Johnston Sweepers Limited

Annual report and financial statements for the year ended 31 December 2015

Registered number: 199841

Johnston Sweepers Limited

Annual report and financial statements

for the year ended 31 December 2015

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Johnston Sweepers Limited

Directors and advisers for the year ended 31 December 2015

Directors

R Baillod
D F Bishop
N C Brunning
W J Halley
C F Offley
P G Rhodes (appointed on 03.03.2016)
P C van Rosmalen (resigned on 03.03.2016)

Company Secretary

N C Brunning

Registered office

Curtis Road
Dorking
Surrey
RH4 1XF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley
West Sussex
RH10 1BG

Solicitors

Downs Solicitors LLP
156 High Street
Dorking
Surrey
RH4 1BQ

Registered number

199841

Johnston Sweepers Limited

Strategic report for the year ended 31 December 2015

The directors have pleasure in presenting their strategic report for the year ended 31 December 2015.

Business review and principal activities
Johnston Sweepers Limited manufactures, supports and services road cleansing vehicles through its operations in the UK and markets its products worldwide.

In 2015 revenue increased by 9.4% (2014: 10.7%) to £86.6m (2014: £79.2m) with improving sales in the UK truck mounted sector and growth in the US market. Despite the revenue growth, headcount remained at 2014 levels thereby increasing the sales per employee by 9.7% in 2015.

Operating profit increased from £6.9m (2014) to £10.3m. Operating margins increased from 8.7% to 11.8% due to the increased recovery of fixed costs resulting from the higher production levels. The directors are satisfied with the Company's financial position at the reporting date, with a cash balance of £11.4m (2014: £5.9m) and net assets of £23.8m (2014: £23.8m).

Despite the £3.4m increase in operating profit, return on capital employed reduced slightly to 46.4% due to a £2.2m reduction in income from shares in group undertakings and the £1.2m lower profit on disposals.

These results are reflected within our key performance indicators set out below.

The results for the financial year are set out on page 9.

Key performance indicators (KPI's)

KPI	2015	2014	Description
Increase in revenue	9.4%	10.7%	Change in revenue relative to the previous
Operating margin	11.8%	8.7%	Operating profit expressed as a percentage of sales
Revenue per employee (GBP 000's per employee)	180.1	164.2	Revenue divided by total employees
Return on capital employed	46.4%	47.6%	Profit for year after tax as a percentage of closing equity 'shareholders' funds

Principal risks and uncertainties
Road cleansing equipment sales are linked to public spending on roads and municipal road cleansing budgets. These sectors are affected by the political environment, changes in central government funding and the general world economy. Whilst the Company is able to reduce these effects with a diverse geographical mix of customers, there is continued uncertainty due to geopolitical risks and more recently the impact of the EU referendum which will result in the United Kingdom leaving the European Union.

Johnston Sweepers Limited

Strategic report for the year ended 31 December 2015 (continued)

Health, safety and the environment
The Company takes seriously its responsibilities to employees, customers and the environment. The Company has its own safety officer who advises on accident prevention and safety in the Company's factories. The Company's products are designed to comply with the latest safety standards and the directors are kept regularly informed on all aspects of safety.

Approved by the board and signed on behalf of the board by Nigel Brunning

N C Brunning
Company Secretary

28 July 2016

Johnston Sweepers Limited

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Future outlook
As reported last year, we still expect the impact of restrictions on European municipal budgets to have a strong influence on sales as governments continue to control spending. The recent recovery in the UK truck mounted sector is expected to continue into the first half of 2016 after which point the future is more uncertain following the UK vote to leave the European Union. We continue to look for opportunities for growth in Asia and other parts of the world.

Research and development
Research and development costs incurred by the Company in the financial year amounted to £2,950,000 (2014: £3,313,000). In 2015 the Company launched the C401 a brand new $4m^3$ compact sweeper and also made significant improvements to the RT651 regenerative air truck mounted sweeper to improve performance and design for manufacture. Other development activities in 2015 remain focused on the reduction of product costs and the updating of company products to meet lower emission standards. Expenditure on research and development was fully expensed during the year, consistent with the treatment adopted in previous years.

Dividends
An interim dividend of £1,375 per ordinary share (2014: £875), amounting to £11.0m (2014: £7.0m) was paid on 26 May 2015. A final dividend for 2015 has not been declared (2014: nil).

