LANGLEY

Langley Holdings PLC
Annual Report & Accounts 2019

2019

langleyholdings.com

LANGLEY

Contents

Group Profile

IFRS Annual Report and Accounts 2019

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6 DIVISIONS

MORE THAN 80 SUBSIDIARIES

CIRCA 5,000 EMPLOYEES

"Gladiator", the group sponsored TP52 racing yacht at the 2019 New York Yacht Club's 175th Anniversary Regatta in Newport RI. Flying the colours of the Yacht Club Costa Smeralda, the Gladiator carried the branding of the group's latest acquisition, Marelli Motori SpA.

Group

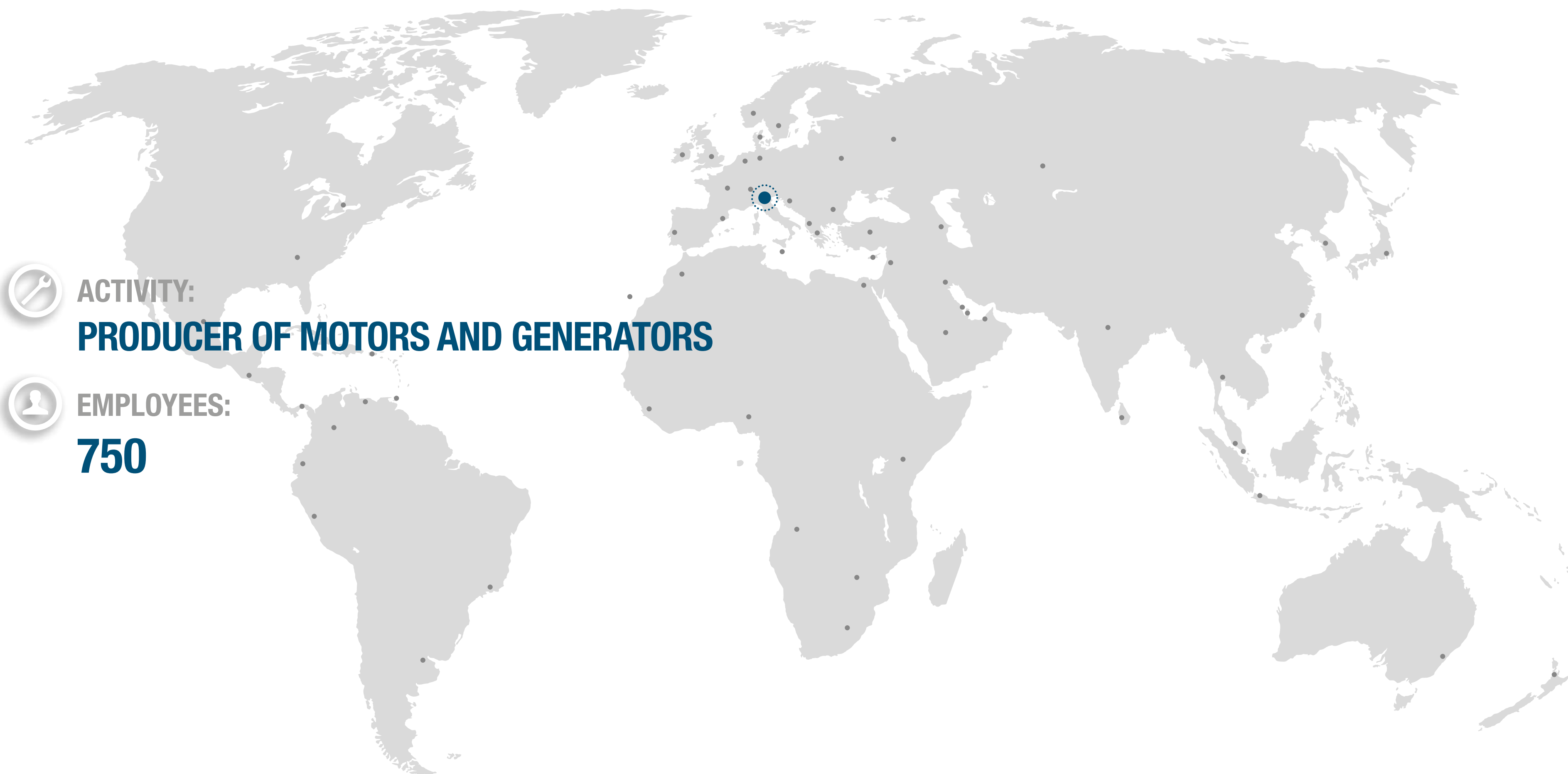
Langley Holdings plc is a diverse, globally operating engineering group headquartered in the United Kingdom.

The group comprises 6 divisions based principally in Germany, France, Italy and the United Kingdom, with a substantial presence in the United States and more than 80 subsidiaries worldwide.

Established in 1975 by the current Chairman and CEO, Tony Langley, the Langley group is financially independent and remains under family ownership. The group employed around 5,000 people world wide in 2019.

Marelli Motori designs and manufactures electric motors and generators for the industrial, marine, hydropower and oil & gas sector.

LEADING MANUFACTURER OF ELECTRIC MOTORS AND GENERATORS



ACTIVITY:

PRODUCER OF MOTORS AND GENERATORS

EMPLOYEES:

750

Marelli Motori

marellimotori.com

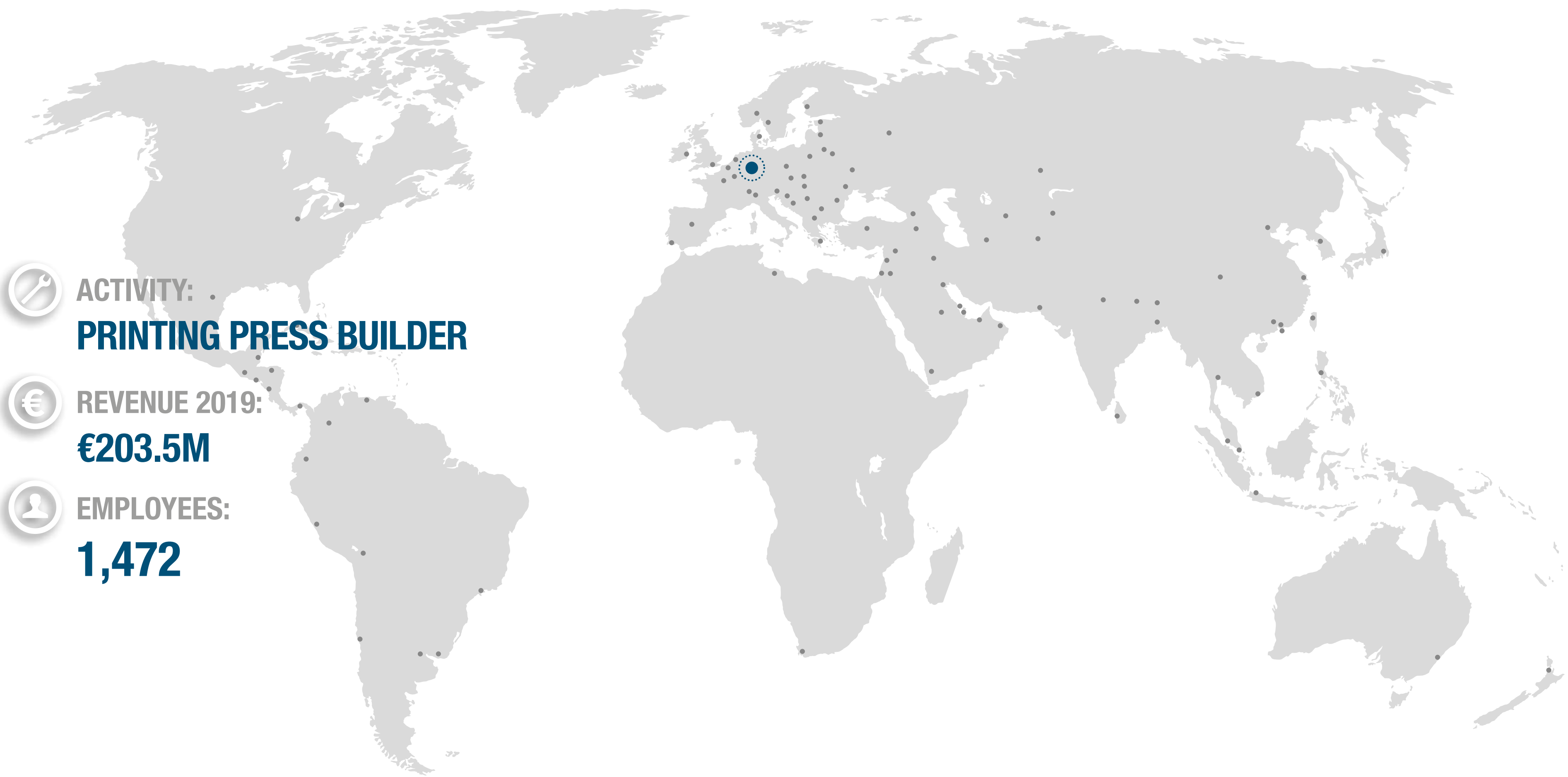
Marelli Motori SpA is a leading manufacturer of electric motors and generators.

Founded in northern Italy in 1891, the company enjoys worldwide brand recognition in the marine, oil & gas, power generation, co-generation and other industrial sectors.

Marelli Motori became part of the Langley group in May 2019. The company is headquartered in Arzignano, near Verona, Italy and has extensive manufacturing facilities in Italy and Malaysia.

The ROLAND 700 *EVOLUTION*, launched in 2016 and now widely regarded as 'best in class'.

A WATCHWORD FOR QUALITY AND RELIABILITY TO PRINTERS WORLDWIDE



ACTIVITY:
PRINTING PRESS BUILDER

REVENUE 2019:
€203.5M

EMPLOYEES:
1,472

Manroland Sheetfed

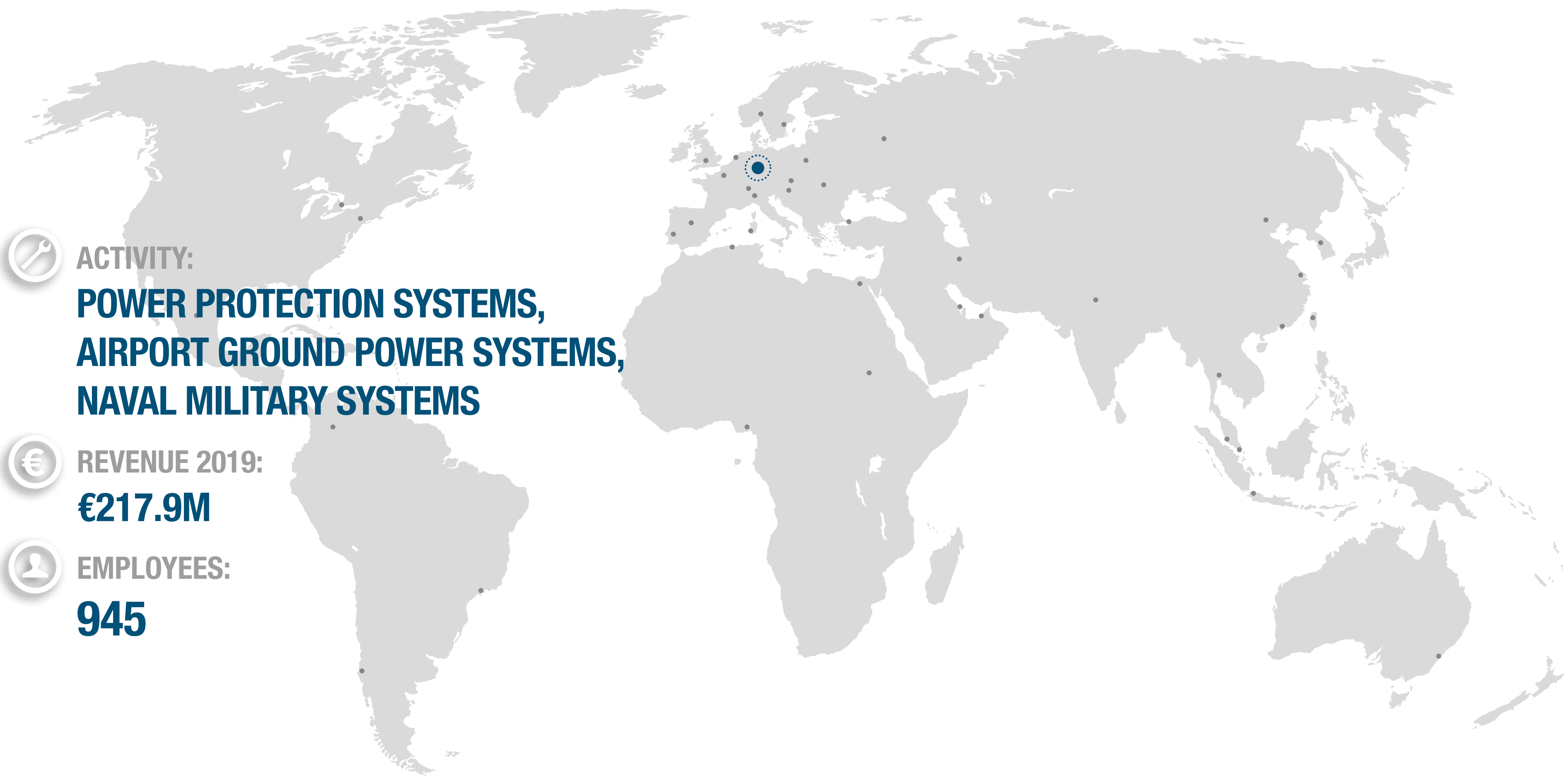
manrolandsheetfed.com

Manroland Sheetfed GmbH is a leading producer of sheetfed offset litho printing presses. Founded in 1871, Manroland is a watchword for quality and reliability to printers around the world.

Manroland Sheetfed became part of the Langley group in 2012. The company is headquartered and produces all of its iconic presses in Offenbach am Main near Frankfurt, in Germany.

PILLER UPS systems are an essential part of the critical infrastructure of data centres worldwide.

EUROPE'S LEADING PRODUCER OF UPS AND POWER CONDITIONING SYSTEMS



ACTIVITY:
POWER PROTECTION SYSTEMS, AIRPORT GROUND POWER SYSTEMS, NAVAL MILITARY SYSTEMS

REVENUE 2019:
€217.9M

EMPLOYEES:
945

PILLER

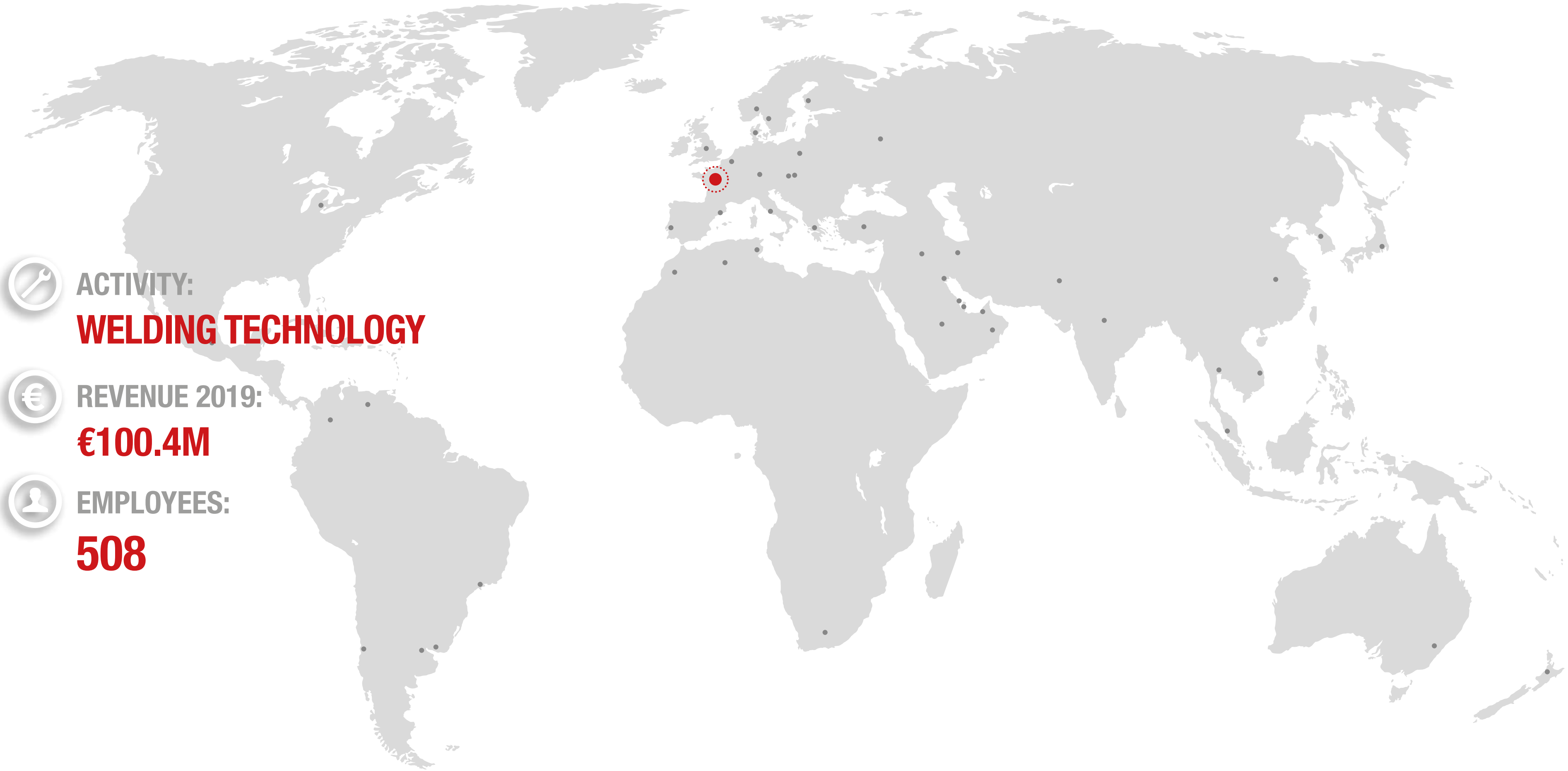
piller.com

Piller Group GmbH is Europe's leading producer of uninterruptible power supply (UPS) systems for high-end data centres. Piller also manufactures ground power systems for civil and military airports and on-board electrical systems for naval vessels.

