

**Schwing Stetter (UK) Ltd**

**Annual report and financial statements**

**For the year ended 31 December 2020**

**Registered number 00412041**



## Contents

Strategic report	3
Directors' report	5
Independent auditors' report to the members of Schwing Stetter (UK) Ltd	7
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

## **Strategic report**

The directors present their strategic report on the company for the year ended 31 December 2020.

### **Principal activities 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.

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.

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.

### **Overview and Future Developments**

The Directors are cautiously optimistic about the Company's prospects for 2021. 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.

### **Brexit**

On 31 January 2020, the United Kingdom formally withdrew from the EU and on 24 December 2020 the UK and EU announced they had entered into a post Brexit deal on certain aspects of trade and other strategic and political issues. This withdrawal has created added complexity around customs procedures which may last for years. Our business could be negatively affected by new trade agreements between the UK and EU countries and by the possible imposition of trade and other regulatory barriers in the UK. These possible negative impacts could adversely impact our operating results and our customers businesses. The company will continue to monitor the uncertainties around Brexit and manage associated risks accordingly.

### **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 10, the Company's turnover was £11,946k, a decrease of 34% since the previous year. The loss for the financial year was £585k, compared with a profit of £794k in 2019.

The gross profit margin was down from 20.1% 2019 to 16.7% in 2020. Loss before taxation was £718k compared to profit before taxation of £981k in 2019.

### **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 8 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.

By order of the board



NA Coupe  
Company Secretary

17 November 2021

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

### Results and dividends

The loss for the financial year amounted to £585,000 (2019: a profit of £794,000). No interim dividend was paid during the year (2019: *£nil*). The directors do not recommend the payment of a final dividend (2019: *£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

### 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.

The COVID-19 outbreak developed rapidly during 2020. Measures taken by various governments worldwide to contain the virus have affected business and economic activity in various ways. The company has taken a number of measures internally to monitor and prevent the effects of the COVID-19 virus such as health and safety measures for our people (social distancing, working from home etc.) and implementing additional procedures at our site to keep it operating safely. At this stage, management has determined that the impact of COVID-19 does not impact the entity's ability to continue as a going concern. The company will continue to monitor the situation and potential impact to our business.

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.

## Directors' report (continued)

### ***Statement of directors' responsibilities in respect of the financial statements***

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to: select suitable accounting policies and then apply them consistently;

state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;  
make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### **A. Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;  
and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



NA Coupe  
Director

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

17 November 2021

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 31 December 2020; Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with health and safety regulations and UK tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that management may record inappropriate journal entries and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:



- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Challenging assumptions and judgements made by management in their significant accounting estimates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

#### Use of this report

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.

#### Other required reporting

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Emma Sowerby (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

22 November 2021

## Financial statements for the year ended 31 December 2020

### Profit and loss account

#### for the year ended 31 December 2020

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Turnover	5	11,496	18,124
Cost of sales		(9,574)	(14,490)
<b>Gross profit</b>		<b>1,922</b>	<b>3,634</b>
Administrative expenses		(2,634)	(2,646)
<b>Operating (loss)/profit</b>	6	<b>(712)</b>	<b>988</b>
Interest payable and similar expenses	9	(6)	(7)
<b>(Loss)/Profit before taxation</b>		<b>(718)</b>	<b>981</b>
Tax on profit	10	133	(187)
<b>(Loss)/Profit for the financial year</b>		<b>(585)</b>	<b>794</b>

The above results relate to continuing operations.

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

The notes on pages 13 to 23 are an integral part of these financial statements.

**Balance sheet**  
*at 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	<i>11</i>	276	323
Investments	<i>12</i>	-	-
<b>Current assets</b>			
Inventories	<i>13</i>	3,416	5,044
Debtors	<i>14</i>	2,488	3,234
Cash at bank and in hand		1,045	484
		<u>6,949</u>	<u>8,762</u>
<b>Creditors: Amounts falling due within one year</b>	<i>15</i>	<u>(1,258)</u>	<u>(2,532)</u>
<b>Net current assets</b>		<u>5,691</u>	<u>6,230</u>
<b>Total assets less current liabilities</b>		<u>5,967</u>	<u>6,553</u>
<b>Provisions for liabilities</b>	<i>16</i>	<u>(31)</u>	<u>(32)</u>
<b>Net assets</b>		<u>5,936</u>	<u>6,521</u>
<b>Capital and reserves</b>			
Called up share capital	<i>17</i>	8	8
Other reserves		8	8
Profit and loss account		5,920	6,505
<b>Total equity</b>		<u>5,936</u>	<u>6,521</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved by the Board of Directors on 17 November 2021 and signed on its behalf by:

*NA Coupe*

**NA Coupe**  
*Director*

Company number: 00412041

**Statement of changes in equity**  
*For the year ended 31 December 2020*

	<b>Called up share capital £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
Balance as at 1 January 2019	8	8	5,711	5,727
Profit for the year	-	-	794	794
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 31 December 2019</b>	<b>8</b>	<b>8</b>	<b>6,505</b>	<b>6,521</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Called up share capital £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
Balance as at 1 January 2020	8	8	6,505	6,521
Loss for the year	-	-	(585)	(585)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 31 December 2020</b>	<b>8</b>	<b>8</b>	<b>5,920</b>	<b>5,936</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## **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 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.