Financial risk management
The Company's operations are exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, exchange risk and interest rate risk.

Credit risk is managed by a combination of pre-delivery credit controls and, if appropriate, credit insurance. Management are continually reviewing credit facilities to control the risk of bad debts.

The Company is fully owned by Bucher Industries AG and therefore has access to the group's banking facilities and treasury services which enable the Company to minimise liquidity, exchange rate and interest rate risk. Short term liquidity demands are met by flexible loan facilities from the parent company, these loans are provided at competitive market rates denominated in sterling and therefore not subject to exchange rate risk.

Predicted foreign currency exposures are hedged in order to reduce the downside risk of exchange rate fluctuations in the short to medium term.

Employment matters
The Company is committed to policies of non-discrimination to promote equal opportunities in employment regardless of race, colour, religion, disability, age, sex, sexual orientation, gender re-assignment, marital/civil partnership status, ethnic or national origin to all employees and job applicants. A Company handbook is made available to all employees and there is a system of regular employee briefing and regular newsletters. The Company accepts its duties and responsibilities towards people who are disabled or become disabled whilst employed by the Company as defined under the Disability Discrimination Act, including the duty to make reasonable adjustments to the working arrangements/premises to try and minimise any disadvantage that may arise. All employees participate in a profit related bonus scheme that encourages employee involvement in the Company's performance. All employees sign the Company's code of conduct directive.

Directors' report for the year ended 31 December 2015 (continued)

Directors

The names of the directors holding office during the year and up to the date of signing the financial statements, are set out below:

R Baillod
D F Bishop
N C Brunning
W J Halley
C F Offley
P G Rhodes (appointed on 03.03.2016)
P C van Rosmalen (resigned on 03.03.2016)

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps (such as making enquiries of other directors and any other steps required by the directors' duty to exercise due care, skill and diligence) that they ought to have taken in their duty as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 102, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Johnston Sweepers Limited

Directors' report for the year ended 31 December 2015 (continued)

Statement of directors' responsibilities (continued)
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board and signed on behalf of the board by Nigel Brunning,

N C Brunning
Company Secretary
28 July 2016

Independent auditors' report to the members of Johnston Sweepers Limited

Report on the financial statements

Our opinion

In our opinion, Johnston Sweepers Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual report"), comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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;
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Johnston Sweepers Limited

Independent auditors' report to the members of Johnston Sweepers Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

M. Haverson

Matthew Haverson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
29 July 2016

Johnston Sweepers Limited

Statement of comprehensive income for the year ended 31 December 2015

Registered Number: 199841

	Note	2015 £'000	2014 £'000
Revenue	2	**86,637**	79,159
Net operating expenses	3	**(76,375)**	(72,300)
Operating profit		**10,262**	6,859
Profit on disposal of land and buildings		**166**	1,320
Income from shares in group undertakings		**2,630**	4,867
Finance income	6	**23**	48
Finance cost	6	**(655)**	(641)
Finance costs - net		**(632)**	(593)
Profit before income tax		**12,426**	12,453
Income tax expense	7	**(1,384)**	(1,100)
Profit for the financial year		**11,042**	11,353
Other comprehensive expense			
Revaluation of forward hedging contracts		**(73)**	(79)
Total tax on components of other comprehensive expense		**12**	13
Other comprehensive expense for the year, net of tax		**(61)**	(66)
Total comprehensive income for the year		**10,981**	11,287

All amounts derive from continuing operations.

Johnston Sweepers Limited

Statement of financial position as at 31 December 2015

Registered Number: 199841

	Note	2015	2014
		£'000	£'000
Assets			
Non-current assets			
Intangible assets	8	**57**	25
Property, plant and equipment	9	**18,713**	19,899
Investments	10	**4,853**	4,853
		23,623	24,777
Current assets			
Inventories	11	**13,666**	15,606
Trade and other receivables	12	**14,357**	13,519
Cash and cash equivalents		**11,445**	5,853
		39,468	34,978
Total assets		**63,091**	59,755
Equity and liabilities			
Called up share capital	14	**8**	8
Other reserves	14	**122**	183
Retained earnings		**23,680**	23,638
Total equity		**23,810**	23,829
Liabilities			
Non-current liabilities			
Trade and other payables	15	**19,950**	17,950
		19,950	17,950
Current liabilities			
Trade and other payables	16	**17,873**	16,487
Provisions for liabilities	17	**1,458**	1,489
		19,331	17,976
Total liabilities		**39,281**	35,926
Total equity and liabilities		**63,091**	59,755