The company was founded in 1909 and acquired by Langley in 2004. Piller is headquartered at Osterode am Harz, near Hanover, in Germany.

ARO: World leaders in resistance welding technology supplying to the automotive industry worldwide.

WORLD LEADERS IN AUTOMOTIVE WELDING TECHNOLOGY



ACTIVITY:
WELDING TECHNOLOGY

REVENUE 2019:
€100.4M

EMPLOYEES:
508

ARO

arotechnologies.com

ARO Welding Technologies SAS is widely regarded as the world's leading producer of resistance welding equipment to the automotive industry.

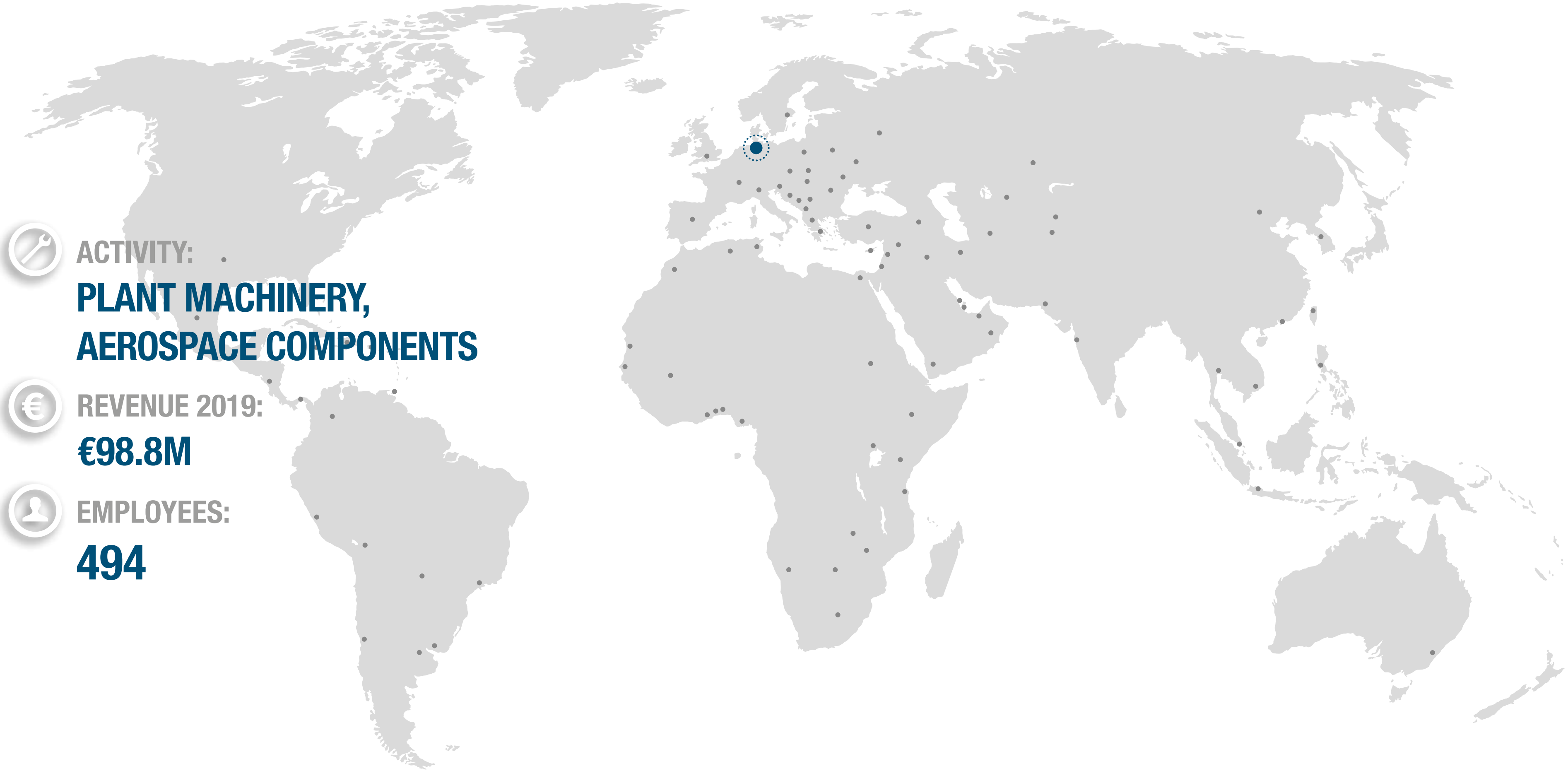
The company was founded in 1949 and acquired by Langley in 2006.

The ARO group is headquartered between Tours and Le Mans, in the Loire region of France. The company also produces in the US, in Detroit and in Wuhan, China.

Reduced model development times, increasingly complex structures and the use of aluminium in car production to reduce weight have all led to strong demand for ARO's products.

CLAUDIUS PETERS: Our plant machinery specialist, produces equipment for cement plants.

MACHINERY FOR CEMENT, GYPSUM AND ALUMINA PRODUCTION



ACTIVITY:
PLANT MACHINERY, AEROSPACE COMPONENTS

REVENUE 2019:
€98.8M

EMPLOYEES:
494

Claudius Peters

claudiuspeters.com

For more than a century Claudius Peters has been producing innovative materials handling and processing systems for the global cement, gypsum, steel and alumina industries.

The company's aerospace division manufactures aircraft stringers, several kilometres of which are to be found in every Airbus aircraft ever built.

Established in 1906, Claudius Peters is headquartered near Hamburg, in Germany and was acquired by Langley in 2001.

Other Langley Holdings businesses comprise specialist chemicals production, cement products as well as process and packaging machinery through to industrial cranes and house building.

FOOD PACKAGING, PRINT CHEMICALS, SPECIALIST CRANES, CEMENT PRODUCTS AND HOUSE BUILDING

ACTIVITY:
DIVERSE CAPITAL EQUIPMENT, CONSTRUCTION, CHEMICALS

REVENUE 2019:
€127.2M

EMPLOYEES:
749

Other Businesses

langleyholdings.com

Other businesses operating at locations in Germany, the UK and USA, include: Druck Chemie, the print chemicals manufacturer; Bradman Lake, a producer of packaging machinery for the food industry; Reader Cement Products; Clarke Chapman the materials handler; and Oakdale Homes a local house builder.

Global Locations

OVER 80 SUBSIDIARIES WORLDWIDE

ARGENTINA BUENOS AIRES I **ASIA PACIFIC** SINGAPORE I **AUSTRALIA** SYDNEY I **AUSTRIA** WIENER NEUDORF I **BELGIUM** BRUSSELS, WEMMEL I **BRAZIL** SÃO PAULO I **BULGARIA** SOFIA I **CANADA** TORONTO I **CHILE** SANTIAGO I **CHINA** BEIJING, CHENGDU, GUANGZHOU, HONG KONG, SHANGHAI, SHENZHEN, WUHAN I **COLUMBIA** BOGOTA I **CROATIA** ZAGREB I **CZECH REPUBLIC** PRAGUE, KUŘIM I **DENMARK** BALLERUP I **FINLAND** VANTAA I **FRANCE** LE MANS, MULHOUSE, PARIS, SOPPE LE BAS I **GERMANY** AUGSBURG, ELZE, FRANKFURT, HAMBURG, HANOVER, STUTTGART I **HUNGARY** BUDAPEST I **INDIA** MUMBAI **INDONESIA** JAKARTA I **IRELAND** DUBLIN I **ITALY** ARZIGNANO, BERGAMO, MILAN I **JAPAN** SAITAMA I **MALAYSIA** SELANGOR I **MEXICO** PUEBL I **NETHERLANDS** AMSTERDAM, HELMOND I **PERU** LIMA I **POLAND** NADARZYN, GNIEZNO I **PORTUGAL** SINTRA I **ROMANIA** BUCHAREST, SIBIU I **RUSSIA** MOSCOW I **SLOVAKIA** BRATISLAVA I **SLOVENIA** LJUBLJANA I **SOUTH AFRICA** CAPE TOWN, GAUTENG I **SPAIN** BARCELONA, MADRID I **SWEDEN** FJÄRÅS, TROLLHÄTTAN I **SWITZERLAND** KIRCHBERG, ROGGLISWIL I **TAIWAN** NEW TAIPEI CITY I **THAILAND** BANGKOK I **UNITED KINGDOM** VARIOUS LOCATIONS I **USA** DALLAS, DETROIT, GEORGIA ,NEW YORK, ROCK HILL (SOUTH CAROLINA), WESTMONT I **VENEZUELA** CARACAS

Company Information

IFRS Report and Accounts 2019

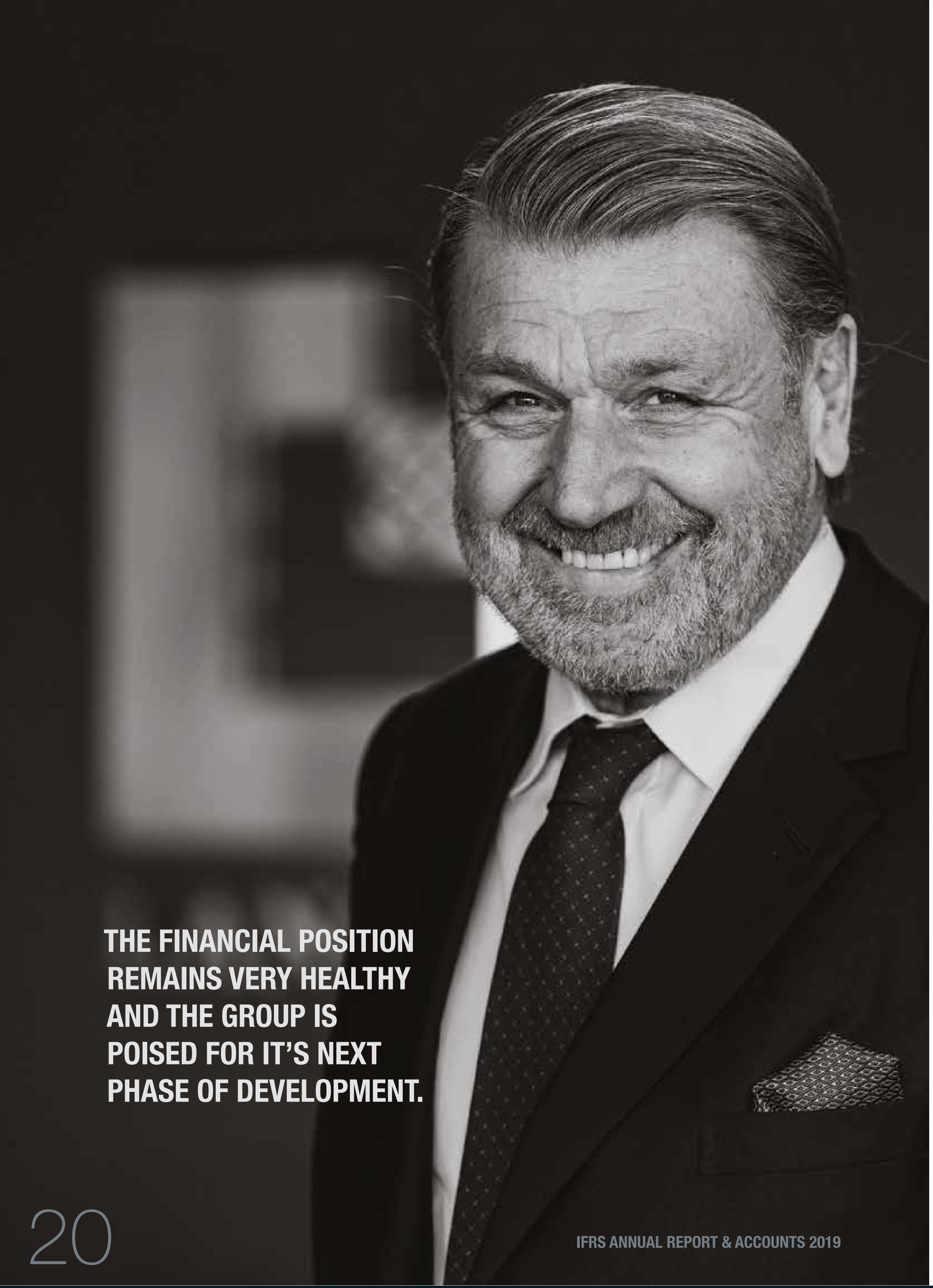
DIRECTORS:	A J Langley – Chairman B J Langley W A Langley M J Neale B A Watson
SECRETARY:	B A Watson
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH England
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITOR:	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE England
PRINCIPAL BANKERS:	Barclays Bank PLC PO Box 3333 Snowhill Queensway Birmingham B4 6GN England Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

Key Highlights

Year ended 31 December 2019

LANGLEY

	Year ended 31 December 2019 €'000	**Year ended 31 December 2018 €'000**
REVENUE	820,194	848,387
PROFIT BEFORE TAXATION & NON-RECURRING ITEMS	59,910	103,520
NON-RECURRING COSTS	(4,073)	-
NET ASSETS	707,394	722,604
CASH AND CASH EQUIVALENTS	238,858	379,541
ORDERS ON HAND	254,300	208,363
	No.	**No.**
EMPLOYEES	4,918	4,255



LANGLEY

Chairman's Review

Year ended 31 December 2019

In the year to 31 December 2019 the group recorded revenues of €820.2 million (2018: €848.4 million) and generated a profit of €59.9 million (2018: €103.5 million) before tax and non-recurring costs of €4.1 million (€2018: nil) associated with the acquisition and subsequent reorganisation of Marelli Motori, the Italian electric motor and generator producer, acquired by the group in May.

Profit after tax for the year was €41.7 million (2018: €73.8 million) and there was a shareholder dividend of €90.0 million paid in April (2018: €nil). At year-end the consolidated cash balance stood at €238.9 million (2018: €379.5 million) and net assets were €707.4m (2018: €722.6 million). The group had nil net debt throughout the period (2018: nil) and orders on hand at year-end were €254.3 million (2018: €208.4 million).

The slow down which began in 2018, after successive years of increasingly record profits, continued into 2019 for much of the group. The extent to which our business slowed varied from division to division; some of the smaller subsidiaries actually bucking the trend and Piller's excellent performance in 2019 was very similar when compared to 2018. At circa €750 million, revenues excluding those from the Marelli Motori business acquired in May, were down by just over €100 million (12%) on the previous year.

However, profit before tax of 7% was achieved on the reduced volume overall and after cash outflows of some €150 million on dividends and acquisition, net assets still stand at over €700 million and the consolidated cash position at almost €240 million. With no debt in the group, the financial position remains very healthy and the group is poised for its next phase of development.

