</u>	<u>5,882,426</u>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	12	(1,445,525)	(2,436,259)
<b>Net current assets</b>		<u>3,624,058</u>	<u>3,446,167</u>
<b>Total assets less current liabilities</b>		3,991,566	3,848,815
<b>Provisions for liabilities</b>	13	(224,287)	(177,160)
<b>Net assets</b>		<u>3,767,279</u>	<u>3,671,655</u>
<b>Capital and reserves</b>			
Called up share capital	15	2,500,000	2,500,000
Profit and loss account	16	1,267,279	1,171,655
<b>Shareholder's funds</b>	16	<u>3,767,279</u>	<u>3,671,655</u>

The financial statements of Andritz Limited, registered number 2937921, were approved by the board of directors and authorised for issue on **30 October 2013**.

Signed on behalf of the Board of Directors



N Randles  
Director

The accompanying notes are an integral part of this balance sheet

# Andritz Limited

## Notes to the financial statements 31 December 2012

### 1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and have been applied consistently throughout the year and the preceding year. The particular accounting policies are described below.

#### Basis of preparation

These financial statements are prepared under the historical cost convention.

In view of the fact that consolidated financial statements have been prepared by the company's ultimate controlling party, Andritz AG, the company has not prepared consolidated financial statements as permitted by section 400 of the Companies Act 2006. Information is given about the company, not the group.

#### Going concern

The company has generated sufficient cash from its historical trading to meet its day today working capital requirements. The current economic conditions create uncertainty particularly over the level of demand for the company's products and the cost of the company's raw materials.

The company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the company should be able to operate without the need for additional financing facilities.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Turnover and profit on short-term contracts is recognised on the completed contract basis. Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

#### Cash flow statement

As the company is a wholly-owned subsidiary of Andritz AG, the company has taken advantage of the exemption available to it under Financial Reporting Standard 1 Cash Flow Statements (Revised 1996) from preparing a cash flow statement.

#### Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less provision for impairment.

The cost of fixed assets is their purchase cost together with incidental expenses of acquisition. Depreciation is provided on the cost of each asset over the expected useful economic life using the following basis:

Computer equipment	3 years - straight line
Fixtures and fittings	Full provision in the year of purchase
Motor vehicles	Reducing balance basis at 25% per annum
Plant and machinery	2 - 7 years - straight line

## Notes to the financial statements 31 December 2012

### 1. Accounting policies (continued)

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax is measured in a non-discounted basis

#### Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

#### Pension

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

#### Investments

Fixed asset investments are shown at cost less provision for impairment

#### Long term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock

#### Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

# Andritz Limited

## Notes to the financial statements 31 December 2012

### 2. Information regarding directors and employees

	2012 £	2011 £
<b>Directors' remuneration</b>		
Emoluments	151,462	96,809
Company contribution to directors' money purchase pension scheme	8,637	5,788
	<u>160,099</u>	<u>102,597</u>

	No.	No.
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	<u>2</u>	<u>1</u>

	£	£
<b>Staff costs during the year</b>		
Wages and salaries	1,586,363	1,792,444
Social security costs	178,663	193,206
Pension costs	99,990	105,090
	<u>1,865,016</u>	<u>2,090,740</u>

The average monthly number of employees (including directors) during the year was as follows

	No.	No.
Engineering	31	35
Administration	5	5
Directors	<u>2</u>	<u>1</u>
	<u>38</u>	<u>41</u>

### 3. Operating profit

	2012 £	2011 £
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation – owned assets	61,191	48,602
Amortization of goodwill	5,318	5,318
Foreign exchange (gains)/losses	(23,811)	281
Operating lease rentals		
- plant and machinery	63,482	61,674
- other	64,626	80,565
	<u>17,290</u>	<u>14,400</u>
<b>Fees payable to the company's auditors for the audit of the company's annual financial statements</b>		
	<u>17,290</u>	<u>14,400</u>
<b>Fees payable to the company's auditors and their associates for other services to the company</b>		
- tax services	<u>24,410</u>	<u>17,990</u>

# Andritz Limited

## Notes to the financial statements 31 December 2012

### 4. Net interest receivable/(payable)

	2012 £	2011 £
Bank interest	11,192	9,602
Interest payable	(1,144)	(2,142)
	<u>10,048</u>	<u>7,460</u>

### 5. Tax on profits on ordinary activities

	2012 £	2011 £
United Kingdom corporation tax at 24.5% (2011: 26.5%) based on the profit for the year	119,196	173,523
Adjustment in respect of prior years	(3,673)	(24,237)
Total current tax	<u>115,523</u>	<u>149,286</u>
Deferred taxation	(16,135)	44,808
Tax charge for the year	<u>99,388</u>	<u>194,094</u>

The tax charge for the year is different from that which would arise from applying the average rate of corporation tax. Reasons for the difference are set out in the table below.