The financial statements on pages 9 to 35 were approved by the board of directors on 28 July 2016 and were signed on its behalf by:

Peter G Rhodes
Director

Johnston Sweepers Limited

Statement of changes in equity for the year ended 31 December 2015

Registered Number: 199841

	Note	Called up share capital £'000	Retained earnings £'000	Other Reserves £'000	Total £'000
Balance as at 1 January 2014		8	19,285	249	19,542
Profit for the financial year		-	11,353	-	11,353
Other comprehensive expense for the year		-	-	(66)	(66)
Total comprehensive income for the year		-	11,353	(66)	11,287
Dividend paid	18	-	(7,000)	-	(7,000)
Total transactions with owners, recognised directly in equity		-	(7,000)	-	(7,000)
Balance as at 31 December 2014		**8**	**23,638**	**183**	**23,829**
Balance as at 1 January 2015		8	23,638	183	23,829
Profit for the financial year		-	11,042	-	11,042
Other comprehensive expense for the year		-	-	(61)	(61)
Total comprehensive income for the year		-	11,042	(61)	10,981
Dividend paid	18	-	(11,000)	-	(11,000)
Total transactions with owners, recognised directly in equity		-	(11,000)	-	(11,000)
Balance as at 31 December 2015		**8**	**23,680**	**122**	**23,810**

Johnston Sweepers Limited

Notes to the financial statements for the year ended 31 December 2015

1 Principal accounting policies

General information
Johnston Sweepers Limited is a private company limited by shares and it is incorporated in the United Kingdom. The address of its registered office is Curtis Road, Dorking, Surrey, RH4 1XF.

The principal activity of the Company is to manufacture, support and service road cleansing vehicles through its operation in the UK and markets its products worldwide.

Statement of compliance
The individual financial statements of Johnston Sweepers Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies
A summary of principal accounting policies, all of which have been applied consistently throughout the financial year, is set out below.

(a) Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss. This is the first year in which financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. The changes in accounting policies have no impact on the financial year ended 31 December 2014. Details of the transition to FRS 102 are disclosed in note 24.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(u).

(b) Going concern
The Company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Company's products; and (b) the availability of bank finance for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1 Principal accounting policies (continued)

(c) Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Bucher Industries AG which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
(ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
(iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Consolidated financial statements

As permitted by S401 of the Companies Act 2006, consolidated financial statements have not been prepared since the Company is a wholly owned subsidiary undertaking of Bucher Industries AG. It is included in the consolidated financial statements of Bucher Industries AG which are publicly available. The Company's interest in subsidiary undertakings is shown at original sterling cost less amounts written off, with dividends received and receivable being recorded in the statement of comprehensive income.

(e) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

1 Principal accounting policies (continued)

(f) Revenue
Revenue is defined as the value of goods and services supplied net of trade discounts, value added tax and other sales related taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

(i) Sale of goods
Revenue in the United Kingdom is generally recognised upon delivery of the vehicle or goods to the customer or their local dealer. Export sales revenue is recognised in accordance with the Incoterms, appropriate to the customer order.

(ii) Warranty income
Revenue in respect of standard first year warranty is included in the basic price of machines sold. The policy for standard warranty is that provision is made for the expected cost arising from this first year warranty obligation.

(iii) Sale of services
Revenue in respect of service contracts is recognised in equal instalments over the life of the contract. Revenue for extended warranty is released over the warranty period which based on historical experience of claims made by customers, recognises a larger proportion of the revenue as the machine becomes older. The deferred income is held as a creditor in the statement of financial position until revenue has been fully released at the end of the service or warranty period.

(iv) Other operating income
Other operating income includes services to group companies, exchange gains and the sale of waste materials.

(v) Deferred income
Deferred income relates to warranty and service contracts sold in conjunction with machines, which are recognised over the period of the warranty.

(g) Exceptional items
Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view. These are disclosed separately to provide further understanding of the financial performance of the Company.