Acquisition of Marelli Motori

In May the group acquired Marelli Motori, the Italian manufacturer of electric motors and generators, from Carlyle Group.

Marelli Motori was founded in the northern Italian town of Arzignano in 1891 and is one of the oldest producers of electric motors and generators in the world. Today the company enjoys worldwide brand recognition in the marine, oil & gas, power generation, co-generation and other industrial sectors.

The company currently employs around 750 people and operates extensive manufacturing facilities in Italy and Malaysia, with sales, distribution and service subsidiaries in the United States, Germany, and South Africa and an extended sales, distribution and service network across four continents, supplying its technologically advanced products in more than 120 countries.

The Marelli Motori business had been languishing in recent years and during the second half of 2019 reorganisation measures were initiated at the Arzignano facility. The business made a small trading loss after re-organisation costs in the seven months of 2019 under our stewardship, but with re-organisation all but completed by the year end, the new division is expected to return to profitability in the current year.

Revenues for 2020 are expected to be fairly flat at around €125 million and at this level the business will only contribute nominally. Management have been challenged to grow the business in the medium term, which is achievable without significant additional investment. As volumes increase I expect the contribution to the group will increase accordingly.

The Arzignano factory and headquarters extends to some 60,000 square metres (640,000 square feet) and is owned by the company outright. The company's second plant, in Kuala Lumpur, is about half that size and is occupied leasehold. The Malaysian facility is both too large and too high a specification for the needs of the business and the intention is to acquire more suitable freehold premises in reasonably close proximity before the current lease agreement expires in April 2021. In the meantime the business is burdened with disproportionate rent.

Marelli Motori SpA acquired by the group in May, 2019.

The acquisition included the full repayment of Marelli's €55 million bank debt, and a further €4.1 million, relating to the acquisition and subsequent reorganisation of the business, which is included as a non-recurring item in these accounts. The acquisition, together with working capital for the business going forward, was funded entirely from group resources.

CHAIRMAN'S REVIEW (CONTINUED) YEAR ENDED 31 DECEMBER 2019

Manroland Sheetfed Division

Revenue: €203.5 million. (2018: €259.8 million). Orders on hand: €61.2 million. (2018: €27.4 million). Headquarters: Germany. Employees: 1,472.

The first two quarters of 2019 saw particularly aggressive competitor behaviour in the market, as supply continues to exceed demand in the sector. Hitherto I was content for the business to principally serve its installed base. However, order intake was substantially impaired in the first half and in July, I gave licence for the business to respond in the market 'gloves off'.

Order intake improved significantly in the second half and new orders for printing presses in the last quarter more or less equalled those of the first half, albeit at lower margins. Unfortunately it was not possible to translate sufficient of these orders into revenue in 2019 and subsequently the factory under-recovered for much of the year, working short time until November.

However, the order book is now at a healthy level with production at its highest level since we acquired the business in 2012. At the current run-rate, the division is contributing positively again and I have instructed the business to continue with the 'gloves off' initiative.

Our Manroland business has a far lower cost base than its principal competitors and the company's presses are highly regarded in the market. Moreover, the company is saddled with neither debt nor disproportionate overhead costs and is part of a financially strong group. And the shareholder is patient.

During our stewardship of the company, investment in product development has continued unabated and 2019 was no exception. In 2016, the company unveiled its ROLAND 700 *Evolution* press, developed entirely during our stewardship and formally launched at DRUPA 2016, is now widely regarded as 'best in class'. The company will unveil its latest offering to the market at DRUPA 2020 in June this year.

The ROLAND 700 *EVOLUTION*, launched in 2016 and now widely regarded as 'best in class'. The company will unveil its latest offering to the market at DRUPA 2020, in June.

Senefelderhaus, the former Manroland AG headquarters building is to become a police training academy.

During the year, the second phase of alterations at Senefelderhaus, the former Manroland AG headquarters, located in nearby Mühlheim, were completed and occupied by the Bundespolizei as a training academy. A letter of intent was received for the remaining three floors with a fresh lease anticipated, once the entire building is occupied. Work has now commenced on both the modifications to the remainder of the building, and on the conversion of the company's former apprentice training building, to a sports hall for use by the academy. Manroland's apprentice training facility has been relocated to the factory site.

Investment in apprentice training at Manroland has continued unabated under our eight-year stewardship. As with all of our businesses, our perspective on Manroland is long term and it takes time to train the necessary skills to build these highly sophisticated machines.

Finally during the year, a contract to sell approximately 15 hectares (37 acres) of surplus land for development became effective. Preconditions to the sale contract were all finally met in 2019 and circa €19 million of cash is expected in March 2020.

Manroland apprentices – training unabated under Langley stewardship.

Piller Division

Revenue: €217.9 million. (2018: €220.6 million). Orders on hand: €74.0 million. (2018 €87.6 million). Headquarters: Germany. Employees: 945.

Piller, our German producer of electrical equipment – principally UPS systems for data centres, along with its overseas sales and service subsidiaries – was once again the largest contributor to the group result.

Revenues and profits were very similar in 2019, when compared with the excellent 2018 result. The very good results came about from a particularly strong performance in Germany, with the US also being a major contributor, despite headwinds against Piller technology in the hyper scale sector in the US, weighing on their performance. Other subsidiaries in the UK, Italy, France, Australia and India were broadly in line with expectations. All companies were profitable, and Piller's aircraft ground power and military business also made a solid contribution to another excellent overall result.

Last month the company unveiled the latest iteration of its highly successful 'Uniblock™' UPS to the market. Four years in the developing and offering up to 3.2MW of UPS from a single unit, the UB-V Series platform is Piller's flagship offering for the 2020's and it is fitting that the launch came at the very beginning of the decade.

3.2MW is around twice the capacity of the company's largest machines when we acquired the business in 2004 and as data centres continue to become ever larger, so too does the requirement for ever higher power UPS systems. The group's recently acquired Marelli Motori business has considerable experience of producing higher output electrical machines than Piller and later in the decade, Piller is planning to offer 5MW and higher UPS solutions, in collaboration with Marelli.

Piller celebrates 100 years in Osterode.

In August, Piller celebrated '100 Years in Osterode' and I was invited by the Mayor of Osterode to have the honour of signing the 'Golden Book' of the city. Employees past and present and their families attended the Spa Park Convention Centre to mark the occasion and over 4,000 people, which seemed like the entire population of Osterode, turned out to join the celebrations afterwards.

Active Power Inc, Austin TX – became a standalone business within Piller from January 2020.

Active Power, the kinetic energy storage business, based in Austin, Texas, which was acquired by Piller in November 2016 and integrated into the Piller USA organisation in 2017, became a standalone subsidiary from January this year. Integration was proving problematic and in September the decision was taken to separate the business. From January this year US sales and service are being managed directly out of Austin by the new Active Power Inc. Overseas sales and service continue to be managed by Piller subsidiaries around the world. Also in September, Active Power announced a significant product upgrade to the market, offering a 20% improvement in output from its core CleanSource® product. Despite the tensions and slow machinery sales, Active Power made up approximately 8% of Piller group profits in 2019 and I expect that both US entities will do better under the new structure going forward.

ARO Division

Revenue: €100.4 million. (2018: €135.3 million). Orders on hand: €17.8 million. (2018: €21.7 million). Headquarters: Chateau-du-Loir, France. Employees: 508.

Our ARO Welding Technologies Division, headquartered between Tours and Le Mans in the Loire region of central France, saw an increased slow-down of its principal market, the automotive manufacturing sector, which started in 2018, following the company's best ever year in 2017.

At circa €100 million, revenues were down by a little over 26% on 2018 and by 31% on 2017. Of ARO's European customers, only Renault and Daimler maintained significant investments in 2019, while other car producers reduced or postponed investments. ARO in the USA, reported a similar scenario with a slow start to 2020, although they are expecting significant investments by General Motors to go ahead in the second half. ARO China experienced the sharpest decline, with numerous projects by Chinese car manufacturers either postponed or cancelled. Revenues from ARO China were down by 60% and profits down by 50%. As I write ARO China's facility in Wuhan is closed due to the Coronavirus outbreak, it is too early to say what impact that will have although China does represent less than 10% of ARO's overall business.

Profits from the division were significantly lower than previous years, but due to ARO's flexible structure, the business was able to respond to the reduced demand with relative ease. The downturn was foreseen and overall profits were on budget and entirely satisfactory. The business is expecting activity in 2020 to be at a similar level .

Claudius Peters Division

Revenue: €98.8 million (2018: €102.8 million). Orders on hand: €43.9 million (2018: €56.8 million). Headquarters: Germany. Employees: 494.

Claudius Peters, our plant machinery specialist based in Buxtehude, in northern Germany, had a particularly disappointing year. For the first time during our stewardship which began in 2002, the division made a negative contribution to the group, although the overall loss was mitigated to a certain extent by positive contributions from subsidiaries in China, USA, UK, Italy, Romania and Brazil. India and Spain broke even whilst Claudius Peters France posted an albeit small loss. The French business is reliant on a small number of relatively large materials handling projects, mainly in French speaking North Africa and the Middle East. Gestation times for these projects are notoriously difficult to predict and projects expected throughout 2019 all slipped into 2020, although decisions are expected imminently.

The aerospace division which produces stringers, the longitudinal strengthening in aircraft structures, for Airbus, had a low volume year as production of the A380 has now been suspended indefinitely, although the activity did contribute positively.

Aftermarket revenues and contribution were both in line with expectations and satisfactory, and it was the Buxtehude plant machinery project activity which was problematic. The business, which supplies equipment to the coal, steel, alumina, cement and gypsum industries, experienced low volumes and there was a substantial impairment on one particular problem contract, now resolved and fully provided. It was the execution of projects generally that was the main issue and in the final quarter, I decided that a change of management was necessary. Cost cutting measures are also required, together with a change in working practices and revitalised sales, all of which are currently in hand.

Other Businesses

Revenue: €127.2 million. (2018: €130.0 million). Orders on hand: €18.8 million. (2018: €14.9 million). Located: United Kingdom, Europe & United States. Employees: 749.

Overall our Other Businesses Division performed satisfactorily, notwithstanding there were under and over performers.

Druck Chemie (DC), the German print chemicals producer, had another challenging year with margins under pressure and a shrinking market. However, the business contributed positively and broadly in line with expectations with Germany and France being the main drivers. The very small DC subsidiary in the UK posted a small loss, but contributed margin to the German production, whereas subsidiaries in Belgium, Italy, Switzerland, the Czech Republic and Poland all contributed positively, with only Brazil going into negative territory. Overall a satisfactory result.

Bradman Lake, the food packaging machinery business had a disappointing year in 2018 and 2019 was much improved. Revenues were slightly short of target but better gross margin and lower than budgeted costs, added up to an improvement in budgeted profit overall, the two UK factories making up the majority with a solid contribution from the US operation.

Reader Cement Products, the cement blending and packing business, exceeded 100,000 tonnes of production for the fourth successive year but the business mix was not quite as favourable in 2019 and the result fell slightly short of target. A satisfactory performance nonetheless and sales of the company's own-brand products for the home improvement market, launched in 2018, continued to gain popularity.

Clarke Chapman, the specialist materials handler, had a similarly successful year to 2018, its best performance since we acquired the business from Rolls Royce plc in 2000. Nuclear handling equipment for Sellafield, the British nuclear fuel reprocessing and nuclear decommissioning site, together with services for the UK rail network, made a solid contribution, as did aftermarket sales. 2020 looks set to be a similarly good year for Clarke Chapman.

Oakdale Homes, the local house builder, which has been part of the group since 1985, continued to work through its land bank. The business made a negligible operating loss in the period but it is not intended to develop further, once the current build programme is completed.

Property

Finally, whilst reviewing our other businesses, mention should be made of the property holding activities of the group. Principally these are the operating properties of our subsidiaries but include other commercial property investments. Rental income totalled €7.6 million in 2019 and today, over 98% of our operating footprint is owned by the group.

Our People

As is customary, no review would be complete without mention of our employees, at year end numbering 4,918 worldwide and I take this opportunity to welcome all newcomers to our family of businesses. It is the hard work and diligence of all our employees that makes the group the success that it is today.

Group Board Changes

BERNARD WATSON
Stepping down

At the end of 2019 Mr Bernard Watson stepped down from the board. Bernard joined the group when we acquired our first business in 1990. He has been a key part of the group's development ever since. I would like to thank him for his service and to wish him well in his retirement.

WILL LANGLEY
Joined the board in June

In June this year I invited my son William to join the group board, some four years after coming into the business to head our Reader Cement Products business. Welcome to the parent company board William.

MIKE NEALE
Appointed in July

I would also like to welcome to the Langley Holdings plc board, Mr Mike Neale. My confidant and trusted advisor of almost forty years, Mike retired as a partner with our advisors and auditors, Smith & Williamson last summer and I had no hesitation in immediately inviting him to join our board. Consequently Smith & Williamson resigned as the Auditors but will continue to provide advisory services to the group.

In June Piller MD's raised over €100,000 with a charity bike ride as part of Piller's '100 Years in Osterode' celebrations.

Finally whilst talking about our people, in 2015 we introduced a policy whereby the group equally matches any charitable donations made by employees. In 2016, I extended the match funding to include money raised for charity by the immediate families of our employees and I am pleased to report that in 2019 our companies matched €116,377 of employee donations to a variety of causes. Of particular note was '100 for 100', a gruelling 100 km bike ride through the Harz Mountains, undertaken by Piller MD's in June, to mark 100 years of the company's presence in Osterode-am-Harz, which raised over €100,000 including match funding.

Conclusion & Outlook

2019 saw a much reduced level of activity, when compared with 2018 and prior years, and the group experienced significant headwinds on several fronts. Nevertheless profits before tax was still a respectable 7% of revenue overall.

During the year we examined a number of acquisition opportunities and for the first time since 2014 a transaction was completed. Historically, our major developments have taken place where targets have underperformed largely due to a failure of management to adapt to a downturn. Marelli fits this description and the acquisition, turn-around and rebuilding of the target whilst dealing with the issues in the existing group, is valuable experience for the next generation members of this family business.

Looking ahead to 2020, with overall global growth forecast by the IMF to increase from 2.9% last year to 3.3% in 2020, trade tensions between the USA and China all but resolved and the possibility of a no-deal Brexit significantly diminished, macro-economic conditions do at least seem to be reasonably favourable although as I write, it is too early to say what impact the recent Coronavirus outbreak may have but without doubt the longer it goes on, the greater that impact will be.

At the group's level the opening order book is much improved on a year ago, reorganisation is all but completed at the recently acquired Marelli business and the principal problem areas in the divisions are being addressed.

Although I do not expect a return to the stellar performances of recent years in 2020, the group is poised for the future in good shape and I anticipate another reasonable performance overall in the current year.

Anthony J Langley
Chairman
7 February 2020

Directors' Report

Year ended 31 December 2019

LANGLEY

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the design, manufacture, supply and servicing of capital equipment. The specific activities of the subsidiary undertakings are as disclosed in note 14 to the Accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 39. The profit attributable to the shareholder for the financial year was €41,733,000 (2018 – €73,821,000).

Dividends of €90,000,000 were paid to the ordinary shareholder during the year (2018 – €nil). No final dividend was proposed at the year end.

Financial risk management, research and development and the Group's employment policy is considered within the Strategic Report.

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 42 days (2018 – 25 days).

DIRECTORS' INTERESTS

The Directors of the Company in office during the year and up to the date of signature of the accounts and their beneficial interests in the issued share capital of the Company were as follows:

	At 31 Dec 2019 Ordinary shares of £1 each	At 31 Dec 2018 Ordinary shares of £1 each
A J Langley (Chairman)	60,100,010	60,100,010
B J Langley	–	–
W A Langley	–	–
M J Neale	–	–
B A Watson	–	–

The shareholding of Mr A J Langley represents 100% of the issued share capital of the Company.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

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

Directors' Report (continued)

Year ended 31 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare Accounts for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company Accounts, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these Accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

By order of the Board

B J LANGLEY
Director
Langley Holdings PLC
Registered in England and Wales
Company number 01321615
7 February 2020

Strategic Report

Year ended 31 December 2019

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The Directors present their Strategic Report for the year ended 31 December 2019 to provide a review of the Group's business, principal risks and uncertainties and performance and position alongside key performance indicators.

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. The Chairman's Review on pages 21 to 30 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it limits its exposure to any downturn in its traditional trading sector by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products for all markets. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Group's exposure to the volatility of exchange rates is mitigated through its geographical spread of operations.

