

Schwing Stetter (UK) Ltd

Annual report and financial statements

For the year ended 31 December 2016

Registered number 00412041



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Strategic report

Principal activity and review of the business

The Company is a wholly owned subsidiary of Schwing GmbH, a company incorporated in Germany. Schwing GmbH is itself 100% owned by XS Holding GmbH (a company incorporated in Germany) with the ultimate controlling party of the Company being Jiangsu Xuzhou SASAC, a company incorporated and registered in China.

The Company's principal activity is distribution of construction equipment in the United Kingdom and Ireland. There were no significant changes in the Company's principal activities in the year under review. The Directors do not anticipate any major changes in the Company's activities in the next year.

Schwing GmbH invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as part of the Group, in the medium to long term future.

As shown in the Company's profit and loss account on page 8, the Company's turnover was £16,812k, an increase of 33% since the prior year, partly as a result of growth in the construction market. The profit for the financial year has increased by 5% to £1,031k, reflecting lower gross margins which declined from 28% to 21% due to change in product mix and adverse exchange rate fluctuations.

The balance sheet on page 9 of the financial statements shows that the Company has continued to manage its working capital with diligence.

Schwing GmbH manages its operations on a group-wide basis. For this reason, the directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Outlook

Despite increasing economic uncertainty and the weakening value of sterling as we go into 2017, the Company is cautiously optimistic about its prospects.

Principal risks and uncertainties

The principal risk to the Company concerns the on-going economic uncertainty, not least surrounding the United Kingdom's decision to leave the European Union, which could lead to reduced sales. To manage this risk, the Company strives to provide added-value products and excellent service to its customers. This policy leads to long-term commercial relationships with customers.

The Company buys products from other overseas subsidiaries and is therefore exposed to currency movements on such purchases. Where appropriate, the Company manages this risk with forward exchange contracts and by buying and selling in the same currency whenever possible.


Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that may be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in notes 7 and 8 to the financial statements.

On behalf of the board



NA Coupe
Company Secretary

13 June 2017

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2016:

Financial risk management

The directors are of the view that the main risks arising from the Company's financial instruments are currency risk and credit risk. Currency risk arises on goods and services provided by other group companies and is not specifically hedged. In respect of liquidity, the Company holds sufficient cash balance for its day to day requirements.

Future developments

As stated in the Strategic report, the directors expect 2017 to be another profitable year in spite of the prevailing economic headwinds.

Dividends and appropriations

An interim dividend of £670k was paid during the year in respect of the year ended 31 December 2016 (2015: £355k). The directors do not recommend the payment of a final dividend (2015: £nil).

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

JH Byrne
NA Coupe
KH Kappelmann

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps they ought to have taken as a director 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, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

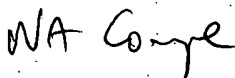
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



NA Coupe
Director

Unit 11
Perivale Industrial Est
Horsenden Lane South
Greenford
Middlesex
UB6 7RL

13 June 2017

Independent auditors' report to the members of Schwing Stetter (UK) Ltd

Report on the financial statements

Our opinion

In our opinion, Schwing Stetter (UK) Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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 balance sheet as at 31 December 2016;
- the profit and loss account 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; and
- 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.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
13 June 2017

Financial statements for the year ended 31 December 2016

Profit and loss account

	<i>Note</i>	2016 £000	2015 £000
Turnover	5	16,812	12,637
Cost of sales		(13,306)	(9,137)
Gross profit		3,506	3,500
Administrative expenses		(2,211)	(2,246)
Operating profit	6	1,295	1,254
Interest payable and similar charges	9	(7)	(6)
Profit on ordinary activities before taxation		1,288	1,248
Tax on profit on ordinary activities	10	(257)	(267)
Profit and total other comprehensive income for the financial year		1,031	981

The above results relate to continuing operations.

The Company has no other comprehensive income for the current or preceding year.

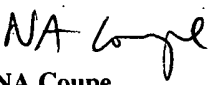
The notes on pages 11 to 20 are an integral part of these financial statements.