1 Principal accounting policies (continued)

(h) Employee benefits
The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

(i) Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period-end and that are expected to apply to the reversal of the timing difference.

(k) Research and development
All research and development expenditure is written off as incurred, as is expenditure in respect of patents and trademarks.

1 Principal accounting policies (continued)

(l) Intangible assets
Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. software is amortised over its estimated useful life of 4 years on a straight-line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

(m) Property, plant and equipment
Property, plant and equipment are stated at cost or historical valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation of property, plant and equipment over their estimated useful lives.

The estimated useful lives generally in use are:

Freehold and long leasehold	—	Land	Not depreciated
	—	Buildings	50 years
Plant and machinery	—	Fixed	8 years
	—	Mobile	4 years
Assets under construction			Not depreciated

The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of property, plant and equipment below depreciated cost is charged to the statement of comprehensive income. Assets in the course of construction are not depreciated until they are commissioned. Commissioning is deemed to have occurred once the asset has completed its testing phase and is being utilised in production.

Assets which are solely being held for the purpose of re-sale are separately disclosed in note 9. Where their net book value is below the expected sales proceeds or the asset category is not depreciated, then no further depreciation is charged to the statement of comprehensive income until disposal.

Property, plant and equipment are de-recognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposals proceeds and the carrying amount is recognised in profit or loss.

(n) Leases
At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets
Leases that do not transfer all the risk and rewards of ownership are classified as operating leases. Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

1 Principal accounting policies (continued)

(m) Leases (continued)

(ii) Lease incentives
Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which rent is adjusted to market rates.

(n) Inventories
Inventories are valued on a weighted average basis at the lower of cost and estimated selling price less cost to complete, which includes production overheads. Provision is made for those parts that are identified as obsolete, slow moving, or have inventory levels in excess of normal usage levels.

If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

(o) Impairment of non-financial assets
At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

(p) Investments
Investments in subsidiaries are valued at cost less accumulated impairment losses. An impairment review is undertaken if events occur that suggest the carrying value may not be recoverable in full.

(q) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1 Principal accounting policies (continued)

(r) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(s) Financial instruments
The Company has chosen to adopt the recognition and measurement provisions of IAS 39 (as amended following the publication of IFRS 9) and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Classification
The Company classifies its financial assets in the following categories:
- measured at fair value through profit or loss (FVTPL);
- measured at fair value through other comprehensive income (FVOCI); and
- measured at amortised cost

Financial liabilities are classified in the following categories:
- measured at fair value through profit or loss (FVTPL); and
- measured at amortised cost

(ii) Measurements
At initial recognition, the Company measures a financial asset and liability at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Assets classified as subsequently measured at amortised cost, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in the statement of comprehensive income. On de-recognition, any gain or loss is recognised in the statement of comprehensive income.

Assets classified as subsequently measured at fair value through other comprehensive income, the interest revenue, expected credit losses and foreign exchange gains or losses are recognised in the statement of comprehensive income. Other gains and losses on re-measurement to fair value are recognised in other comprehensive income. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of comprehensive income.

Assets classified as subsequently measured at fair value through profit and loss, all gains and losses are recognised in the statement of comprehensive income.

1 Principal accounting policies (continued)

(s) Financial instruments (continued)

(ii) Measurements (continued)
Financial liabilities held for trading; derivatives; and financial liabilities designated as at fair value through profit or loss on initial recognition are subsequently measured at fair value with all gains and losses being recognised in the statement of comprehensive income.

Financial liabilities that are not classified at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

(iii) Derivative and hedging activities
The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in the statement of comprehensive income and accumulated in reserves in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the statement of comprehensive income.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(iv) Impairment
At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

1 Principal accounting policies (continued)

Financial instruments (continued)

(iv) Impairment (continued)
If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

(v) De-recognition
Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are de-recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or has expired.

(vi) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(t) Related party transactions
The Company is exempt from the requirement of paragraph 33.1A of FRS 102 to disclose transactions with other group subsidiaries on the grounds that the Company is wholly owned by Bucher Industries AG which publishes consolidated financial statements (note 23). The Company is included in the consolidated financial statements of Bucher Industries AG, whose financial statements are publicly available. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that are included in the consolidated financial statements of Bucher Industries AG.

1 Principal accounting policies (continued)

(u) Critical judgements and estimates in applying the accounting policies
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of property, plant and equipment and note 1 for the useful economic lives for each class of asset.