	2012 £	2011 £
Profit before taxation	<u>413,012</u>	<u>710,081</u>
Tax at 24.5% (2011: 26.5%)	101,177	188,171
Differences		
Expenses not deductible for tax purposes	4,678	6,495
Income not taxable for tax purposes	(4,054)	-
Capital allowances in excess of depreciation	8,177	(19,928)
Movement in short term timing differences	9,216	(1,215)
Adjustment in respect of prior years	(3,671)	(24,237)
Current tax charge for the year	<u>115,523</u>	<u>149,286</u>

The movement in the deferred tax asset/(liability) is as follows:

	Deferred tax £
At 1 January 2012	(1,395)
Deferred tax charge for the period	16,468
Adjustment in respect of prior periods	(334)
At 31 December 2012	<u>14,739</u>

**Notes to the financial statements  
31 December 2012**

**6. Dividend**

A final dividend of £218,000 for 2011 was paid during 2012 (2011 £333,000) representing 8.7 pence per share (2011 13.3p)

**7. Goodwill**

	<b>Total £</b>
<b>Cost</b>	
At 1 January 2012	106,361
Additions	-
	<hr/>
At 31 December 2012	106,361
	<hr/>
<b>Depreciation</b>	
At 1 January 2012	5,318
Charge for the year	5,318
	<hr/>
At 31 December 2012	10,636
	<hr/>
<b>Net book value</b>	
At 31 December 2012	95,725
	<hr/> <hr/>
At 31 December 2011	101,043
	<hr/> <hr/>

The goodwill arose in the prior year and was in relation to the purchase of the trade and assets of KMPT UK Limited. See note 9 for further information.

**8. Tangible fixed assets**

	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2012	441,864	43,277	126,589	611,730
Additions	1,392	5,439	24,538	31,369
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	443,256	48,716	151,127	643,099
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2012	294,950	36,454	101,239	432,643
Charge for the year	36,632	5,145	19,414	61,191
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	331,582	41,599	120,653	493,834
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2012	111,674	7,117	30,474	149,265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2011	146,914	6,823	25,350	179,087
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Andritz Limited

## Notes to the financial statements 31 December 2012

### 9. Fixed asset investments

	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 January 2012	423,166
Acquisitions	-
Transfer to goodwill	-
	<hr/>
At 31 December 2012	423,166
	<hr/> <hr/>
<b>Provisions</b>	
At 1 January 2012 and 31 December 2012	300,648
	<hr/> <hr/>
<b>Net book value</b>	
At 31 December 2012	122,518
	<hr/> <hr/>
At 31 December 2011	122,518
	<hr/> <hr/>

At 31 December 2012 company had an investment in the following subsidiary undertakings

#### **KMPT UK Limited**

Nature of Business Non-trading

Class of shares	%
Ordinary	100 00

### 10. Stocks

	<b>2012 £</b>	<b>2011 £</b>
Raw materials and consumables	216,083	318,328
Contract work-in-progress	429,302	858,003
	<hr/>	<hr/>
	645,385	1,176,331
	<hr/> <hr/>	<hr/> <hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost

# Andritz Limited

## Notes to the financial statements 31 December 2012

### 11. Debtors: amounts falling due within one year

	2012 £	2011 £
Trade debtors	714,233	1,801,186
Amounts recoverable on contracts	533,532	639,011
Amounts owed by group undertakings	752,160	105,138
Loans receivable from group undertakings	1,886,897	380,505
Other debtors	3,250	7,055
Prepayments and accrued income	65,752	90,415
Deferred tax	14,739	-
	<u>3,970,563</u>	<u>3,023,310</u>

Loans receivable from group undertakings, which attract interest at LIBOR, are repayable on demand

### 12. Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	273,950	489,615
Amounts owed to group undertakings	346,922	465,184
Other taxation and social security	191,723	331,167
Other creditors	19,388	9,699
Accruals and deferred income	568,379	1,111,316
Corporation tax	45,163	27,883
Deferred tax	-	1,395
	<u>1,445,525</u>	<u>2,436,259</u>

### 13. Provisions for liabilities

	At 1 January 2012 £	Credited to profit and loss account £	Utilised £	At 31 December 2012 £
Contract provisions	<u>177,160</u>	<u>142,473</u>	<u>95,346</u>	<u>224,287</u>

The provisions relate to long term contracts whose outcomes are yet to be determined. The provisions are based on best estimates available to the directors at the time following consultations with their advisors. It is expected that the majority of this expenditure will be incurred in the next financial year.