Balance sheet
at 31 December 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Investments	11		-		-
Tangible assets	12		270		312
Current assets					
Inventories	13	3,009		2,905	
Debtors	14	1,444		2,129	
Cash at bank and in hand		1,500		312	
		<u>5,953</u>		<u>5,346</u>	
Creditors: Amounts falling due within one year	15	<u>(1,288)</u>		<u>(1,078)</u>	
Net current assets			<u>4,665</u>		<u>4,268</u>
Total assets less current liabilities			<u>4,935</u>		<u>4,580</u>
Provisions for liabilities and charges	16		(12)		(18)
Net assets			<u>4,923</u>		<u>4,562</u>
Capital and reserves					
Called up share capital	17		8		8
Other reserves			8		8
Profit and loss account			4,907		4,546
Total equity			<u>4,923</u>		<u>4,562</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board of Directors on 13 June 2017 and signed on its behalf by:


NA Coupe
Director

Company number: 00412041

Statement of changes in equity
For the year ended 31 December 2016

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total Equity £000
Balance as at 1 January 2015	8	8	3,920	3,936
Profit for the year	-	-	981	981
Dividends (note 18)	-	-	(355)	(355)
Balance as at 31 December 2015	8	8	4,546	4,562

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total Equity £000
Balance as at 1 January 2016	8	8	4,546	4,562
Profit for the year	-	-	1,031	1,031
Dividends (note 18)	-	-	(670)	(670)
Balance as at 31 December 2016	8	8	4,907	4,923

Notes to the financial statements *(forming part of the financial statements)*

1 General Information

Schwing Stetter (UK) Ltd manufactures and distributes construction equipment in the United Kingdom and Ireland. The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unit 11, Perivale Industrial Est, Horsenden Lane South, Greenford, Middlesex UB6 7RL.

2 Statement of compliance

The individual financial statements of Schwing Stetter (UK) Ltd 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.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

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 4.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

Going concern

The Company meets its day-to-day working capital requirements through its management of working capital. The current economic conditions continue to create uncertainty over (a) the level of demand for the Company's products; and (b) the availability of 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 cash flows. 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.

Exemptions taken under FRS 102

Under FRS 102, the Company is exempt from the requirement to prepare a cash flow statement and disclosure of compensation for key management personnel on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary, the Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Consolidated financial statements

The Company is a wholly owned subsidiary of Schwing GmbH and of its parent, XS Holding GmbH. It is included in the consolidated financial statements of XS Holding GmbH which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the Company's separate financial statements.

Notes to the financial statements *(continued)*

3 Summary of significant accounting policies *(continued)*

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	30% reducing balance
Computer equipment	-	33% straight line
Leasehold improvements	-	15% straight line

Investments

Investments are measured at cost, less any provisions for impairment.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. 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 profit and loss account. 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 profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added 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 and (d) it is probable that future economic benefits will flow to the entity.

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. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements (*continued*)

3 Summary of significant accounting policies (*continued*)

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.

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised 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) 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

(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 plan

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 payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds. Contributions payable for the year are charged in the profit and loss account.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Notes to the financial statements *(continued)*

3 Summary of significant accounting policies *(continued)*

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(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.

Notes to the financial statements (*continued*)

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets, and note 3 for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The Company distributes construction equipment, for which demand can fluctuate significantly. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of inventories.

(iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

5 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax. Turnover is recognised when the principal risks and rewards of ownership transfer to the customer, which is normally at the point of despatch.

Turnover and pre-tax profit, which predominantly arises in the United Kingdom, is attributable to the selling of construction equipment and associated spare parts and maintenance services. Management does not consider it appropriate to split the Turnover into any other sub-categories.

6 Operating profit

	2016 £000	2015 £000
<i>Operating profit is stated after charging/(crediting)</i>		
Impairment of trade receivables	21	4
Depreciation of fixed assets	96	91
Profit on disposal of fixed assets	(2)	(6)
Operating leases:		
Land and buildings	74	74
<i>Auditors' remuneration:</i>		
Audit of these financial statements	19	19

Notes to the financial statements *(continued)*

7 Remuneration of directors

	2016 £000	2015 £000
Directors' emoluments	289	277
Company pension contribution to money purchase scheme	51	42
	<u>340</u>	<u>319</u>

Emoluments in respect of the highest paid director amounted to £188,520 (2015: £184,629).

Retirement benefits are accruing to two directors under separate defined contribution pension schemes (2015: two).

8 Staff numbers and costs

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

	Number of employees	
	2016	2015
Administration	11	11
Direct	10	8
	<u>21</u>	<u>19</u>

The aggregate payroll costs of these persons during the year were as follows:

	2016 £000	2015 £000
Wages and salaries	993	886
Social security costs	106	104
Other pension costs	77	76
	<u>1,176</u>	<u>1,066</u>

9 Interest payable and similar charges

	2016 £000	2015 £000
Bank charges	7	6

Notes to the financial statements (continued)

10 Tax on profit on ordinary activities

i) Analysis of charge in year

	2016 £000	2015 £000
<i>UK corporation tax</i>		
Current tax on profits for the year	266	260
Adjustment for prior period	(3)	-
Deferred tax (see note 16)		
Origination of timing differences	(6)	7
	<u>257</u>	<u>267</u>
Tax on profit on ordinary activities	<u>257</u>	<u>267</u>

ii) Factors affecting the tax charge for the current year

The differences between the total tax charge for the year and the standard rate of corporation tax in the UK of 20% (2015: 20.25%) are explained below:

	2016 £000	2015 £000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before taxation	1,288	1,248
	<u>257</u>	<u>253</u>
Current tax at 20 % (2015: 20.25%)	257	253
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	14
Adjustment for prior period	(3)	-
	<u>257</u>	<u>267</u>
Total tax charge (see above)	<u>257</u>	<u>267</u>

iii) Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budgets on 8 July 2015 and 16 March 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

As the changes had been substantively enacted at the balance sheet date, their effects are included in these financial statements.

11 Investments

	2016 £	2015 £
Shares in subsidiary undertakings	20	20

	Country of incorporation	Principal activity	Class and percentage of shares held	Net assets £
Schwing Limited	UK	Dormant	Ordinary 100%	10
Burlington Engineers Limited	UK	Dormant	Ordinary 100%	10

Notes to the financial statements *(continued)*

12 Tangible assets

	Leasehold improvements	Fixtures and fittings	Computer, equipment,	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	202	300	27	332	861
Additions	-	17	12	46	75
Disposals	-	-	-	(68)	(68)
At end of year	202	317	39	310	868
Accumulated Depreciation					
At beginning of year	201	223	6	119	549
Charge for the year	-	21	11	64	96
Disposals	-	-	-	(47)	(47)
At end of year	201	244	17	136	598
Net book value					
At 31 December 2016	1	73	22	174	270
At 31 December 2015	1	77	21	213	312

13 Inventories

	2016 £000	2015 £000
Goods for resale	3,009	2,905

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

14 Debtors

	2016 £000	2015 £000
Trade debtors	1,342	2,029
Other debtors	12	14
Prepayments and accrued income	90	86
	1,444	2,129

Trade debtors are stated after provisions for impairment of £25,000 (2015: £4,000).

Notes to the financial statements (continued)

15 Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	46	147
Amounts owed to group undertakings	419	308
Other taxation and social security	400	335
Corporation tax	116	121
Accruals and deferred income	307	167
	<u>1,288</u>	<u>1,078</u>

Amounts due to group undertakings are unsecured, interest free, and are repayable on demand.

16 Provisions for liabilities

The amount provided for deferred taxation is set out below:

	Deferred taxation 2016 £000	Deferred taxation 2015 £000
Difference between accumulated depreciation and capital allowances	20	25
Other timing differences	(8)	(7)
	<u>12</u>	<u>18</u>

Movement in the year is as follows:

	2016 £000
At beginning of year	18
Credit to the profit and loss for the year	(6)
	<u>12</u>

17 Called up share capital

	2016 £000	2015 £000
Allotted, called-up and fully paid:		
86 (2015: 86) ordinary shares of 50p each	-	-
7,860 (2015: 7,860) deferred non participating for dividends of £1 each	8	8
	<u>8</u>	<u>8</u>

Notes to the financial statements (continued)

18 Dividends

	2016 £000	2015 £000
Interim dividend of £7,791 (2015: £4,128) per ordinary share of 50p each	670	355

19 Pension commitments

The Company operates a defined contribution scheme. The assets of the defined contribution scheme are held separately from the Company in independently administered funds. The pension cost charge relating to defined contribution schemes represents the contributions paid by the Company during the year and amounted to £77,000 (2015: £76,000). Two directors were members of the pension scheme during the year. Outstanding contributions were £43,000 at the year end (2015: £43,000).

20 Commitments

At 31 December 2016, the Company had total commitments under non-cancellable operating lease agreements expiring as follows:

	2016 £000	2015 £000
Within one year	95	79
Between two and five years	334	296
After five years	56	37

The Company had no other off-balance sheet arrangements.

At the year end, the Company had capital commitments of £nil (2015: £nil).

21 Ultimate parent company and parent undertaking

The Company is a wholly owned subsidiary of Schwing GmbH, a company incorporated in Germany. Schwing GmbH is itself 100% owned by XS Holding GmbH (a company incorporated in Germany), with the ultimate controlling party of the Company being Jiangsu Xuzhou SASAC, a company incorporated and registered in China.

The largest group in which the results of the Company are consolidated is that headed by Jiangsu Xuzhou SASAC, incorporated in China. The consolidated financial statements of Jiangsu Xuzhou SASAC are not available to the public.

The smallest group in which the result of the Company are consolidated is that headed by XS Holding GmbH, incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of this group may be obtained from:

XS Holding GmbH
Heerstrasse 9-27
D-44653 Herne
Germany