(ii) Obsolete stock provisions
Obsolete stock is calculated using a formula that takes into account slow and non-moving parts and also progressively writes down those parts which have quantities that are in excess of current annual sales levels.

(iii) Warranty provisions and warranty campaigns
Warranty costs are calculated with reference to the level of sales of each product category during the preceding 12 month period and the average percentage first year warranty cost per machine category. The cost of any warranty campaigns that have been identified but not completed is estimated and included in separate provisions.

2 Revenue

Geographical analysis of revenue by destination:	**2015**	2014
	£'000	£'000
Europe	**69,537**	62,290
Rest of the world	**17,100**	16,869
	86,637	79,159

All sales relate to street cleansing related business and originate in the United Kingdom.

An analysis of revenue by category :

	2015	2014
	£'000	£'000
Sale of goods	**84,127**	76,964
Sale of services	**2,510**	2,195
	86,637	79,159

3 Net operating expenses

	2015	2014
	£'000	£'000
Change in inventory of finished goods and work-in-progress	**(1,869)**	(4,356)
Raw materials and consumables	**48,546**	46,831
Other operating income	**(1,253)**	(1,168)
Other operating charges	**11,052**	11,462
Staff costs (see note 5)	**18,095**	17,839
Depreciation and amortisation of owned assets	**1,804**	1,692
Operating expenses less other income	**76,375**	72,300
Operating profit is stated after charging / (crediting) :		
Operating lease rentals	**749**	746
Currency exchange rate gains	**(382)**	(35)
Research and development costs	**2,950**	3,313
Services provided by the company's auditor:		
Fees payable for the audit	**45**	46
Fees payable for other services	**15**	-

4 Directors' remuneration

	2015	2014
	£'000	£'000
Aggregate remuneration	**588**	548
Contributions to group personal pension schemes	**28**	28

The Company operates a group personal pension scheme with Legal & General. This is a defined contribution scheme. Retirement contributions were paid to 4 of the directors holding office during the year (2014: 4).

Highest paid director	**2015**	2014
	£'000	£'000
Aggregate remuneration	**165**	152
Contributions to group personal pension schemes	**8**	8

The remuneration of one director is paid by the parent company Bucher Industries AG. This director receives no remuneration in respect of their services to the Company.

5 Employee information including pensions

	2015 £'000	2014 £'000
Wages and salaries	**15,628**	15,529
Social security costs	**1,737**	1,649
Other pension costs	**730**	661
Staff costs	**18,095**	17,839

The above figures include £58,230 (2014: £34,460) in redundancy payments made during the year. There were no outstanding pension contributions payable to the scheme as at the 31 December 2015 (2014: £nil).

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2015 Number	2014 Number
Direct	**254**	256
Indirect	**227**	225
Total	**481**	481

6 Net finance cost

	2015 £'000	2014 £'000
Bank interest receivable	**(11)**	(42)
Group interest receivable	**(12)**	(6)
Finance income	**(23)**	(48)
Sundry interest/charges	-	-
Group interest payable	**655**	641
Finance cost	**655**	641
Net finance cost	**632**	593

Johnston Sweepers Limited

Notes to the financial statements for the year ended 31 December 2015

7 Income tax expense

Analysis of charge in the year	2015	2014
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	**1,970**	1,370
Adjustments in respect of prior years	**(126)**	(212)
Total current tax	**1,844**	1,158
Deferred tax:		
Capital allowances and other timing differences	**79**	222
Adjustments in respect of prior years	**(539)**	(280)
Total deferred tax (note 13)	**(460)**	(58)
Tax on profit	**1,384**	1,100

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014:21.5%). The main rate of corporation tax was reduced from 21% to 20% with effect from 1 April 2015 (23% to 21% with effect from 1 April 2014). Under current legislation already enacted the rate is set to fall to 19% from 1 April 2017 and to 18% from 1 April 2020. Under draft legislation which had not been enacted at the date of approval of the financial statements it is proposed that the rate will in fact fall to 17% from 1 April 2020. Given this, the Company expects a reduction in its effective tax rate in future years.

