

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2022  
for  
Schwing Stetter (UK) Ltd



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for the Year Ended 31 December 2022

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Schwing Stetter (UK) Ltd

Company Information

for the Year Ended 31 December 2022

**DIRECTORS:**

N A Coupe  
J H Byrne  
C Ries

**REGISTERED OFFICE:**

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

**REGISTERED NUMBER:**

00412041 (England and Wales)

**AUDITORS:**

Curo Professional Services Ltd, Statutory Auditors  
Curo House  
Greenbox  
Westonhall Road  
Bromsgrove  
Worcestershire  
B60 4AL

Strategic Report  
for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

**REVIEW OF 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 the 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.

The balance sheet on page 11 of the financial statements shows that the Company has invested in its working capital to support future customer demand.

**OVERVIEW AND FUTURE DEVELOPMENTS**

The Directors are cautiously optimistic about the Company's prospects for 2023. The company intends to continue with its principal activities.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business is subject to a number of risks including commercial risk, price risk, credit risk, currency risk and interest rate cash flow risk. The mitigation of these risks is outlined below.

**Commercial risk**

The company continues to improve its services and enhance its central quality systems in order to maintain and develop its market place penetration.

**Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team.

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of price increases and currency fluctuations.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

**Currency risk**

The company is exposed to currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing the exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits, and as such no hedge accounting is applied. The company operates foreign currency bank accounts in order to offset foreign currency receipts and payments, and purchases forward when it is considered appropriate to do so.

**Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Strategic Report  
for the Year Ended 31 December 2022

**KEY PERFORMANCE INDICATORS**

Management uses a variety of relevant key performance indicators such as turnover and margins.

As shown in the Company's profit and loss account on page 9, the Company's turnover was £13,923k, a decline of 9% against the previous year. The profit for the financial year was £90k, compared with £330k in 2021.

The gross profit margin was up from 20.6% in 2021 to 21.9% in 2022. Profit before taxation was £105k compared to £425k in 2021.

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.

**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 note 5 to the financial statements.

**THIRD PARTY INDEMNITY PROVISION**

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

**ON BEHALF OF THE BOARD:**

*NA Coupe*

.....  
N A Coupe - Director

22/08/2023  
Date: .....

Report of the Directors  
for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

**PRINCIPAL ACTIVITY**

The Company's principal activity is the distribution of construction equipment in the United Kingdom and Ireland.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N A Coupe  
J H Byrne  
C Ries

**GOING CONCERN**

The company meets its day-to-day working capital requirements through its cash reserves, and through inter-company funding. The current economic conditions continue to create uncertainty over the level of demand for the company's products, but the company's cash flow forecasts, taking account of reasonably foreseeable changes in trading performance, show that the company should be able to continue to operate.

Management have assessed the cash flow forecasts for a period of 12 months after the signing approval of the financial statements. The cash flow forecasts reflected that the entity will continue to have positive cash flows for 12 month period after the signing of the financial statements. The company will therefore continue to have available funds needed to pay its liabilities when they fall due. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Schwing Stetter (UK) Ltd (Registered number: 00412041)

Report of the Directors  
for the Year Ended 31 December 2022

**AUDITORS**

The auditors, Curo Professional Services Ltd, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

*NA Coupe*

.....  
N A Coupe - Director

22/08/2023  
Date: .....

### **Opinion**

We have audited the financial statements of Schwing Stetter (UK) Ltd (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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



**Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

The level of risk and ability to detect irregularities due to non-compliance with laws and regulations was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the company's policies, procedures and compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

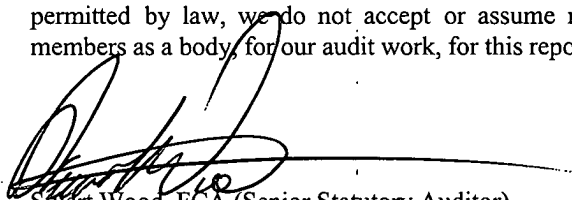
**Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, there is a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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



Stuart Wood, FCA (Senior Statutory Auditor)  
for and on behalf of Curo Professional Services Ltd, Statutory Auditors  
Curo House  
Greenbox  
Westonhall Road  
Bromsgrove  
Worcestershire  
B60 4AL

Date: 22/8/23

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**Identifying and responding to risks of material misstatement due to fraud**

The level of risk and ability to detect irregularities due to fraud was considered during the planning stage of the audit. A risk assessment was undertaken, taking into consideration the Company's policies, procedures and enquiries with management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and considering our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls and the risk of fraudulent transactions, in particular the risk that management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- Evaluating the business purpose of journal entries and comparing the identified entries to supporting documentation.
- Evaluating the business purpose of significant bank payments and receipts and comparing these to supporting documentation.
- Walkthrough and further substantive testing on sales and expenses to identify weaknesses and override of internal controls.
- Using analytical procedures to identify any unusual or unexpected variances.