### 14. Deferred tax

The amounts included in respect of deferred taxation are set out below

	2012 £	2011 £
Difference between capital allowances and depreciation	(2,334)	(10,548)
Other short term timing differences	17,073	9,153
Deferred tax asset/(liability)	<u>14,739</u>	<u>(1,395)</u>



# Andritz Limited

## Notes to the financial statements 31 December 2012

### 15. Called up share capital

	2012 £	2011 £
Authorised, allotted, called-up and fully paid 2,500,000 ordinary £1 shares	2,500,000	2,500,000

### 16 Reserves

	<b>Profit and loss account £</b>
At 1 January 2012	1,171,655
Profit for the year	313,624
Dividend paid	(218,000)
At 31 December 2012	1,267,279

### 17. Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit for the financial year	413,012	515,987
Dividend paid	(218,000)	(333,000)
<b>Net addition to shareholder's funds</b>	195,012	182,987
Opening shareholder's funds	3,671,655	3,488,668
<b>Closing shareholder's funds</b>	3,866,667	3,671,655

### 18 Pension commitments

Pension costs represent payments into employees' own personal pension schemes. Such schemes are defined contribution schemes and do not therefore represent a liability to the company other than the contributions agreed to be paid into the schemes, which are charged against profit as incurred.

The total cost charged to income during the period of £99,990 (2011 £105,090) represents contributions payable to these schemes by the company at rates specified in the rules of the schemes. As at 31 December 2012 contributions of £12,212 (2011 £9,764) due in respect of the current reporting period had not been paid over to the schemes.

**Notes to the financial statements  
31 December 2012**

**19. Other financial commitments**

The company had capital expenditure commitments of £nil outstanding at the end of the year (2011 £nil)

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012		2011	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	10,381	7,911	-
Expiring between 2 to 5 years	45,000	33,979	-	59,989
Expiring after more than 5 years	-	-	45,000	-
	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>

**20. Forward foreign exchange contracts**

At the year end the company had entered into the following forward foreign exchange contracts, which are not included at fair value in the balance sheet

	Principal 2012 £	Fair Value 2012 £	Principal 2011 £	Fair Value 2011 £
<b>Forward foreign exchange contracts</b>	-	-	1,035,362	25,409
	<u>-</u>	<u>-</u>	<u>1,035,362</u>	<u>25,409</u>

The company uses the forward foreign exchange contracts to hedge its exposure to changes in foreign currency rates and to manage its foreign currency exposure risk. The fair values are based on market values of equivalent instruments at the balance sheet date

**21. Related party transactions**

As a wholly-owned subsidiary undertaking of Andritz AG, the company has taken advantage of the exemption in Financial Reporting Standards No 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Andritz AG

**22. Ultimate parent company**

The company is a wholly-owned subsidiary undertaking of Andritz AG – a company incorporated in Austria. In the opinion of the directors, the company's ultimate parent company and controlling party is Andritz AG. Andritz AG is the parent undertaking of both the smallest and largest group which includes the company, and for which group accounts are prepared. Copies of the financial statements of Andritz AG are available on application from Andritz AG, Stattegger Strasse 18, 8405 Graz, Austria

# Andritz Limited

## Report and Financial Statements 2012

### Officers and Professional Advisers

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

### Principal activity

The principal activity of the company in the year under review was that of the supply, installation and maintenance of equipment to the chemical, food, water and sewage treatment industry

### Review of business and future developments

2012 has been a reasonable year for the company with the company maintaining its profitable operating position

The current economic climate continues to make trading conditions difficult

The company is also affected by the movement in the exchange rate with the Euro. The company minimises the risk involved by using forward foreign currency contracts

### Going concern

The company has generated sufficient cash from its historical trading to meet its day to day working capital requirements. The current economic conditions create uncertainty particularly over the level of demand for the company's products and the cost of the company's raw materials

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for additional financing facilities

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### Results and dividends

The result for the year ended 31 December 2012 was a profit after taxation of £313,624 (2011 £515,987). The directors have not recommended a final dividend for the year. The 2011 final dividend of £218,000 was settled in 2012

### Key performance indicators

The Directors are pleased to record a growth in gross profit although sales decreased in 2012. There was also change in sales mix between Capital and Service work with a greater proportion of Service work being undertaken than in previous years. This resulted in a higher gross profit margin

	2012	2011
Sales (decrease)/growth (1)	(14.04%)	67.97%
Margin (2)	20.76%	19.13%
Working capital (3)	3,624,058	3,446,167

(1) Sales (decrease)/growth/ = (decrease)/increase in turnover over the year

Turnover is as per the profit and loss account in the financial statements

(2) Margin = Gross Profit / Turnover

Gross Profit and Turnover are as per the profit and loss account in the financial statements

(3) Working capital = Net current assets

Net current assets is as per the net current assets in the financial statements