(c) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 21 to 30. The financial position of the Group, its cash flows and liquidity position are also described in the Chairman's Review. In addition, note 31 to the Accounts includes the Group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments, and its exposures to credit risk and interest rate risk.

The Group's subsidiaries are for the most part either market leaders or niche operators in their particular field and operate across numerous different geographic areas and industries. None of the subsidiaries are reliant on any individual supplier or customer and the Group has considerable financial resources. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully and thus they continue to adopt the going concern basis of accounting in preparing the annual Accounts.

(d) Financial Risk Management

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 31 to the Accounts.

(e) Section 172 Disclosures

Overview of how the Board performed its duties

Shareholder

The shareholder is a member of the Board, which allows the other directors to liaise directly with the shareholder at Board meetings.

Employees

The Company has a well-developed structure through which it engages regularly with employees. Board members perform regular site visits and meetings are held on operational sites throughout the year which provides an opportunity for the directors to engage directly with employees on a variety of topics.

Customers

Key employees within each division are in regular contact with our principal customers. In addition, in order to help directors to develop their understanding of the Company's relationship with key customers, business unit reporting is submitted monthly to the Board detailing new orders and any customer issues.

Suppliers

Key employees within each division are in regular contact with our principal suppliers and develop relationships with companies in our supply chains. Any issues for Board consideration would be reported in the monthly business unit report.

Community and environment

The Board recognises the importance of leading a company that not only generates value for the shareholder but also contributes to wider society. Langley Holdings match any charitable donations made by employees and immediate families of the employees.

As a multi-disciplined engineering and manufacturing company, we recognise that environmental and climate risks could impact us directly, and we are committed to reducing the environmental impact of our operations and products, and minimising our environmental footprint.

Culture

The long-standing Group philosophy commits to carrying out business with the utmost integrity and to the highest ethical standards. Langley culture is forged not from short-term profits, or from creating 'shareholder value' by buying and selling companies, but from long-term development of businesses. This not only gives employees the will to excel, but also fosters confidence amongst many customers, suppliers and other stakeholders.

The acquisition of Marelli Motori during the year demonstrates how the company capitalised on existing cash reserves to promote the continued, sustainable growth of the Group for the benefit of the shareholder and employees, whilst also providing a broader service offering to existing customers.

Strategic Report (continued)
Year ended 31 December 2019

LANGLEY

(f) Key performance indicators (KPI's)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPI's) on a regular and consistent basis across the Group. Examples of KPI's currently used include:

Targets

- Regular monthly monitoring of sold and developed contract margins
- Orders on hand
- Cash held

	2019	2018
	€'000	**€'000**
Orders on hand	254,300	208,363
Cash held	238,858	379,541

The Board also considers the following non-financial key performance indicator:

- Staff turnover

These are reviewed monthly through information provided to the Board and details are shown on page 19. Analysis using the above KPI's is presented in the Chairman's review.

(g) Research and development

The Group is committed to innovation and technical excellence. The Group, through its divisions, maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

(h) Employment Policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability, without discrimination of any kind, and to training for the existing and likely needs of the business.

It is the Group's policy to keep its employees informed on matters affecting them and actively encourage their involvement in the performance of the Group. The directors are in regular contact with local and divisional management who maintain day-to-day responsibility for employee engagement and related decision making.

The company gives full and fair consideration to application for employment by the Group made by disabled persons, having regard to their particular aptitudes and abilities. The Group also gives full and fair consideration to employees of the Group who have become disabled persons during their period of employment, including arranging appropriate training.

By order of the Board

Langley Holdings plc
Registered in England and Wales
Company Number 01321615

B J LANGLEY
Director

Independent Auditor's Report to the Member

Year ended 31 December 2019

Opinion

We have audited the financial statements of Langley Holdings PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Group and of the parent company as at 31 December 2019 and of the Group's profit for the period then ended; and
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Independent Auditor's Report to the Member (continued)

Year ended 31 December 2019

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE
10 February 2020

LANGLEY

Consolidated Income Statement

Year ended 31 December 2019

	Note	2019 €'000	2018 €'000
REVENUE	2	820,194	848,387
Cost of sales		(558,679)	(561,175)
GROSS PROFIT		261,515	287,212
Net operating expenses	3	(207,887)	(186,092)
OPERATING PROFIT	4	53,628	101,120
OPERATING PROFIT BEFORE NON-RECURRING ITEMS		57,701	101,120
NON-RECURRING ITEMS	4	(4,073)	–
		53,628	101,120
Finance income	5	2,564	2,443
Finance costs	6	(355)	(43)
PROFIT BEFORE TAXATION		55,837	103,520
Income tax expense	10	(14,104)	(29,699)
PROFIT FOR THE YEAR		41,733	73,821

All profit for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 47 to 111 form part of these accounts

Consolidated Statement of Other Comprehensive Income

Year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Profit for the year		41,733	73,821
Other comprehensive income:			
Items which will not be reclassified to profit and loss			
Remeasurement (loss)/gain on defined benefit pension schemes	9	(1,422)	353
Deferred tax relating to remeasurement	29	20	(71)
		(1,402)	(282)
Other deferred tax movements	29	(4,068)	(800)
Gain on revaluation of properties	13	23,824	5,330
Items which may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	37	14,703	(3,379)
Other comprehensive income for the year		33,057	1,433
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		74,790	75,254

All comprehensive income for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 47 to 111 form part of these accounts

LANGLEY

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 €'000	€'000	2018 €'000	€'000
NON-CURRENT ASSETS					
Intangible assets	12		5,003		2,920
Property, plant and equipment	13		241,536		183,056
Investments	14		14		14
Investment Properties	15		53,160		17,676
Trade and other receivables	16		2,426		2,724
Deferred income tax assets	29		28,205		15,183
			330,344		221,573
CURRENT ASSETS					
Inventories	17	214,685		166,594	
Trade and other receivables	19	182,655		165,540	
Cash and cash equivalents	20	238,858		379,541	
Current income tax recoverable	21	5,933		7,622	
Assets held for sale	22	16,782		16,782	
		658,913		736,079	
CURRENT LIABILITIES					
Current portion of long-term borrowings	26	–		39	
Current income tax liabilities	25	5,749		8,351	
Trade and other payables	23	194,652		166,409	
Provisions	24	16,728		17,820	
		217,129		192,619	
NET CURRENT ASSETS			441,784		543,460
Total assets less current liabilities			772,128		765,033
NON-CURRENT LIABILITIES					
Provisions	24	977		1,775	
Trade and other payables	27	19,567		11,333	
Retirement benefit obligations	28	14,066		11,400	
Deferred income tax liabilities	29	30,124		17,921	
			64,734		42,429
NET ASSETS			707,394		722,604
EQUITY					
Share capital	34		71,227		71,227
Merger reserve	35		4,491		4,491
Revaluation reserve	36		28,920		9,315
Retained earnings	37		602,756		637,571
TOTAL EQUITY			707,394		722,604

Approved by the Board of Directors, and authorised for issue on and signed on its behalf by

A J LANGLEY — Director

B J LANGLEY — Director

The notes on pages 47 to 111 form part of these accounts

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Share Capital €'000	Merger Reserve €'000	Revaluation Reserve €'000	Retained Earnings* €'000	Total €'000
AT 1 JANUARY 2018	71,227	4,491	4,935	566,697	647,350
Profit for the year	–	–	–	73,821	73,821
Depreciation transfer	–	–	(106)	150	44
Currency exchange difference arising on retranslation	–	–	–	(3,379)	(3,379)
Remeasurement of defined benefit schemes net of deferred tax	–	–	–	282	282
Revaluation gain net of deferred tax	–	–	4,486	–	4,486
TOTAL COMPREHENSIVE INCOME	–	–	4,380	70,874	75,254
AT 31 DECEMBER 2018	71,227	4,491	9,315	637,571	722,604
Profit for the year	–	–	–	41,733	41,733
Depreciation transfer	–	–	(151)	151	–
Currency exchange difference arising on retranslation	–	–	–	14,703	14,703
Remeasurement of defined benefit schemes net of deferred tax	–	–	–	(1,402)	(1,402)
Revaluation gain net of deferred tax	–	–	19,756	–	19,756
TOTAL COMPREHENSIVE INCOME	–	–	19,605	55,185	74,790
Dividends paid	–	–	–	(90,000)	(90,000)
AT 31 DECEMBER 2019	71,227	4,491	28,920	602,756	707,394

* Movements in foreign currency translation reserves are detailed in note 37.

The notes on pages 47 to 111 form part of these accounts

LANGLEY

Company Statement of Financial Position

Year ended 31 December 2019

	Note	2019 €'000	€'000	2018 €'000	€'000
NON-CURRENT ASSETS					
Property, plant and equipment	13		20,006		25,743
Investments	14		93,550		75,372
Investment properties	15		12,902		5,676
			126,458		106,791
CURRENT ASSETS					
Inventories	17	5		8	
Trade and other receivables	19	234,272		121,519	
Cash and cash equivalents	20	146,432		217,037	
Current income tax recoverable	21	1,832		–	
		382,541		338,564	
CURRENT LIABILITIES					
Current income tax liabilities	25	–		1,662	
Trade and other payables	23	3,694		3,040	
		3,694		4,702	
NET CURRENT ASSETS			378,847		333,862
Total assets less current liabilities			505,305		440,653
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	29		305		130
NET ASSETS			505,000		440,523
EQUITY					
Share capital	34		71,227		71,227
Merger reserve	35		4,491		4,491
Retained earnings	37		429,282		364,805
TOTAL EQUITY			505,000		440,523

During the year ended 31 December 2019, the Company generated a profit of €133,403,000 (2018 - €37,624,000).

Approved by the Board of Directors, and authorised for issue on and signed on its behalf by

A J LANGLEY
Director

B J LANGLEY
Director

The notes on pages 47 to 111 form part of these accounts

Company Statement of Changes in Equity

Year ended 31 December 2019

	Share capital €'000	Merger reserve €'000	Retained earnings* €'000	Total €'000
AT 1 JANUARY 2018	71,227	4,491	332,239	407,957
Profit for the year	-	-	37,624	37,624
Currency exchange differences arising on retranslation	-	-	(5,058)	(5,058)
TOTAL COMPREHENSIVE INCOME	-	-	32,566	32,566
AT 31 DECEMBER 2018	71,227	4,491	364,805	440,523
Profit for the year	-	-	133,403	133,403
Currency exchange differences arising on retranslation	-	-	21,074	21,074
TOTAL COMPREHENSIVE INCOME	-	-	154,477	154,477
Dividends paid	-	-	(90,000)	(90,000)
AT 31 DECEMBER 2019	71,227	4,491	429,282	505,000

* Movements in foreign currency translation reserves are detailed in note 37.

The notes on pages 47 to 111 form part of these accounts

LANGLEY

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 €'000	€'000	2018 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (used in)/generated from operations	38		(31,610)		102,447
Bank and loan interest paid			(298)		(43)
Interest received			2,564		2,443
Income taxes paid			(19,388)		(28,652)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES			(48,732)		76,195
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash acquired on business combinations	11	6,812		–	
Purchase of intangible assets	12	(2,250)		(121)	
Purchase of property, plant and equipment	13	(14,088)		(17,497)	
Purchase of investment properties	15	(219)		–	
Proceeds from sale of property, plant and equipment		854		516	
NET CASH USED IN INVESTING ACTIVITIES			(8,891)		(17,102)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of amounts borrowed		(39)		(54)	
Principal payment of lease liabilities		(4,061)		–	
Dividends paid		(90,000)		–	
NET CASH USED IN FINANCING ACTIVITIES			(94,100)		(54)
Net (decrease)/increase in cash and cash equivalents			(151,723)		59,039
Cash and cash equivalents at 1 January 2019			379,541		323,036
Effects of exchange rate changes on cash and cash equivalents			11,040		(2,534)
Cash and cash equivalents at 31 December 2019			238,858		379,541
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short-term deposits	20		238,858		379,541

The notes on pages 47 to 111 form part of these accounts

Company Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 €'000	€'000	2018 €'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (used in)/generated from operations	38		(109,829)		14,466
Interest received			9,085		6,534
Income taxes paid			(4,009)		(3,445)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES			(104,753)		17,555
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		137,223		25,945	
Loan to subsidiary		(20,000)		–	
Purchase of property, plant and equipment	13	(251)		(6,483)	
Additions to investment property	15	(219)		–	
Proceeds from sale of property, plant and equipment		63		58	
NET CASH GENERATED BY INVESTING ACTIVITIES			116,816		19,520
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(90,000)		–	
NET CASH USED IN FINANCING ACTIVITIES			(90,000)		–
Net (decrease)/increase in cash and cash equivalents			(77,937)		37,075
Cash and cash equivalents at 1 January 2019			217,037		177,381
Effects of exchange rate changes on cash and cash equivalents			7,332		2,581
Cash and cash equivalents at 31 December 2019			146,432		217,037
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short-term deposits	20		146,432		217,037

The notes on pages 47 to 111 form part of these accounts

Notes to the Accounts

Year ended 31 December 2019

LANGLEY

1 ACCOUNTING POLICIES

a Basis of preparation

Langley Holdings plc (registered number 01321615) is a public limited company incorporated in the United Kingdom and limited by shares. The address of its registered office is Enterprise Way, Retford, Nottingham, DN22 7HH.

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the European Union and applied to the parent Company Accounts in accordance with the provisions of the Companies Act 2006.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment and measurement of defined benefit pension schemes.

New and amended Standards and Interpretations adopted by the Group

The Group has adopted IFRS 16 in these accounts which has given rise to the change in accounting policy detailed in 1p. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The impact of adopting this standard is detailed in notes 13 and 39.

There were a number of Amendments to Standards adopted in the current year but none of these had material impact on the Group.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2019

At the date of authorisation of these accounts, there were a number of standards and interpretations which were in issue but not yet effective.

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

1 ACCOUNTING POLICIES (*continued*)

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2019 using the acquisition method, except for common control transactions, and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition.

Any excess or deficiency between the cost of acquisition and fair value is treated as positive goodwill or a gain on bargain purchase as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 from presenting its own Income Statement. The profit generated by the Company is disclosed under the Company Statement of Financial Position.

c Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

d Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For thwe purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation on those intangible assets that do not have an indefinite useful life is charged to net operating expenses in the Income Statement and is calculated as follows:

Patents and licenses	-	2 to 10 years straight line

Notes to the Accounts (continued)
Year ended 31 December 2019

LANGLEY

1 ACCOUNTING POLICIES (*continued*)

e Property, plant and equipment

Property, plant and equipment is stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land	-	not depreciated
Freehold buildings	-	50 years straight line
Vehicles	-	4 to 20 years straight line
Plant and machinery	-	4 to 20 years straight line
Computers	-	3 to 8 years straight line
Right-of-use assets	-	Straight line over the lease term

Revaluations of land and buildings are made when there are indicators that the value has fallen below the book value in the accounts. The Group holds a number of properties which have been valued at varying intervals over the past 10 years. Independent valuers have been consulted for the purpose of determining these valuations.

f Investment properties

Freehold land and buildings are transferred to investment property when they are no longer used to facilitate the principal activity of the Group. At this point, they are transferred at fair value to investment property, with any revaluations required recognised in the revaluation reserve. Following the transfer, any subsequent revaluations are recognised in the income statement.

Investment properties are properties which are held to earn rental income and/or for capital appreciation. Investment properties are measured at fair value which reflects market conditions at the statement of financial position date. Any gains or losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Fair value is derived from expected rental yields that can be gained from the property, net of associated costs where relevant.

Rental income from investment property is accounted for as other operating income within net operating expenses.

In accordance with IAS 40 'Investment Property', no depreciation is provided in respect of investment properties.

g Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

1 ACCOUNTING POLICIES (*continued*)

g Assets held for sale *(continued)*

An impairment loss is recognised for any initial measurement or subsequent write-down of the asset to fair value less costs to sell. Any impairment loss is recognised in the Consolidated Income Statement, unless the asset had been measured at revalued amount in which case the impairment is treated as a revaluation decrease. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset. Any gain is recognised in the Consolidated Income Statement to the extent that it is not in excess of the cumulative impairment loss.

Non-current assets are not depreciated while they are held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

h Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables and contract assets
Trade receivables and contract assets do not carry any interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are impaired when the asset meets one of the following criteria:

a) The financial asset is credit-impaired; or

b) Credit losses are expected on the asset. Any loss allowance relating to trade receivables has been calculated with reference to historical experience in the recoverability of such receivables, taking into consideration current conditions and forecasts of future economic conditions.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for at amortised cost using the effective interest rate method.