Income Statement  
for the Year Ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>		13,923	15,365
Cost of sales		10,872	12,197
<b>GROSS PROFIT</b>		3,051	3,168
Administrative expenses		2,935	2,734
<b>OPERATING PROFIT</b>	6	116	434
Interest payable and similar expenses	7	11	9
<b>PROFIT BEFORE TAXATION</b>		105	425
Tax on profit	8	15	95
<b>PROFIT FOR THE FINANCIAL YEAR</b>		90	330

Other Comprehensive Income  
for the Year Ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>PROFIT FOR THE YEAR</b>		90	330
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		90	330

Balance Sheet31 December 2022

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	260	270
Investments	10	-	-
		<u>260</u>	<u>270</u>
<b>CURRENT ASSETS</b>			
Stocks	11	4,383	2,820
Debtors	12	3,131	3,280
Cash at bank		1,241	615
		<u>8,755</u>	<u>6,715</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	2,621	686
		<u>2,621</u>	<u>686</u>
<b>NET CURRENT ASSETS</b>		<u>6,134</u>	<u>6,029</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,394</u>	<u>6,299</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	38	33
		<u>38</u>	<u>33</u>
<b>NET ASSETS</b>		<u><u>6,356</u></u>	<u><u>6,266</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	8	8
Capital redemption reserve	16	8	8
Retained earnings	16	6,340	6,250
		<u>6,356</u>	<u>6,266</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22/08/2023 and were signed on its behalf by:

**NA Coupe**

.....  
N A Coupe - Director

Statement of Changes in Equity  
for the Year Ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total equity £'000
<b>Balance at 1 January 2021</b>	8	5,920	8	5,936
<b>Changes in equity</b>				
Total comprehensive income	-	330	-	330
<b>Balance at 31 December 2021</b>	8	6,250	8	6,266
<b>Changes in equity</b>				
Total comprehensive income	-	90	-	90
<b>Balance at 31 December 2022</b>	8	6,340	8	6,356

Notes to the Financial Statements  
for the Year Ended 31 December 2022

**1. STATUTORY INFORMATION**

Schwing Stetter (UK) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The financial statements have been rounded to the nearest £1,000.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

The company meets its day-to-day working capital requirements through its cash reserves, and through inter-company funding. The current economic conditions continue to create uncertainty over the level of demand for the company's products, but the company's cash flow forecasts, taking account of reasonably foreseeable changes in trading performance, show that the company should be able to continue to operate.

Management have assessed the cash flow forecasts for a period of 12 months after the approval and signing of the financial statements. The cash flow forecasts reflected that the entity will continue to have positive cash flows for 12 month period after the signing of the financial statements. The company will therefore continue to have available funds needed to pay its liabilities when they fall due. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d).

**Preparation of 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. They are available from XS Holding GmbH, Heerstrasse 9-2, D-44653 Herne, Germany

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

3. **ACCOUNTING POLICIES - continued**

**Turnover**

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.

**Tangible fixed assets**

Tangible fixed assets are stated at 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

**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.

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.



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

3. **ACCOUNTING POLICIES - continued**

**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 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.

**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.

**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.

**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.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

**3. ACCOUNTING POLICIES - continued**

**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.

**Leases**

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

**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  
for the Year Ended 31 December 2022

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF 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 fixed assets**

The annual depreciation charge for tangible fixed 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 9 for the carrying amount of the tangible fixed 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 12 for the net carrying amount of the debtors and associated impairment provision.

**5. EMPLOYEES AND DIRECTORS**

	2022	2021
	£'000	£'000
Wages and salaries	1,366	1,171
Social security costs	173	142
Other pension costs	146	166
	<u>1,685</u>	<u>1,479</u>

The average number of employees during the year was as follows:

	2022	2021
Administration	11	11
Direct	12	11
	<u>23</u>	<u>22</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

5. **EMPLOYEES AND DIRECTORS - continued**

	2022	2021
	£'000	£'000
Directors emoluments	261	249
Defined contribution pension scheme	75	97
	<u>336</u>	<u>346</u>

Emoluments in respect of the highest paid director amounted to £191,000, including a pension contribution of £40,600 (2021: £197,000, including a pension contribution of £54,000).