The Company's profit for the financial year has been taxed at an effective rate of 11.1% (2014: 8.8%). The difference between the actual tax charge and the standard rate of corporation tax is explained as follows:

	2015	2014
	£'000	£'000
Profit before taxation	**12,426**	12,453
Profit multiplied by standard rate in the UK of 20.25% (2014: 21.5%)	**2,516**	2,676
Effects of:		
Expenses not deductible for tax purposes	**80**	186
Capital disposals	**(15)**	(224)
Income not subject to tax	**(532)**	(1,046)
Adjustments in respect of prior years	**(665)**	(492)
Total tax charge for the year	**1,384**	1,100

8 Intangible assets

	Computer software £'000	Total £'000
Cost or valuation		
At 1 January 2015	209	209
Additions	50	50
Disposals	(1)	(1)
At 31 December 2015	**258**	**258**
Accumulated amortisation		
At 1 January 2015	184	184
Charge for the year	18	18
Disposals	(1)	(1)
At 31 December 2015	**201**	**201**
Net book value		
At 31 December 2015	**57**	**57**
At 31 December 2014	25	25

Johnston Sweepers Limited

Notes to the financial statements for the year ended 31 December 2015

9 Property, plant and equipment

	Assets held for resale	Land and buildings	Plant and machinery	Asset under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2015	137	16,345	13,338	96	29,916
Additions	8	66	680	-	754
Disposals	(145)	(2)	(1,169)	-	(1,316)
Reclassification	-	-	96	(96)	-
At 31 December 2015	**0**	**16,409**	**12,945**	**0**	**29,354**
Accumulated depreciation					
At 1 January 2015	-	1,657	8,360	-	10,017
Charge for the year	-	545	1,241	-	1,786
Disposals	-	-	(1,162)	-	(1,162)
At 31 December 2015	**0**	**2,202**	**8,439**	-	**10,641**
Net book value					
At 31 December 2015	**0**	**14,207**	**4,506**	-	**18,713**
At 31 December 2014	137	14,688	4,978	96	19,899

Land and buildings includes £3,765,000 (2014: £3,902,000) of freehold land that is not depreciated.

The Company's freehold and leasehold interests in land and buildings in the United Kingdom were valued by Messrs. Gerald Eve, Chartered Surveyors as at 31 December 1998, for a value of £5,272,000. The valuations were prepared in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors (the Red Book) on the basis of existing use. The valuations were incorporated into the balance sheet at 31 December 1998 as equivalent to cost, and have been retained at their carrying amounts. The Company continues to use this valuation as deemed cost by adopting the transition exemption under FRS 102 paragraph 35.10(d).

Johnston Sweepers Limited

Notes to the financial statements for the year ended 31 December 2015

10 Investments

Investments

	Group companies £'000
Cost and net book value	
At 31 December 2014 and at 31 December 2015	4,853

The Company has the following subsidiaries:

Name and address	Proportion of capital held by the Company	Country of incorporation	Activity
Bucher Municipal Pty Limited 65-73 Nantilla Road,Clayton,Victoria, 3168 NSW, Australia	100	Australia	Manufacture of refuse vehicles and distribution of Johnston road cleansing
Beam A/S Salten Skovvej 4-6, DK8653, Denmark	100	Denmark	Manufacture of special application road sweeping vehicles and distribution of Johnston road cleansing equipment
Johnston Engineering Limited Curtis Road, Dorking, Surrey, UK	100	United Kingdom	Dormant

The share classes held are ordinary shares unless otherwise stated.

11 Inventories

	2015	2014
	£'000	£'000
Raw materials and consumables	**63**	134
Work-in-progress	**7,255**	6,705
Finished goods and goods for resale	**6,348**	8,767
	13,666	15,606

The amount of inventory recognised as an expense during the year was £45,693,000 (2014: £41,486,000).

There is no material difference between the carrying amount of inventory and the replacement cost.

12 Trade and other receivables

	2015	2014
	£'000	£'000
Trade receivables	**5,525**	5,705
Amounts owed by group undertakings - cashpooling	**4,267**	3,269
Amounts owed by group undertakings - other	**3,637**	4,035
Other debtors	**122**	69
Other taxation and social security	**137**	5
Prepayments and accrued income	**669**	436
	14,357	13,519

The Company participates in the Bucher Group euro cashpool facility, the interest rate on daily balances held within the cashpool during the year was 0.25%.