Trade payables
Trade payables are non-interest bearing and are initially measured at their fair value and subsequently at their amortised cost.

i Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non-current assets and stated at cost less any impairment in value. Any impairment is charged to the Company Income Statement.

1 ACCOUNTING POLICIES *(continued)*

j Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and consumables	- cost of purchase on first in, first out basis.
Finished goods	- cost of raw materials and labour together with attributable overheads.
Work in progress	- cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

k Revenue recognition

Revenue from construction contracts

Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gains control of the good/service), and is measured as the consideration which the Group expects to be entitled to in exchange for those goods or services. Consideration is typically fixed on the agreement of a contract. Payment terms are agreed on a contract by contract basis.

Contracts include promises to transfer goods and/or services to a customer (i.e. “performance obligations”) which are typically indistinct and hence are accounted for together in a single performance obligation. Where multiple performance obligations exist within one contract, the transaction price is allocated between each performance obligation on the basis of past experience, with reference to stand-alone selling prices of each component.

A good or service is distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. A performance obligation is satisfied over time when the vendor's performance creates an asset with no alternative use for the vendor and the customer has an obligation to pay the vendor for performance to date.

The above-mentioned criterion is commonly met for the Claudius Peters and Piller sub-groups as their trade involves the building of highly specific machinery, and hence revenue is recognised over time.

The Group uses either output methods or input methods to measure the progress towards completion of a performance obligation satisfied over time, depending on which method is considered to faithfully depict the entity's performance.

1 ACCOUNTING POLICIES *(continued)*

k Revenue recognition *(continued)*

Output methods recognise revenue on the basis of direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The output method used by Group companies is based on milestones reached.

Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The input method used by Group companies is based on costs incurred to date.

If revenue is recognised over a period of time, the Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions (contract liabilities) are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Contract asset and liability balances fluctuate due to the timing and mix of contracts held across the Group.

Contracts are deemed to be complete, and hence performance obligations fully satisfied, post customer acceptance of the goods. Amounts disclosed as current deferred income reflect revenue that will be recognised on performance obligations that will be satisfied within a year.

Sale of goods and aftermarket

The ARO, Manroland, Marelli and Druck Chemie sub-groups instead recognise revenue at the point in time that goods are transferred to a customer, which is the point in time that the customer gains control of the goods. This is due to the nature of goods being fairly standardised and hence specific contract accounting does not apply.

Revenue from standalone maintenance and service contracts across all subgroups is recognised over the time-period spanned by the contract, as this is considered to best depict the customer's consumption of the benefit of this arrangement. Standard warranties included within contracts are accounted for in accordance with note 1r.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the end of the reporting period is disclosed as orders on hand in the strategic report. This revenue will be recognised in the next accounting period.

1 ACCOUNTING POLICIES *(continued)*

l Taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Accounts. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantively enacted at the statement of financial position date.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

m Foreign currencies

(a) Transactions and balances

Transactions in currencies other than euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(b) Accounts of overseas operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Preparation of Accounts

These Accounts have been presented in euro because the majority of the Group's trade is conducted in this currency. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to a separate component of equity.

The average exchange rate during the year was €1.14 (2018 - €1.13) to the Pound Sterling. The opening exchange rate was €1.11 (2018 - €1.13) to the Pound Sterling and the closing exchange rate was €1.17 (2018 - €1.11) to the Pound Sterling.

1 ACCOUNTING POLICIES *(continued)*

n Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of six months or less, and bank overdrafts.

o Post-employment benefit obligations

For defined benefit post-employment schemes, the difference between the fair value of the scheme assets (if any) and the present value of the scheme liabilities is recognised as an asset or liability in the Statement of Financial Position.

Any asset recognised is restricted, if appropriate, to the present value of any amounts the Group expects to recover by way of refunds from the plan or reductions in future contributions. Remeasurements of the net surplus/deficit arising in the year are taken to the Statement of Comprehensive Income.

Other movements in the net surplus or deficit are recognised in the Income Statement, including the current service cost and any past service cost. The net interest cost on the net defined benefit liability is also charged to the Income Statement. The amount charged to the Income Statement in respect of these schemes is included within operating costs. Any changes required following the Guaranteed Minimum Pension (GMP) equalisation, which is determined by a third party actuary, are charged or credited to the Income Statement.

The most significant assumptions used in accounting for pension schemes are the discount rate and the mortality assumptions. The discount rate is used to determine the interest cost and net present value of future liabilities. The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post employment obligations as closely as possible. Where there is no developed corporate bond market in a country, the rate on government bonds is used. Each year, the unwinding of the discount on the net liabilities is charged to the Consolidated Income Statement as the interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Valuations of liabilities are carried out using the projected unit method.

The values attributed to scheme liabilities are assessed in accordance with the advice of independent qualified actuaries.

The Group's contributions to defined contribution pension schemes are charged to the Income Statement in the period to which the contributions relate.

1 ACCOUNTING POLICIES *(continued)*

p Leases

As indicated in note 1(a) above, the Group has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the Standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Prior to 1 January 2019, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as right-of-use assets with a corresponding liability at the date at which the leased asset is available for the use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain as asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the assets useful life and the lease term (including any reasonably certain extension options) on a straight line basis.

Short term leases for which the underlying asset is of low value (less than €5,000) are expensed on a straight-line basis.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS17 and Interpretation 4 '*Determining whether an Arrangement contains a lease*'.

1 ACCOUNTING POLICIES *(continued)*

q Rental income from investment properties

Rental income from investment properties is credited to the Consolidated Income Statement on a straight line basis over the lease term.

r Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

s Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's Shareholder.

t Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Accounts in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement and estimation are required are highlighted below:

Critical accounting judgements

i Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations. A performance obligation is satisfied over time, and hence revenue is recognised over time, when an asset is created with no alternative use for the vendor. This requires the application of judgement to determine whether the asset is sufficiently specialised that it would have no alternative use.

The input method used by the Group to measure the amount of revenue to be recognised is based on costs incurred to date relative to total expected costs, which requires significant judgement. Contracts can be highly bespoke and hence historical cost information is not always useful in estimating future costs. The Group's policies for the recognition of revenue and profit are set out above.

1 ACCOUNTING POLICIES *(continued)*

t Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

i Freehold land and building and investment property valuation

Determining the fair value of freehold land and buildings and investment property requires significant estimates to be made, with reference to third party information and market conditions.

ii Fair value of assets and liabilities on acquisition

Determining the fair value of assets and liabilities acquired, including any intangible assets, requires estimates to be made with reference to market conditions and third party information.

iii Pensions

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 9 for further details.

iv Property, plant and equipment depreciation

The property, plant and equipment used within the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset.

v Impairment of assets

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

1 ACCOUNTING POLICIES (continued)

t Critical accounting judgements and key sources of estimation uncertainty *(continued)*

vi Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimation is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 10 and 29 for further information.

vii Provisions

Provision is made for liabilities that are uncertain in timing or amount of settlement. These include provision for rectification and warranty claims. Calculations of these provisions are based on cash flows relating to these costs estimated by management supported by the use of external consultants where needed and discounted at an appropriate rate where the impact of discounting is material.

u Research and development

Research expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Income Statement as incurred.

2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2019 **€'000**	2018 **€'000**
Revenue from construction contracts	169,131	171,671
Sale of goods and aftermarket	651,063	676,716
	820,194	848,387

An analysis of the Group's revenue between each subgroup is as follows:

	2019 **€'000**	2018 **€'000**
Manroland Sheetfed	203,502	259,771
Piller	217,897	220,611
ARO	100,412	135,253
Claudius Peters	98,784	102,762
Druck Chemie	59,853	61,312
Marelli	72,395	-
Other businesses	67,351	68,678
	820,194	848,387

3 ANALYSIS OF NET OPERATING EXPENSES

	2019 **€'000**	2018 **€'000**
Distribution costs	54,388	50,392
Administrative expenses	177,773	143,732
Other operating income	(5,071)	(4,874)
Gain on revaluation of investment properties	(19,203)	(3,158)
Net operating expenses	207,887	186,092

4 OPERATING PROFIT

	2019 €'000	2018 €'000
Operating profit has been arrived at after charging:		
Directors' emoluments (note 7)	2,393	4,422
Depreciation of owned assets (note 13)	17,675	15,318
Depreciation of right-of-use assets (note 13)	3,179	-
Impairment of owned assets (note 13)	400	113
Amortisation of intangibles (note 12)	1,080	284
Impairment of intangibles (note 12)	1,661	-
Research and development costs	8,003	7,468
Profit on sale of property, plant and equipment	(399)	(72)
Fees payable to the Group's auditor for the audit of the Group's Accounts	97	161
Fees payable to the Group's auditor and its associates for other services		
- the auditing of Subsidiary Accounts	1,028	956
- other services relating to taxation compliance	163	208
- all other services	100	315
Impairment of trade receivables	2,158	924
Impairment of inventories	1,193	1,960
Cost of inventories recognised as an expense (included in cost of sales)	372,760	344,592
Net profit on foreign currency translation	(451)	(8,550)

Non-recurring items of €4,073,000 (2018 - €nil) disclosed separately in the Consolidated Income Statement comprise costs relating to the acquisition of Marelli Motori SPA.

5 FINANCE INCOME

	2019 €'000	2018 €'000
Bank interest receivable	2,424	2,245
Other interest receivable	140	198
	2,564	2,443

6 FINANCE COSTS

	2019 €'000	2018 €'000
Interest relating to lease liabilities	57	–
Other interest	298	43
	355	43

7 KEY MANAGEMENT PERSONNEL COMPENSATION

	2019 €'000	2018 €'000
Salaries and short-term employee benefits	2,458	4,633
Post-employment benefits	3	13
	2,461	4,646

All of the above key management personnel compensation relates to Directors and their close family members.

Directors' emoluments

	2019 €'000	2018 €'000
Aggregate emoluments as Directors of the Company	2,390	4,410
Value of Group pension contributions to money purchase schemes	3	12
	2,393	4,422
Emoluments of the highest paid Director	1,740	3,952

	No.	**No.**
Number of Directors who are accruing benefits under money purchase pension schemes	2	2

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8 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2019 No.	2018 No.
Management, office and sales	2,276	2,113
Manufacturing and direct labour	2,164	2,121
	4,440	4,234

The aggregate payroll costs of these persons were as follows:

	2019 €'000	2018 €'000
Wages and salaries	236,388	240,498
Social security costs	50,782	49,529
Other pension costs	4,448	2,118
	291,618	292,145

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2019 No.	2018 No.
Management, office and sales	28	29

The aggregate payroll costs of these persons were as follows:

	2019 €'000	2018 €'000
Wages and salaries	1,253	1,107
Social security costs	173	699
Other pension costs	64	31
	1,490	1,837

9 POST-EMPLOYMENT BENEFITS

The table below outlines where the Group's post-employment amounts and activity are included in the Accounts.

	2019 €'000	2018 €'000
Statement of financial position obligations for:		
Defined pension benefits	(11,137)	(8,231)
Post-employment medical benefits	(2,929)	(3,169)
Liability in the statement of financial position	(14,066)	(11,400)
Income statement (charge)/credit included in operating expenses for:		
Defined pension benefits	540	(137)
Post-employment medical benefits	130	218
	670	81
Remeasurements (charge)/credit for:		
Defined pension benefits	(1,399)	281
Post-employment medical benefits	(23)	72
	(1,422)	353

The income statement charge included within operating expenses includes current service costs, net interest costs and past service costs.

a) Defined benefit pension schemes

The group operates defined benefit pension plans in the UK (one defined benefits scheme and one hybrid scheme) and Eurozone under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with inflation. The plans face broadly similar risks, as described below. UK benefit payments are from trustee-administered funds and Eurozone benefit payments are from unfunded plans where the company meets the benefit payment obligation as it falls due. Assets held in UK trusts are governed by UK regulations and practice, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition. Responsibility for governance of the schemes – including investment decisions and contribution schedules – lies jointly with the Group and the boards of trustees. The boards of trustees must be composed of representatives of the Group and scheme participants in accordance with the schemes' regulations.

9 **POST-EMPLOYMENT BENEFITS *(continued)***

The amounts recognised in the statement of financial position are determined as follows:

	2019 €'000	2018 €'000
Present value of funded obligations	(18,699)	(15,502)
Fair value of plan assets	19,266	15,767
Net surplus on funded plans	567	265
Present value of unfunded obligations	(10,572)	(8,231)
Total deficit of defined benefit pension plans	(10,005)	(7,966)
Impact of asset ceiling	(1,132)	(265)
Liability in the statement of financial position	(11,137)	(8,231)

The UK defined benefit scheme has a surplus that is not recognised on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund.

The amount recognised in the income statement:

	2019 €'000	2018 €'000
Current service cost	(695)	(441)
Past service cost	116	251
Net interest cost	39	53
	(540)	(137)

The above amounts are included as an employee cost within net operating expenses.

9 **POST-EMPLOYMENT BENEFITS *(continued)***

Remeasurement of the net defined benefit liability to be shown in other comprehensive income:

	2019 €'000	2018 €'000
(Loss)/gain from changes in financial assumptions	(1,979)	1,005
Gain/(loss) from changes in demographic assumptions	29	273
Experience gains	18	110
Return on assets, excluding interest income	1,590	(1,061)
Change in the effect of the asset ceiling excluding interest income	(1,057)	(46)
	(1,399)	281

Changes in present value of obligations:

	2019 €'000	2018 €'000
Present value of obligations at start of the year	(23,733)	(25,663)
On acquisition	(2,741)	–
Current service cost	(695)	441
Past service cost	116	(251)
Interest cost	39	(456)
Acturial gain / (loss) on Scheme liabilities based on:		
- Changes in financial assumptions	(1,979)	1,005
- Changes in demographic assumptions	29	273
- Experience gains	18	110
Benefits paid	1,244	588
Exchange differences	(1,569)	220
Present value of obligation at end of the year	(29,271)	(23,733)

9 **POST-EMPLOYMENT BENEFITS** ***(continued)***

Changes in the fair value of scheme assets:

	2019 €'000	2018 €'000
Fair value of scheme assets at the start of the year	15,767	16,870
Interest income	483	403
Remeasurement of scheme assets	1,590	(1,061)
Contributions by employers	1,807	331
Benefits paid	(1,244)	(548)
Exchange differences	863	(228)
Fair value of scheme assets at the end of the year	19,266	15,767

The significant actuarial assumptions were as follows:

	2019 UK	2019 Eurozone	2018 UK	2018 Eurozone
Rate of increase in salaries	–	1.83%	–	1.83%
Discount rate	1.9-2.0%	0.5-1.63%	2.8%	1.4-1.63%
Inflation	3.1%	1.4-1.63%	3.3-3.6%	1.4-1.63%

The inflation assumption shown for the UK is for the Retail Price Index. The assumption for the Consumer Price Index at 31 December 2019 was 2.1-2.3%.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2019	2018
Retiring at the end of the reporting period:		
Male	22 years	22 years
Female	24 - 25 years	24 years
Retiring 20 years after the end of the reporting period:		
Male	23 - 24 years	23 - 24 years
Female	26 years	25 - 27 years

9 **POST-EMPLOYMENT BENEFITS** ***(continued)***

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease obligation by 2.9 - 3.4%	Increase obligation by 2.9 – 3.4%
Inflation	0.25%	Increase obligation by 0.1 – 2.4%	Decrease obligation by 0.1 – 2.4%
Life expectancy	1 year	Increase obligation by 3.8 – 4.0%	Decrease obligation by 3.8 – 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

b) **Post-employment medical benefits**

The group operates a post-employment medical benefit scheme in the US. This scheme is unfunded. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 3.0% a year and claim rates of 5.5%.