Retirement benefits are accruing to two directors under separate defined contribution pension schemes (2021: two).

6. **OPERATING PROFIT**

The operating profit/(loss) is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Impairment of trade receivables	8	6
Depreciation of tangible fixed assets	91	94
(Profit)/loss on disposal of fixed assets	8	(5)
Operating leases - land and buildings	111	111
Foreign exchange (gains)/losses	96	(57)
Auditors' remuneration	22	18
	<u>226</u>	<u>267</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£'000	£'000
Bank interest	11	9
	<u>11</u>	<u>9</u>

8. **TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax	10	93
Deferred tax	5	2
	<u>15</u>	<u>95</u>
Tax on profit	<u>15</u>	<u>95</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

8. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	105	425
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	20	81
Effects of:		
Expenses not deductible for tax purposes	1	10
Capital allowances in excess of depreciation	(5)	-
Timing differences	(1)	4
Total tax charge	15	95

**Factors that may affect future current and total tax charges**

An increase in the UK corporation tax rate from 19% to 25% (with effect from 1 April 2023) was substantively enacted on 24 May 2021. This will have a consequential effect on the company's future tax charge. The year end deferred tax liability has been calculated at the 25% rate.

9. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>				
At 1 January 2022	113	466	34	613
Additions	-	96	-	96
Disposals	-	(33)	-	(33)
At 31 December 2022	113	529	34	676
<b>DEPRECIATION</b>				
At 1 January 2022	81	236	26	343
Charge for year	4	79	8	91
Eliminated on disposal	-	(18)	-	(18)
At 31 December 2022	85	297	34	416
<b>NET BOOK VALUE</b>				
At 31 December 2022	28	232	-	260
At 31 December 2021	32	230	8	270

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

10. **FIXED ASSET INVESTMENTS**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Schwing Limited**

Registered office: Unit 11 Perivale Park, Horsenden Lane South, Greenford, Middlesex, UB6 7RL

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Burlington Engineers Limited**

Registered office: Unit 11 Perivale Park, Horsenden Lane South, Greenford, Middlesex, UB6 7RL

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

11. **STOCKS**

	2022	2021
	£'000	£'000
Stocks	4,383	2,820

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

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade debtors	2,824	2,633
Amounts owed by group undertakings	-	417
Other debtors	40	16
Tax	166	113
Prepayments and accrued income	101	101
	<u>3,131</u>	<u>3,280</u>

Trade debtors are stated after provisions for impairment of £20,000 (2021: £13,000).

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

Included in debtors are amounts payable more than 1 year totalling £731,000 (2021: £650,000).

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade creditors	82	138
Amounts owed to group undertakings	2,039	13
Social security and other taxes	408	407
Other creditors	-	50
Accruals and deferred income	92	78
	<u>2,621</u>	<u>686</u>

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

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

14. **PROVISIONS FOR LIABILITIES**

	2022 £'000	2021 £'000
Deferred tax	38	33
		Deferred tax £'000
Balance at 1 January 2022		33
Provided during year		5
Balance at 31 December 2022		38

The deferred tax provision is broken down into the following balances:

	2022 £'000	2021 £'000
Accelerated capital allowances	45	46
Provisions	(7)	(13)
	38	33

15. **CALLED UP SHARE CAPITAL**

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
86 (2021: 86) ordinary shares of £0.50 each	-	-
7,860 (2021: 7,860) deferred non-participating for dividend of £1 each	8	8
	8	8

16. **RESERVES**

	Retained earnings £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2022	6,250	8	6,258
Profit for the year	90		90
At 31 December 2022	6,340	8	6,348

17. **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 payable by the Company during the year and amounted to £146,000 (2021: £166,000). One director was a member of the pension scheme during the year. Outstanding contributions were £42,770 at the year end (2021: £51,830).

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

**18. CAPITAL COMMITMENTS**

	2022 £'000	2021 £'000
Contracted but not provided for in the financial statements	-	96

**19. ULTIMATE CONTROLLING PARTY**

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