Other amounts owed by group undertakings are unsecured, interest free and repayable in the range of 30 to 90 days from the end of the month of invoice

13 Deferred Tax

	2015 £'000	2014 £'000
Deferred tax liability at beginning of the year	**(323)**	(381)
Movement due to origin and reversal of timing differences	**460**	58
Movement in year (note 7)	**460**	58
Deferred tax asset / (liability) at end of the year	**137**	(323)

	2015 £'000	2014 £'000
Accelerated capital allowances	**32**	(425)
Short term timing differences	**105**	102
Deferred tax asset / (liability)	**137**	(323)

Deferred tax liabilities have been calculated on the basis of the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates that had been enacted or substantively enacted at the reporting date.

14 Called up share capital and other reserves

	2015 £'000	2014 £'000
Authorised		
100,000 (2014: 100,000) ordinary shares of £1 each	**100**	100
Allotted and fully paid		
8,000 (2014: 8,000) ordinary shares of £1 each	**8**	8

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14 Called up share capital and other reserves (continued)

Other reserves
Other reserves consist of the following amounts:

	Hedging reserve	Revaluation reserve	Total
	£'000	**£'000**	**£'000**
At 1 January 2015	(66)	249	183
Hedging	(61)	-	(61)
At 31 December 2015	**(127)**	**249**	**122**

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Changes in the fair values of derivatives are recognised in the statement of comprehensive income. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

15 Trade and other payables

	2015	2014
	£'000	£'000
Trade payables	**10,095**	9,746
Amounts owed to group undertakings	**896**	1,090
Other creditors	**532**	705
Corporation tax	**658**	433
Other taxation and social security	**931**	461
Accruals and deferred income	**4,761**	4,052
	17,873	16,487

In respect of the amounts owed to group undertakings, no fixed repayment terms exist and no interest is accruing in respect of these amounts.

16 Provisions for liabilities

	Warranty £'000	Other £'000	Total £'000
At 1 January 2015	1,312	177	1,489
Charged to the profit and loss	1,330	243	1,573
Utilised during the year	(1,477)	(127)	(1,604)
At 31 December 2015	**1,165**	**293**	**1,458**

17 Non-current trade and other payables

	2015 £'000	2014 £'000
Amounts owed to group undertakings	**19,950**	17,950

Amounts owed to group undertakings comprise of loans from Bucher Guyer Finanz AG, the loans expire between June 2019 and June 2020. Interest is charged at rates of between 1.85% to 2.57% above LIBOR, which is regularly reviewed. The total interest charge on group loans in 2014 and 2015 is shown in note 6.

18 Dividends

Equity - Ordinary	**2015 £'000**	2014 £'000
Interim paid : £1,375 per £1 share (2014: £875.00)	**11,000**	7,000

19 Contingent liabilities

There is a contingent liability in respect of a bond guarantee entered into in the ordinary course of business. This liability is valued at £200,000 at the 31 December 2015 (2014: £200,000).

20 Capital commitments

	2015	2014
	£'000	£'000
Capital commitments contracted for but not provided	**27**	173

21 Financial commitments

At 31 December the Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2015	2014
	£'000	£'000
Payments due:		
Not later than one year	**532**	605
Later than one year and not later than five years	**1,125**	1,247
Later than five years	**7,376**	7,565
	9,033	9,417

22 Post balance sheet events

There were no material post balance sheet events.

23 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Bucher Industries AG, a Company incorporated in Switzerland listed on the SIX Swiss exchange (BUCN). The largest and smallest group in which the results of the Company are consolidated is that of its ultimate parent company, Bucher Industries AG.
Consolidated financial statements are available from Bucher Industries AG, Murzlenstrasse 80 CH-8166
Niederweningen, Switzerland, or via download from the investor relations section of the group website: www.bucherind.com.

24 Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The Company has early adopted the amendments to FRS 102. The changes in accounting policies have no impact on the financial year ended 31 December 2014.

Transition exemptions

The Company has taken the following transition exemptions in preparing its first financial statements under FRS 102

(i) The Company has taken advantage of the transition exemption under paragraph 35.10(d) of FRS 102 in respect of using a previous GAAP revaluation of land and buildings at, or before, the date of transition to FRS 102 as its deemed cost at the revaluation date.

(ii) The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition (1 January 2014) to FRS 102 and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.