The amounts recognised in the statement of financial position are determined as follows:

	2019 €'000	2018 €'000
Present value of unfunded obligations	(2,929)	(3,169)
Liability in the statement of financial position	**(2,929)**	**(3,169)**

9 POST-EMPLOYMENT BENEFITS *(continued)*

Changes in the present value of defined benefit obligations:

	2019 €'000	2018 €'000
Present value of obligation at the start of the year	(3,169)	(2,958)
The amount recognised in the income statement:		
Current service cost	(112)	(138)
Past service cost	–	(69)
Interest expense	(18)	(11)
	(130)	(218)
Remeasurements of the net defined benefit liability to be shown in other comprehensive income:		
Gain from change in demographic assumptions	70	53
(Loss)/gain from change in financial assumptions	(93)	19
	(23)	72
Other movement	77	44
Payments from scheme contributions - benefit payments	385	320
Exchange differences	(69)	(429)
Present value of obligations at the end of the year	(2,929)	(3,169)

c) **Post-employment benefits (pension and medical)**

Schemes' assets are comprised as follows:

	2019 Total €'000	2019 %	2018 Total €'000	2018 %
Equity instruments	**11,989**	**62%**	**10,072**	**64%**
Equities and equity funds	5,160		4,110	
Diversified growth fund	6,829		5,962	
Debt instruments	**6,156**	**32%**	**5,313**	**34%**
Government	3,940		3,365	
Corporate bonds (investment grade)	2,216		1,948	
Property	173	1%	198	1%
Cash and cash equivalents	948	5%	184	1%
Total	19,266	100%	15,767	100%

Notes to the Accounts (continued)
Year ended 31 December 2019

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9 POST-EMPLOYMENT BENEFITS *(continued)*

Through its defined benefit pension schemes and post-employment medical plans, the Group is exposed to a number of risks, most of which are detailed below:

Asset volatility — The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The UK schemes hold a significant proportion of equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

The Group has reduced the level of investment risk by investing in assets that better match the liabilities. This has been done by the purchase of a mixture of government and corporate bonds. The government bonds represent investments in UK government securities only. The corporate bonds are global securities with an emphasis on the UK.

Changes in bond yield — A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk — Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against extreme inflation). The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy — The majority of the schemes' obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant in the UK schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

In case of the Eurozone defined benefit scheme, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The UK hybrid scheme currently has no asset-liability matching strategy. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2019 consist of equities and bonds, although the Group also invests in property and cash.

There are no deficits in the funded schemes. The next triennial valuations are due to be completed as at 5 April 2021 and 31 July 2021 for the defined benefits scheme and hybrid scheme respectively. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period.

9 POST-EMPLOYMENT BENEFITS *(continued)*

Expected contributions to post-employment benefit schemes for the year ending 31 December 2019 are €80,000. The weighted average duration of the defined benefit obligation is 16 years.

(d) Post-employment benefits (defined contribution schemes)

Contributions to defined contribution pension schemes, whereby the scheme assets and liabilities are held separately from those of the company, totalled €4,448,000 (2018 – €2,118,000).

10 INCOME TAX EXPENSE

(a) Charge for the year	2019 **€'000**	2018 **€'000**
Current income tax:		
UK corporation tax at 19% (2018 – 19.00%)	1,845	5,916
Overseas tax	17,585	21,537
Adjustments to prior year UK tax	226	46
Adjustments to prior year overseas tax	(1,181)	1,427
Total current taxation	18,475	28,926
Deferred income tax:		
Movement in overseas deferred tax	(4,515)	760
Movement in UK deferred tax	144	13
Total deferred taxation	(4,371)	773
Income tax expense	14,104	29,699

10 INCOME TAX EXPENSE *(continued)*

(b) Factors affecting tax expense	2019 **€'000**	2018 **€'000**
Profit before taxation	55,837	103,520
Profit before taxation multiplied by the standard rate of tax of 19% (2018 – 19 %)	10,609	19,669
Expenses not deductible for tax purposes	928	1,524
Effect of foreign tax rates	(1,272)	7,192
Utilisation of losses brought forward	–	(810)
Deferred tax assets not recognised	604	1,498
Income not taxable	(2)	(362)
Other overseas taxes	4,318	–
Adjustment to tax charge in previous period	(1,074)	1,473
Timing differences	–	(504)
Exchange adjustment	(7)	19
Tax expense	14,104	29,699

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €6,006,903 at 31 December 2019 (2018 - €5,366,000) available for carry forward against future trading profits. In addition the Claudius Peters Group had overseas tax losses of approximately €6,339,000 at 31 December 2019 (2018 - €704,000), the Manroland Group €151,438,000 (2018 - €132,740,000), the Druck Chemie Group €7,055,000 (2018 - €6,991,000), the Bradman Lake Group €1,705,357 (2018 -€1,982,000), the Piller Group €2,619,000 (2018 - €1,459,000) and the Marelli Group €45,790,000 available for carry forward against future trading profits of that Group.

(d) Impact of future tax rate changes

The main rate of corporation tax in the UK is expected to remain at 19%.

Notes to the Accounts (continued)
Year ended 31 December 2019

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11 ACQUISITIONS DURING THE PERIOD

The Marelli Motori Group ("Marelli") was acquired on 23 May 2019 by Langley Holdings Plc.

On this date, Langley Holdings Plc purchased 100% of the share capital of Marelli Motori S.p.A. The holdings in other Marelli companies listed in note 14 were acquired indirectly through this transaction.

The Marelli Group specialises in the design and manufacture of generators and electric motors.

The acquisition of Marelli enables the Group to provide complementary goods and services to the Group's existing offering in similar markets.

The acquisition had the following effect on the Group's assets and liabilities:

	Fair value of net assets acquired €'000
Property, plant and equipment	40,261
Intangible assets	2,522
Inventories	33,780
Cash	6,812
Other assets	23,038
Other liabilities	(106,413)
Net assets	–
Cash consideration	–

Had the acquisition occurred on 1 January 2019, the Marelli Group would have contributed revenue of €123,606,000 and a loss of €8,011,000 to the wider group results. This result excludes the fair value adjustments and associated acquisition costs.

The post-acquisition revenue of Marelli totalled €72,395,000. Marelli sustained a loss before tax of €4,205,000 in the post-acquisition period (including €1,720,000 of restructuring costs).

12 INTANGIBLE ASSETS

GROUP	Positive Goodwill €'000	Patents and Licences €'000	Total €'000
Cost			
At 1 January 2019	2,535	5,570	8,105
Additions	–	2,250	2,250
On acquisition	–	2,522	2,522
Exchange adjustment	–	79	79
At 31 December 2019	2,535	10,421	12,956
Aggregate impairment and amortisation			
At 1 January 2019	–	5,185	5,185
Amortisation charge for the year	–	1,080	1,080
Impairment	–	1,661	1,661
Exchange adjustment	–	27	27
At 31 December 2019	–	7,953	7,953
Net book values			
At 31 December 2019	2,535	2,468	5,003
At 31 December 2018	2,535	385	2,920
Cost			
At 1 January 2018	2,439	5,481	7,920
Additions	–	121	121
Disposals	–	(36)	(36)
Exchange adjustment	96	4	100
At 31 December 2018	2,535	5,570	8,105
Aggregate impairment and amortisation			
At 1 January 2018	–	4,935	4,935
Amortisation charge for the year	–	284	284
Disposals	–	(32)	(32)
Exchange adjustment	–	(2)	(2)
At 31 December 2018	–	5,185	5,185

12 INTANGIBLE ASSETS *(continued)*

Net book values			
At 31 December 2018	2,535	385	2,920
At 31 December 2017	2,439	546	2,985

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2019	150,374	132,393	55,535	17,156	355,458
Adjustments for right-of-use assets	14,093	103	102	23	14,321
Additions	3,678	5,264	3,762	1,384	14,088
On acquisition	21,067	19,194	–	–	40,261
Disposals	(24)	(2,051)	(2,475)	(837)	(5,387)
Revaluation (note 1(e))	23,824	–	–	–	23,824
Transfers	(15,700)	–	–	–	(15,700)
Exchange adjustments	2,673	(13)	2,182	805	5,647
At 31 December 2019	199,985	154,890	59,106	18,531	432,512
Depreciation					
At 1 January 2019	51,530	85,460	20,270	15,142	172,402
Charge for the year- owned assets	3,836	8,187	4,782	870	17,675
Charge for the year- right-of-use assets	3,099	–	57	23	3,179
Impairment	–	–	400	–	400
Disposals	(55)	(2,018)	(2,034)	(825)	(4,932)
Exchange adjustments	1,100	(339)	699	792	2,252
At 31 December 2019	59,510	91,290	24,174	16,002	190,976
Net book amount					
At 31 December 2019	140,475	63,600	34,932	2,529	241,536
At 31 December 2018	98,844	46,933	35,265	2,014	183,056

Notes to the Accounts (continued)
Year ended 31 December 2019

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

GROUP	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2018	168,542	127,235	55,566	17,166	368,509
Additions	8,203	5,856	2,898	540	17,497
Disposals	(57)	(1,490)	(2,190)	(593)	(4,330)
Revaluation (note 1(e))	5,331	–	–	–	5,331
Transfers	(32,412)	–	–	–	(32,412)
Exchange adjustments	767	792	(739)	43	863
At 31 December 2018	150,374	132,393	55,535	17,156	355,458
Depreciation					
At 1 January 2018	48,692	80,445	17,646	14,863	161,646
Charge for the year	3,740	6,100	4,653	825	15,318
Impairment	–	–	113	–	113
Disposals	(57)	(1,356)	(1,900)	(577)	(3,890)
Transfers	(1,112)	–	–	–	(1,112)
Exchange adjustments	267	271	(242)	31	327
At 31 December 2018	51,530	85,460	20,270	15,142	172,402
Net book amount					
At 31 December 2018	98,844	46,933	35,265	2,014	183,056
At 31 December 2017	119,850	46,790	37,920	2,303	206,803

13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2019	23,895	7,053	2,813	315	34,076
Additions	-	116	124	11	251
Disposals	-	(91)	(182)	(18)	(291)
Transfers	(5,299)	-	-	-	(5,299)
Exchange adjustments	1,185	349	153	56	1,743
At 31 December 2019	19,781	7,427	2,908	364	30,480
Depreciation					
At 1 January 2019	3,220	3,133	1,684	296	8,333
Disposals	-	(91)	(146)	(18)	(255)
Charge for the year - owned assets	823	602	465	10	1,900
Exchange adjustments	197	146	101	52	496
At 31 December 2019	4,240	3,790	2,104	340	10,474
Net book amount					
At 31 December 2019	15,541	3,637	804	24	20,006
At 31 December 2018	20,675	3,920	1,129	19	25,743

13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold land & buildings €'000	Plant & machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2018	24,055	7,110	2,665	368	34,198
Additions	5,970	37	471	5	6,483
Disposals	-	(1)	(281)	(44)	(326)
Transfers	(5,676)	-	-	-	(5,676)
Exchange adjustments	(454)	(93)	(42)	(14)	(603)
At 31 December 2018	23,895	7,053	2,813	315	34,076
Depreciation					
At 1 January 2018	2,489	2,580	1,467	347	6,883
Disposals	-	(1)	(273)	(44)	(318)
Charge for the year	780	591	515	8	1,894
Exchange adjustments	(49)	(37)	(25)	(15)	(126)
At 31 December 2018	3,220	3,133	1,684	296	8,333
Net book amount					
At 31 December 2018	20,675	3,920	1,129	19	25,743
At 31 December 2017	21,566	4,530	1,198	21	27,315

If these assets had not been revalued they would have been included at the following historical cost amounts:

	Group 2019 €'000	Group 2018 €'000
Freehold land and buildings		
Cost	180,859	137,443
Aggregate depreciation and impairment	58,266	48,525

14 NON-CURRENT INVESTMENTS

	Group Shares in unlisted undertakings €'000	Company Shares in group undertakings €'000
COST		
At 1 January 2019	14	75,372
Capitalisation of loan to subsidiary	–	20,000
Exchange adjustment	–	5,438
At 31 December 2019	14	100,810
IMPAIRMENT		
At 1 January 2019	–	–
Charge for the year	–	7,086
Exchange adjustment	–	174
At 31 December 2019	–	7,260
CARRYING AMOUNT		
At 31 December 2019	14	93,550
At 31 December 2018	14	75,372

	Group Shares in unlisted undertakings €'000	Company Shares in group undertakings €'000
Cost		
At 1 January 2018	14	76,475
Exchange adjustment	–	(1,103)
At 31 December 2018	14	75,372
Carrying amount		
At 31 December 2018	14	75,372
At 31 December 2017	14	76,475

14 NON-CURRENT INVESTMENTS *(continued)*

A list of wholly owned unlisted subsidiary companies at 31 December 2019 is provided below. The registered office of each subsidiary is detailed in italics.

Company	Country of Registration	Principal Activity
The Clarke Chapman Group Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment
JND Technologies Limited *Enterprise Way Retford Nottinghamshire DN22 7HH*	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts
Reader Cement Products Limited *Enterprise Way Retford Nottinghamshire DN22 7HH*	England	Processing of cementitious grouts
Oakdale Homes Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	House builders
Oakdale Properties Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Residential property
Claudius Peters Group GmbH *Schanzenstraße 40, DE-21614, Buxtehude, Germany*	Germany	Parent company (see below)
Piller Holding GmbH *Abgunst 24, 37520 Osterode, Germany*	Germany	Parent company (see below)
Piller Management GmbH *Abgunst 24, 37520 Osterode, Germany*	Germany	Dormant Subsidiary
Pressure Engineering International Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Dormant Subsidiary
Langley Aviation Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Aircraft Transport

14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Principal Activity
ARO Welding Technologies SAS *1, Avenue de Tours, BP 40161, Château du Loir, 72500 Montval-sur-Loir, France*	France	All of the ARO companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems
ARO Welding Technologies Inc *48500 Structural Drive, Chesterfield Township, MI 48051*	USA	
Bradman Lake Group Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Parent company (see below)
Retford Investments LLC *3050 Southcross Blvd Rock Hill, SC 29730*	USA	Holder of real estate for other group companies
Marelli Motori SPA *Via Sabbionara 1 36071 Arzignano (VI) - Italy*	Italy	Design and manufacture of generators and electronic motors
CPVA GmbH *Muehlheimer Strase 341, 63075 Offenbach am Main, Germany*	Germany	Property Rental
Sheetfed Holdings Limited	England	Parent Company (see below)
Mikenboard Limited	England	Dormant subsidiary
H Q Engineers Limited	England	Dormant subsidiary
JND Wefco Limited	England	Dormant subsidiary
All of the above: *Enterprise Way, Retford, Nottinghamshire DN22 7HH*		
Sail Cruising Limited *13 Church Street, St Johns, Antigua*	Antigua	Dormant Subsidiary

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14 NON-CURRENT INVESTMENTS *(continued)*

The following companies are wholly owned unlisted subsidiaries of ARO Welding Technologies SAS, at 31 December 2019:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB *AB Timotejvägen, 7 439 71, Fjärås*	Sweden	All of the companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies SA de CV *43B Sur 4720 Estrella del Sur C.P. 72190 Puebla, Pue*	Mexico	
ARO Welding Technologies SAU *C/ Cuzco, 26-28, nave 2 08030 Barcelona*	Spain	
ARO Welding Technologies Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	
ARO Welding Technologies SA-NV *Koningin Astridlaan 61, 1780 Wemmel*	Belgium	
ARO Welding Technologies s.r.o *Karloveská 63 84104 Bratislava*	Slovakia	
ARO Welding Technologies GmbH *Senefelderstraße 4 86368 Gersthofen*	Germany	
ARO Welding Technologies (Wuhan) Ltd *M Building - West District, MinYing Industry Park, 81 CheChengNan Road, Economic & Technology Developing Zone 430056 WUHAN*	China	
ARO Welding Technologias Ltda. *Rua das Figueiras 474 – 3° andar Bairro Jardim, 09080-300 – Santo André SP São Paulo*	Brazil	

14 NON-CURRENT INVESTMENTS *(continued)*

The following companies are wholly owned unlisted subsidiaries of The Clarke Chapman Group Limited, at 31 December 2019:

Company	Country of Registration	Principal Activity
Clarke Chapman Facilities Management Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Provision of facilities management services
Clarke Chapman Aftermarket Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Clarke Chapman Machining Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Clarke Chapman Manufacturing Ltd *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Mackley Pumps Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Cowans Sheldon Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Wellman Booth Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Stothert and Pitt Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary
Butterley Limited *Enterprise Way, Retford, Nottinghamshire DN22 7HH*	England	Dormant subsidiary

The following companies are wholly owned unlisted subsidiaries of Bradman Lake Group Limited, at 31 December 2019:

Company	Country of Registration	Principal Activity
Bradman-Lake Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Both of the companies are involved in the design and manufacture of packaging equipment.
Bradman-Lake Inc *3050 Southcross Boulevard, Rock Hill, SC 29730*	USA	

14 NON-CURRENT INVESTMENTS *(continued)*

The following companies are wholly owned unlisted subsidiaries of Claudius Peters Group GmbH, at 31 December 2019:

Company	Country of Registration	Principal Activity
Claudius Peters Projects GmbH *Claudius Peters Projects GmbH Schanzenstraße 40 DE-21614 Buxtehude*	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment.
Claudius Peters Technologies SAS *Claudius Peters Technologies SAS 34, Avenue de Suisse F-68316 Illzach*	France	
Claudius Peters (Italiana) srl *Via Verdi 2 1-24121 Bergamo*	Italy	
Claudius Peters (Iberica) SA *Paseo de la Habana 202 bis, 28036 Madrid*	Spain	
Claudius Peters (China) Limited *Unit 1705-1706, 17/F Laws Commercial Plaza, 788 Cheung Sha Wan Road, Lai Chi Kok, Kowloon*	Hong Kong	
Claudius Peters (UK) Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	
Claudius Peters (Americas) Inc *445 W. President George Bush Hwy Richardson, TX 75080*	USA	
Claudius Peters do Brasil Ltda *Rua das Figueiras, 474 - 3 º andar - Bairro Jardim 09080-300 - Santo André / SP Brazil*	Brazil	
Claudius Peters Romania srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	
Claudius Peters (Beijing) Machinery Services Limited *7/G Hong Kong Macau Centre No 2 Chaoyangmen Bei Da Jie, Beijing 100027*	China	
Claudius Peters India Pvt. Limited *Unit 408, 4th. Floor, Peninsula Plaza A/16 Fun Republic Lane Off Link Road, Andheri West Mumbai 400 053*	India	

14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Principal Activity
Claudius Peters (Asia Pacific) Pte Ltd *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Claudius Peters Automation srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	
Plant and Machinery Technical Germany Services GmbH *Schanzenstraße 40 DE-21614 Buxtehude Germany*	Germany	

The following company is a wholly owned unlisted subsidiary of Piller Holding GmbH, at 31 December 2019:

Company	Country of Registration	Principal Activity
Piller Group GmbH *Abgunst 24 37520 Osterode Germany*	Germany	See below

The following companies are wholly owned unlisted subsidiaries of Piller Group GmbH and its subsidiaries at 31 December 2019:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited *2/3 Salisbury Road, Castle Hill, NSW 2154 Sydney*	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS *1 Avenue du Président Pompidou CS 70073 – BAT A F-92508 Rueil-Malmaison Cedex France*	France	
Piller USA Inc *45 Wes Warren Drive, Middletown, New York 10941-2047 USA*	USA	
Piller UK Limited *Westgate, Phoenix Way, Cirencester, Gloucestershire, GL7 1RY England*	England	

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14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Principal Activity
Piller Italia Srl *Centro Direzionale Colleoni Palazzo Pegaso 3 Viale Colleoni 25 20864 Agrate Brianza (MB)*	Italy	
Piller Iberica SL *U, Paseo de la Habana, 202 Bis Bj E-28036 Madrid Spain*	Spain	
Piller Power Singapore Pte. Limited *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Piller Germany GmbH & Co KG *Abgunst 24 37520 Osterode Germany*	Germany	
Power India Pvt Ltd *B-4, 2nd Floor, Plot No. 422, Nav Bhavana Premises, Co-op Society Ltd, S V Savarkar Marg, Prabhadevi Mumbai, Maharashtra India 400025*	India	
Piller Power Beijing Co. Ltd. *Rm 506-7, Tower A, COFCO Plaza, 8 Jianguomen Nei Ave, Beijing, China*	China	
Active Power HongKong (Holding) *A95, Unit A, s/F, Hung To Centre, 94-96 How Ming Street, Kwun Tong, Kowloon*	Hong Kong	Dormant Subsidiary
Active Power UK Ltd. *Westgate, Phoenix Way, Cirencester, Gloucestershire, GL7 1RY England*	England	Dormant Subsidiary

14 NON-CURRENT INVESTMENTS *(continued)*

The following companies are investments held by Sheetfed Holdings Limited and its subsidiaries, at 31 December 2019:

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheetfed GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 1
Manroland Deutschland GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 2
Manroland Used Equipment GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	100%	Note 2
Manroland Sheetfed (UK) Limited *1st Floor, Southerton House, Boundary Business Court, 92-94 Church Road, Mitcham, Surrey, CR4 3TD*	England	100%	Note 2
Manroland Latina S.A. *Mariano Sanchez, Fontecilla No.374, Las Condes, Santiago de Chile, 7550296*	Chile	100%	Note 2
Manroland Latina S.A. de C.V *Av. Rio San Joaquin, No. 6107, Col. Popo, Del. Miguel Hidalgo, C.P.11480, Mexico City*	Mexico	99.9%	Note 2
Manroland do Brasil Serviços Ltda *Rua das Figueiras, 474 – 3 andar Edificio Eiffel Bairro Jardim, 09080-300, Santo Andre, SP*	Brazil	99.9%	Note 2
Manroland Latina S.A. *Av. Regimiento de Patricios 1054 C1265AEQ CABA, Buenos Aires*	Argentina	100%	Note 2
Manroland Latina S.A.C *Los Geranios No.328 Lince, Lima*	Peru	100%	Note 2
PT Manroland Indonesia *Management Building 2nd Floor, Jl Buncit Raya Kav.100, Jakarta*	Indonesia	100%	Note 2
Manroland Thailand Ltd *22/6 Ladprao Soi 21 Jomphol, Jatujak Bangkok 10900*	Thailand	100%	Note 2
Manroland Nordic Finland Oy *Valimotie 22, 01510 Vantaa*	Finland	100%	Note 2
Manroland Nordic Sverige AB *Nohabgatan 12H, Byggnad 33, SE-461*	Sweden	100%	Note 2

Notes to the Accounts (continued)
Year ended 31 December 2019

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14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Nordic Danmark A/S *Lautruphøj 1-3 DK-2750 Ballerup*	Denmark	100%	Note 2
Manroland Inc *800 East Oak Hill Drive, Westmont, Illinois, 60559*	USA	100%	Note 2
Manroland Sheetfed Pvt Ltd *A-15, Phase – II, Naraina Industrial Area, New Delhi - 110028*	India	100%	Note 2
Manroland Canada Inc *120 Jevlan Dr., Unit #3 Vaughan, ON L4L 8G3*	Canada	100%	Note 2
Manroland Western Europe Group B.V. *Kuiperbergweg 50 NL-1101 AG Amsterdam Zuidoost Postbus 61007 NL-1005 HA Amsterdam*	Netherlands	100%	Note 2
Manroland Österreich GmbH *IZ NÖ-Süd, Strasse 16, Objekt 70/1, Wiener Neudorf 2355*	Austria	100%	Note 2
Manroland Malaysia Sdn. Bhd *Unit 315, Laman Seri Industrial Park, Persiaran Sukan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan*	Malaysia	100%	Note 2
Manroland Japan Co. Ltd *2-3-4, Niizo-Minami, Toda-shi, Saitama 335-0026*	Japan	100%	Note 2
Manroland (Korea) Ltd *2F, Gaya Building,570-1 Yeonnam-dong Mapo-Gu,Seoul 121-869*	Korea	100%	Note 2
Manroland (Taiwan) Ltd *17F-9, No. 738, Chung Cheng Road Chung-Ho District, New Taipei City 23511*	Taiwan	100%	Note 2
Manroland (China) Limited *7/F, Capella HTR, Kwun Tong, Kowloon, Hong Kong*	China	100%	Note 2
Guangzhou Printcom Printing Supplies Co. Ltd *1/F, 11# Building, Standard Industrial Garden, Taishi Industrial Park, Dongchung Town, Panyu District, 511475, Guangzhou*	China	100%	Note 2
Manroland Printing Equipment (Shanghai) Co. Ltd *Room 901, Bld A, HongKou Plaza, No. 388, West Jiang Wan Rd Hong Kou District, Shanghai*	China	100%	Note 2
Manroland Printing Equipment (Shenzhen) Ltd *Room 101-106, Block C, Huahan Chuangxin Park, LangShan Road, Nanshan District, Shenzhen*	China	100%	Note 2

14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Bulgaria EOOD *Business Park Sofia 1 Mladost 4, Blok 14. Sofia 1715. Bulgaria*	Bulgaria	100%	Note 2
Manroland Adriatic d.o.o. *Kovinska 4A, 10000 Zagreb*	Croatia	100%	Note 2
Manroland ROMANIA S.R.L *Str. Ziduri Intre Vii 19, Corp C, Parter, Spatiu C-5, Sector 2, Bucuresti, 023321*	Romania	100%	Note 2
Manroland Magyarorzag Kft. *Táblás u. 36-38 1097 Budapest*	Hungary	100%	Note 2
Manroland Polska Sp. z.o.o *Wolica Aleja Katowicka 11 PL-05 830 Nadarzyn*	Poland	100%	Note 2
Manroland Czech s.r.o *Prumyslova 10/1428, Praha 10, 102 00*	Czech Republic	100%	Note 2
Manroland France S.A.S *Bat. M1 Les Aralias Paris Nord II 66 rue des Vanesses CS 53290 Villepinte 95958 Roissy CDG Cedex*	France	100%	Note 2
Manroland Swiss A.G. *Schöneich 1, 6265 Roggliswil*	Switzerland	100%	Note 2
Manroland Ireland Ltd *Unit N2, North Ring Business Park, Santry, Dublin 9*	Ireland	100%	Note 2
Manroland Iberica Sistemas S.L *Centro de Negocios Eisenhower Avda. Sur Aeropuerto de Barajas, 24 – Edif. 5 – 5º C 28042 Madrid*	Spain	100%	Note 2
Manroland Iberica Sistemas LDA *Rua de Pé de Mouro Polígono Empresarial Pé de Mouro, 19 2710-335 Sintra*	Portugal	100%	Note 2
Manroland Italia S.R.L. *Via Lambretta 2 20090 Segrate (MI)*	Italy	100%	Note 2
Manroland Benelux N.V. *Koningin Astridlaan, 61 1780 Wemmel*	Belgium	100%	Note 2
Manroland Nordic Norge A/S *Postboks 473 N-1473 Lørenskog*	Norway	100%	Note 2

14 NON-CURRENT INVESTMENTS *(continued)*

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Southern Africa (PTY) Ltd *15 Manhattan Street Airport Industria Cape Town 7490*	South Africa	100%	Note 2
Manroland IP GmbH *Muehlheimer Strasse 341, 63075 Offenbach am, Main*	Germany	50%	Note 4
Manroland Sheetfed (Thailand) Co. Ltd *22/6 Ladprao Soi 21, Jomphol, Jatujak Bangkok 10900*	Thailand	100%	Note 2
DC Druck Chemie GmbH *Wiesenstraße 10 D-72119 Ammerbuch-Altingen*	Germany	100%	Note 5
DC Green France SAS *(Ouest) Route du Prouau F-44980 Ste Luce Sur Loire*	France	100%	Note 5
DC Iberica SL Spain *C/ Tresols 11 bajos Apartdo de correos 109 E-08850 Gava (Barcelona)*	Spain	100%	Note 5
DC Druck Chemie Polska Sp.z.o.o. *Spichrzowa 16 62-200 Gniezno*	Poland	100%	Note 5
DC Druck Chemie s.r.o *K AMP 1294 664 34 Kuřim*	Czech Republic	100%	Note 5
DC Druck Chemie SAS *(Est) Route de Bretten F-68780 Soppe le Bas*	France	100%	Note 5
DC Druck Chemie UK Limited *10th Floor, 133 Finnieston Street, Glasgow, G3 8HB*	Scotland	100%	Note 5
DC Druck Chemie Italia S.R.L *Via Tirso, 12 20098 San Giuliano Milanese (MI)*	Italy	100%	Note 5
DC Druck Chemie Benelux BV *Gerstdijk 7 NL-5704 RG Helmond*	Belgium	100%	Note 5
DC Druck Chemie Brazil LTDA *Rua Rosa Belmir Ramos 151 13.275-400 Valinhos / Sao Paulo*	Brazil	100%	Note 5
DC Druck Chemie AG *Schöneich CH-6265 Roggliswil*	Switzerland	100%	Note 5
Press Chem UK Limited *Unit 14b, Shuttleworth Mead Business Park, Mead Way, Padiham, Burnley, Lancashire, BB12 7NG*	England	100%	Dormant

14 NON-CURRENT INVESTMENTS *(continued)*

Note 1: The design, manufacture and sale of sheetfed offset litho printing presses and aftermarket services
Note 2: The sale of sheetfed offset litho printing presses and aftermarket services
Note 3: Property rental
Note 4: Intellectual Property
Note 5: The development, manufacture and supply of chemical and technical products and accessories for the printing industry, as well as providing waste processing and recycling services

The following companies are wholly owned unlisted subsidiaries of Marelli Motori SPA at 31 December 2019:

Company	Country of Registration	Percentage Ownership	Principal Activity
Marelli USA Inc *220 Norcross Parkway, Suite 290 Norcross GA 30071 United States*	USA	100%	All of the companies are involved in the design and Manufacture of generators and electric motors
Marelli Motori Asia Sdn Bhd *Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor D.E. – Malaysia*	Malaysia	100%	
Marelli Asia Pacific Sdn Bhd *Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor D.E. – Malaysia*	Malaysia	100%	
Marelli Motori South Africa Ltd (Pty) *Unit 2 Corner Director & Megawatt Road Spartan Ext 23 Kempton Park 1619 Gauteng Republic of South Africa*	South Africa	100%	
Marelli UK Ltd *Kirkby Lane Pinxton Nottinghamshire NG16 6HX*	England	100%	
Marelli Motori Central Europe GmbH *Heilswannenweg 50 31008 Elze Germany*	Germany	100%	

The following subsidiaries have taken exemption from audit under s479a of Companies Act 2006:

Reader Cement Products Limited (03025049)
Oakdale Homes Limited (02922110)
Oakdale Properties Limited (07525468)

15 INVESTMENT PROPERTIES

	Group	
	2019	2018
	€'000	**€'000**
Balance at the beginning of the year	17,676	–
Additions	219	–
Transfers	15,700	14,518
Revaluation	19,203	3,158
Exchange adjustments	362	–
Balance at the end of the year	53,160	17,676

	Company	
	2019	2018
	€'000	**€'000**
Balance at the beginning of the year	5,676	–
Additions	219	-
Transfers	5,300	5,676
Revaluation	1.347	–
Exchange adjustments	360	–
Balance at the end of the year	12,902	5,676

Rental income from investment properties for the year totalled €1,728,000 (2018 – €1,021,000).

Note 32 provides further detail on the valuation method appplied in determining the fair value of investment properties as at 31 December 2019.

16 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2019	2018
	€'000	**€'000**
Trade and other receivables	1,863	2,068
Pension scheme prepayment	563	656
	2,426	2,724

17 INVENTORIES

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	96,993	75,381	–	–
Work in progress	78,635	66,546	–	–
Finished goods	39,057	24,667	5	8
	214,685	166,594	5	8

18 CONSTRUCTION WORK IN PROGRESS

Contracts in progress at the year end:

	Group	
	2019	2018
	€'000	**€'000**
Amounts due from contract customers included in trade and other receivables (note 19)	21,653	23,165
Amounts due to contract customers included in trade and other payables (note 23)	(3,218)	(2,428)
	18,435	20,737
Contract costs incurred plus recognised profit less recognised losses to date	146,144	110,020
Less: Progress billings	(127,709)	(89,283)
	18,435	20,737

19 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	131,334	109,297	250	222
Retentions	3,836	3,024	–	–
Amounts recoverable on construction contracts	21,653	23,165	–	–
Amounts owed by Group undertakings	–	–	231,681	118,813
Directors' current accounts (note 34)	1	256	1	256
Other receivables	8,082	5,347	1,043	705
VAT recoverable	4,824	3,523	382	496
Prepayments	12,925	20,928	915	1,027
	182,655	165,540	234,272	121,519

For terms and conditions relating to related party receivables, refer to note 33.

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group	
	2019	2018
	€'000	**€'000**
Balance at beginning of the year	11,303	16,404
On acquisition	1,583	–
Exchange differences	82	(86)
Charge for the year	1,261	924
Unused amounts reversed	(1,016)	(5,939)
Balance at end of the year	13,213	11,303

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms.

19 CURRENT TRADE AND OTHER RECEIVABLES *(continued)*

The provision for bad and doubtful debts includes estimated potential credit losses. At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired				
	<30 days	31-60 days	61-90 days	91-120 days	>121 days
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Group					
2019	28,444	8,464	4,939	1,328	3,404
2018	20,077	6,562	2,973	1,465	923
Company					
2019	–	21	–	4	220
2018	3	18	3	–	–

20 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Cash in hand, at bank and short term deposits	238,858	379,541	146,432	217,037

21 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Income tax	5,933	7,622	1,832	–

Notes to the Accounts (continued)
Year ended 31 December 2019

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22 ASSETS HELD FOR SALE

	Group	
	2019	2018
	€'000	**€'000**
Balance at the beginning of the year	16,782	–
Transfers	–	16,782
Balance at the end of the year	16,782	16,782

Amounts included in assets held for sale relate to a property held within the Group where the sale to a third party has been agreed, but the legal formalisation is still in process. This is expected to complete in 2020.

23 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Trade payables	63,757	37,537	453	698
Other payables	8,084	6,562	80	71
Other taxes and social security	9,694	7,713	60	50
Accruals and deferred income	70,595	59,912	505	527
VAT payable	5,899	5,243	–	–
Amounts owed to Group undertakings	–	–	1,775	1,694
Payments on account	29,021	47,014	–	–
Amounts due on construction contracts	3,218	2,428	–	–
Directors' loan account	821	–	821	–
Lease liabilities	3,563	–	–	–
	194,652	166,409	3,694	3,040

24 PROVISIONS

GROUP	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2019	16,503	3,092	19,595
Additional provision recognised	8,214	5,606	13,820
Acquisition	534	669	1,203
Provision utilised during the year	(9,625)	(1,784)	(11,409)
Provision released during year	(3,382)	(2,275)	(5,657)
Foreign exchange difference	170	(17)	153
Balance at 31 December 2019	12,414	5,291	17,705
Current	11,537	5,191	16,728
Non-current	877	100	977

	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2018	15,971	3,227	19,198
Additional provision recognised	14,177	1,925	16,102
Provision utilised during the year	(10,583)	(1,190)	(11,773)
Provision released during year	(3,133)	(854)	(3,987)
Foreign exchange difference	71	(16)	55
Balance at 31 December 2018	16,503	3,092	19,595
Current	15,247	2,573	17,820
Non-current	1,256	519	1,775

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. There were no provisions in the Company.

Notes to the Accounts (continued)
Year ended 31 December 2019

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25 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Income tax	5,749	8,351	–	1,662

26 CURRENT PORTION OF LONG TERM BORROWINGS

	Group	
	2019 €'000	2018 €'000
Loans	–	39

26 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2019 €'000	2018 €'000
Trade payables	453	408
Accruals and deferred income	12,360	10,925
Lease liabilities	6,754	–
	19,567	11,333

28 RETIREMENT BENEFIT OBLIGATIONS

GROUP	2019 €'000	2018 €'000
At 1 January 2019	11,400	11,970
On acquisition	2,741	–
Total expense recognised in the Income Statement in the year	670	81
Actuarial losses/(gains) – financial assumptions	1,979	(1,024)
Actuarial gains – demographic assumptions	(29)	(326)
Actuarial (gains)/losses – experience	(18)	951
Changes in the effect of asset ceiling	(1,399)	46
Contributions paid	(2,269)	(375)
Payments from the plan	–	(360)
Exchange differences	991	437
At 31 December 2019	14,066	11,400

UK defined benefit pension schemes	–	–
Overseas unfunded defined benefit pension obligations	11,137	8,231
Overseas unfunded medical benefits obligations	2,929	3,169
Retirement benefit obligation in balance sheet	14,066	11,400

29 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Deferred tax assets	28,205	15,183	–	–
Deferred tax liabilities	(30,124)	(17,921)	(305)	(130)
	(1,919)	(2,738)	(305)	(130)

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
At 1 January 2019	(2,738)	(1,056)	(130)	(189)
On acquisition	365	–	–	–
Movement on revaluation	(4,068)	(800)	–	–
Exchange differences	131	(38)	(11)	2
Income Statement credit (note 10)	4,371	(773)	(164)	57
Release to equity on actuarial loss	20	(71)	–	–
At 31 December 2019	(1,919)	(2,738)	(305)	(130)

29 DEFERRED INCOME TAX *(continued)*

GROUP

The movement in net deferred tax assets and liabilities during the year is as follows:

	Accelerated tax depreciation €'000	Tax losses €'000	Other short-term temporary differences €'000	Retirement benefit obligations €'000	Fair value gains €'000	Total €'000
At 1 January 2018	3,795	(4,574)	(5,866)	(1,709)	9,410	1,056)
Charge/(credit) to income statement	147	653	168	(160)	(35)	(773)
Recognised in equity regarding remeasurement of defined benefit scheme	–	–	–	71	–	71
Movement on revaluation	–	–	–	–	800	800
Exchange differences	163	(201)	(254)	(82)	412	38
At 31 December 2018	4,105	(4,122)	(5,952)	(1,880)	10,587	2,738
Gross assets	(583)	(4,122)	(8,598)	(1,880)	–	(15,183)
Gross liabilities	4,688	–	2,646	–	10,587	17,921
(Credit)/charge to income statement	678	(11,226)	4,217	(983)	2,943	(4,371)
On acquisition	–	–	(365)	–	–	(365)
Transfer to revaluation reserve	–	–	–	–	4,068	4,068
Recognised in equity regarding remeasurement of defined benefit scheme	–	–	–	(20)	–	(20)
Exchange differences	(280)	206	371	99	(527)	(131)
At 31 December 2019	4,503	(15,142)	(1,729)	(2,784)	17,071	1,919
Gross assets	(396)	(15,142)	(9,883)	(2,784)	–	(28,205)
Gross liabilities	4,899	–	8,154	–	17,071	30,124

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29 DEFERRED INCOME TAX *(continued)*

COMPANY

	Accelerated capital allowances €'000
At 1 January 2018	189
Credit to income statement	(57)
Exchange differences	(2)
At 31 December 2018	(130)
Credit to income statement	164
Exchange differences	11
At 31 December 2019	305

Unprovided deferred taxation

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Accelerated tax depreciation	–	1	–	–
Tax losses available	40,178	32,524	–	–
Other short term timing differences	576	486	–	–
Retirement benefit obligation	167	192	–	–
	40,921	33,203	–	–

Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantively enacted at the balance sheet date.

No deferred tax asset has been recognised in respect of the above accelerated tax depreciation, other short term temporary differences, tax losses and retirement benefit obligations because there is uncertainty as to whether the Group will have sufficient relevant taxable profits to utilise these assets in the near future.

30 CONTINGENT LIABILITIES

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a group VAT registration.

In view of net cash position held with the same UK bank within the group, the Directors believe that the likelihood of the guarantees being invoked is remote, therefore no contingent liability has been disclosed in these Accounts.

31 FINANCIAL INSTRUMENTS

The Group and parent Company's principal financial instruments that arise directly from their operations are detailed below:

	Group		Company	
	2019	2018	2019	2018
	€'000	**€'000**	**€'000**	**€'000**
Financial assets measured at amortised cost	166,769	143,813	232,975	119,996
Financial liabilities measured at amortised cost	150,809	94,003	3,634	2,463

The main purpose of these financial instruments is to fund the operations of the Group and the parent Company, as well as to manage their working capital, liquidity and surplus funds.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any bank borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally sterling, euro and US dollars).

The Group publishes its Consolidated Accounts in euro and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the euro is not the functional currency of that operation.

Financial risk

The following table demonstrates the sensitivity to a reasonably possible change in the sterling to euro, US dollar to euro and other currencies to euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

Notes to the Accounts (continued)
Year ended 31 December 2019

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31 FINANCIAL INSTRUMENTS *(continued)*

	Increase / decrease in sterling rate	Effect on profit before tax	Increase / decrease in US Dollar rate	Effect on profit before tax	Increase / decrease in other exchange rates	Effect on profit before tax
		€'000		**€'000**		**€'000**
2019	+20%	(527)	+20%	2,605	+20%	1,627
	-20%	728	-20%	(1,737)	-20%	(1,089)
2018	+20%	2,988	+20%	(5,912)	+20%	1,749
	-20%	(1,992)	-20%	(2,082)	-20%	(1,332)

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

The amount that best represents the Group's maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements is expected to be the total value of trade receivables and contract assets.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit. Cash balances as at year end total €238,858,000 (2018 – €379,541,000) and interest earned on cash balances averaged 0.8% (2018 - 0.7%) during the year.

Capital risk management

The Group defines capital as being share capital plus reserves and manages capital to ensure adequate resources are retained for continued growth of the Group. Access to capital includes the retention of cash on deposit and availability of funding through agreed capital facilities. Long term deposits are used to obtain more favourable rates of return only when adequate cash resources are maintained on shorter term deposit for the Group's working capital requirements.

32 FAIR VALUE MEASUREMENTS

As at 31 December 2019 there were no significant differences between book values and fair values of financial assets and liabilities.

The following table categorises the Group's assets and liabilities held at fair value by the lowest level of the significant inputs used in determining their fair value:

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
2) Inputs other than quoted prices included within level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

During the year ended 31 December 2019, investment property totalling €42.5m and freehold property totalling €39.9m was subject to independent valuation. Investment property totalling €11m was subject to management valuation.

GROUP	Level 1	Level 2	Level 3	Total
	2019	2019	2019	2019
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	–	140,475	–	140,475
Freehold property – Investment properties	–	53,160	–	53,160
Freehold property – Assets held for sale	–	16,782	–	16,782
	–	210,417	–	210,417

COMPANY	Level 1	Level 2	Level 3	Total
	2019	2019	2019	2019
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	–	15,541	–	15,541
Freehold property – Investment properties	–	12,902	–	12,902
	–	28,443	–	28,442

32 FAIR VALUE MEASUREMENTS (continued)

GROUP	Level 1	Level 2	Level 3	Total
	2018	2018	2018	2018
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	–	98,844	–	98,844
Freehold property- Investment properties	–	17,676	–	17,676
Freehold property-Assets held for sale	–	16,782	–	16,782
	–	133,302	–	133,302

COMPANY	Level 1	Level 2	Level 3	Total
	2018	2018	2018	2018
Recurring fair value measurements	**€'000**	**€'000**	**€'000**	**€'000**
Freehold property – P, P and E	–	20,675	–	20,675
Freehold property- Investment Properties	–	5,676	–	5,676
	–	26,351	–	26,351

For valuations based on a valuation technique the following information is provided about the technique used and significant inputs:

GROUP	Fair value at 31 Dec 2019 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	140,475	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	53,160	Rental yields	Expected future rental income
Assets held for sale - Freehold property	16,782	Market value	Agreed selling price to a third party

32 FAIR VALUE MEASUREMENTS (continued)

COMPANY	Fair value at 31 Dec 2019 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	15,541	Market comparable approach	Market price per square metre for comparable properties
Investment properties - Freehold property	12,902	Rental yields	Expected future rental income

GROUP	Fair value at 31 Dec 2018 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	98,844	Market comparable approach	Market price per square metre for comparable properties
Investment properties - Freehold property	17,676	Rental yields	Expected future rental income
Assets held for sale - Freehold property	16,782	Market value	Agreed selling price to a third party

COMPANY	Fair value at 31 Dec 2018 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	20,675	Market comparable approach	Market price per square metre for comparable properties
Investment properties - Freehold property	5,676	Rental yields	Expected future rental income

33 RELATED PARTY TRANSACTIONS

At 31 December 2019, A J Langley, a Director of the Company was owed €821,000 by the Company (2018 – €256,000 owed to the Company). The maximum overdrawn balance during the year was €1,072,267 (2018 - €762,000).

During the year, the Company invoiced management charges of €8,936,406 (2018 - €9,136,000) and provided funding to Group companies with the following amounts outstanding at the year end:

	Amount outstanding at the year end 2019 €'000	2018 €'000
COMPANY		
The ARO group of companies	11	19
The Bradman Lake group of companies	222	511
The Claudius Peters group of companies	27,714	7,160
The Piller group of companies	40,796	8,045
The Manroland group of companies	37,442	22,729
CPVA GmbH	20,266	18,151
Sheetfed Holdings Limited	1	1,886
The DruckChemie group of companies	158	55
Retford Investments LLC	19,053	19,868
Langley Aviation Limited	26,753	28,070
The Marelli group of companies	46,031	–
Other group companies	11,459	10,625
	229,906	117,119

During the year, Langley Aviation Limited invoiced the company €2,357,466 (2018 - €2,144,503) in respect of the use of aircraft.

During the year, the company received interest on loans to other Group companies of €7,138,360 (2018 - €4,796,520) and dividends from other Group companies of €137,222,901 (2018 - €25,944,870).

Transactions with related parties are at market value, and are unsecured. The Company has recorded a €3,182,354 impairment of receivables relating to amounts owed by subsidiary undertakings during the year (2018 - €1,626,740) and reversed €nil (2018 - €1,419,855) against previous impairments.

The Company and Group are controlled by A J Langley, a Director of the Company.

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in the individual company Accounts.

34 SHARE CAPITAL

	2019 €'000	2018 €'000
Authorised:		
60,100,010 ordinary shares of £1 each	71,227	71,227

	2019 €'000	2018 €'000
Allotted, issued and fully paid:		
60,100,010 ordinary shares of £1 each	71,227	71,227

35 MERGER RESERVE

The merger reserve arose during the year ended 31 December 2013 on the business combination with Sheetfed Holdings Limited. The transaction qualified for merger relief under section 612 of the Companies Act 2006.

36 REVALUATION RESERVE

This reserve is used to reflect changes in the fair value of assets, net of deferred tax, as indicated in note 1(e). It is not available for the payment of dividends.

37 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation deficits of €9,510,000 (2018 - €24,213,000) Included within the retained earnings reserve for the Company is €10,532,000 (2018 - €31,606,000) of foreign currency translation deficits.

The net currency exchange difference arising on retranslation in the year was a gain of €14,703,000 (2018 – loss of €3,379,000) for the Group and a gain of €21,074,000 (2018 – loss of €5,058,000) for the Company. The foreign currency translation reserve contains the accumulated foreign currency translation differences arising when the Accounts of the Company and Group operations are translated from their own functional currency to the euro, being the presentation currency for the group Accounts.

Notes to the Accounts (continued)
Year ended 31 December 2019

LANGLEY

38 CASH GENERATED FROM OPERATIONS

GROUP	2019 €'000	2018 €'000
Profit before taxation	55,837	103,520
Depreciation	20,854	15,318
Profit on sale of property, plant and equipment	(399)	(72)
Amortisation of intangibles	2,741	284
Interest income	(2,564)	(2,443)
Revaluation/impairment of fixed assets	(18,803)	(3,046)
Interest expense	355	43
Increase in inventories	(14,311)	(2,874)
Decrease in trade and other receivables	7,041	12,586
Decrease in trade and other payables	(80,674)	(19,207)
Movement in retirement benefit obligations	(1,599)	112)
Foreign exchange translation adjustments	(88)	(1,774)
Cash (used in)/generated from operations	(31,610)	102,447

COMPANY	2019 €'000	2018 €'000
Profit before taxation	134,064	40,976
Depreciation of property, plant and equipment	1,900	1,894
Revaluation of investment properties	(1,347)	–
Impairment of investments	7,086	–
Profit on sale of property, plant and equipment	(21)	(49)
Dividend income received	(137,223)	(25,945)
Interest income	(9,085)	(6,534)
Decrease in inventories	3	1
(Increase)/decrease in trade and other receivables	(112,754)	9,620
Increase in trade and other payables	654	723
Foreign exchange translation adjustments	6,894	(6,220)
Cash (used in)/generated from operations	(109,829)	14,466

39 LEASES

Depreciation charged on right-of-use assets is disclosed in note 13.

Interest charges relating to lease liabilities are disclosed in note 6.

	2019 **€'000**
Expenses relating to short term leases	657
Expenses relating to low value assets	355
Cash outflow for leases	2610

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position at the date of initial application was 1%.

The carrying value of right-of-use assets at 31 December 2019 is broken down as follows:

	Freehold land and buildings	Plant and Machinery	Vehicles	Computers	Total
Cost	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2019	10,231	–	–	–	10,231
On acquisition	2,856	–	–	–	2,856
Additions	1,006	103	102	23	1,234
At 31 December 2019	14,093	103	102	23	14,321
Depreciation					
At 1 January 2019	–	–	–	–	–
Charge for the year	3,099	–	57	23	3,179
At 31 December 2019	3,099	–	57	23	3,179
Netbook Amount					
At 31 December 2019	10,994	103	45	–	11,142

39 LEASES *(continued)*

Lease liabilities in relation to right-of-use assets fall due as follows:

	2019 **€'000**
Due within 1 year	3,563
Due within 2-5 years	6,754
Due after more than 5 years	–
	10,317

Measurement of lease liability:

	2019 **€'000**
Operating lease commitments at 31 December 2018	11,243
Less: Short-term leases not recognised as a liability	(657)
Less: Low-value leases not recognised as a liability	(355)
Lease liability recognised as at 1 January 2019	10,231

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