The COVID-19 outbreak developed rapidly during 2020. Measures taken by various governments worldwide to contain the virus have affected business and economic activity in various ways. The company has taken a number of measures internally to monitor and prevent the effects of the COVID-19 virus such as health and safety measures for our people (social distancing, working from home etc.) and implementing additional procedures at our site to keep it operating safely. At this stage, management has determined that the impact of COVID-19 does not impact the entity's ability to continue as a going concern. The company will continue to monitor the situation and potential impact to our business.

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.

## Notes to the financial statements *(continued)*

### 3 Summary of significant accounting policies *(continued)*

#### *Exemptions taken under FRS 102*

Under section 7 and paragraph 3.17(d) and paragraph 33.7 of 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. They are available from XS Holding GmbH, Heerstrasse 9-2, D-44653 Herne, Germany

#### *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
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

## Notes to the financial statements *(continued)*

### 3 Summary of significant accounting policies *(continued)*

#### *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.

#### *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.

## Notes to the financial statements *(continued)*

### 3 Summary of significant 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.

#### *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 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 11 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 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 (loss)/profit

	2020 £000	2019 £000
<i>Operating (loss)/profit is stated after charging/(crediting)</i>		
Impairment of trade receivables	-	-
Depreciation of fixed assets	99	103
Profit on disposal of fixed assets	(4)	(3)
Operating leases:		
Land and buildings	56	111
Foreign Exchange (Gains)/Losses	-	-
<i>Auditors' remuneration:</i>		
Audit of these financial statements	23	22

## Notes to the financial statements *(continued)*

### 7 Remuneration of directors

	2020 £000	2019 £000
Directors' emoluments	226	253
Company pension contribution to money purchase scheme	66	48
	<u>292</u>	<u>301</u>

Emoluments in respect of the highest paid director amounted to £163,656, including a pension contribution of £31,600 (2019: £177,034, including a pension contribution of £26,140).

Retirement benefits are accruing to two directors under separate defined contribution pension schemes (2019: *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 2020	2019
Administration	11	11
Direct	11	11
	<u>22</u>	<u>22</u>

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

	2020 £000	2019 £000
Wages and salaries	1,120	1,058
Social security costs	137	120
Other pension costs	131	118
	<u>1,388</u>	<u>1,296</u>

### 9 Interest payable and similar expenses

	2020 £000	2019 £000
Bank charges	6	7

## Notes to the financial statements (continued)

### 10 Tax on(loss)/ profit

#### i) Analysis of charge in year

	2020 £000	2019 £000
<i>UK corporation tax</i>		
Current tax on profits for the year	(136)	187
Adjustment in respect of prior year	-	(11)
<i>Deferred tax (see note 16)</i>		
Origination of timing differences	3	11
	<hr/>	<hr/>
<b>Tax (credit)/charge on profit</b>	<b>(133)</b>	<b>187</b>
	<hr/>	<hr/>

#### 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 19% (2019: 19%) are explained below

	2020 £000	2019 £000
<i>Current tax reconciliation:</i>		
Profit before taxation	(718)	981
	<hr/>	<hr/>
Current tax at 19% (2019: 19%)	(136)	187
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	2
Timing differences	3	9
Adjustment in respect of prior year	-	(11)
	<hr/>	<hr/>
<b>Total tax (credit)/charge (see above)</b>	<b>(133)</b>	<b>187</b>
	<hr/>	<hr/>

#### iii) Factors that may affect future tax charges

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

## Notes to the financial statements (continued)

### 11 Tangible assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of year	202	351	73	422	1,048
Additions	-	-	-	85	85
Disposals	(202)	(218)	(39)	(103)	(562)
At end of year	-	133	34	404	571
<b>Accumulated Depreciation</b>					
At beginning of year	202	300	37	186	725
Charge for the year	-	8	16	75	99
Disposals	(202)	(218)	(39)	(70)	(529)
At end of year	-	90	14	191	295
<b>Net book value</b>					
At 31 December 2020	-	43	20	213	276
At 31 December 2019	-	51	36	236	323

### 12 Investments

				2020 £	2019 £
Shares in subsidiary undertakings				20	20
	Country of incorporation	Principal activity	Registered office address	Class and percentage of shares held	Net assets £
Schwing Limited	UK	Dormant	Unit 11 Perivale Park, Horsenden Lane South, Greenford, Middlesex, UB6 7RL	Ordinary 100%	10
Burlington Engineers Limited	UK	Dormant	Unit 11 Perivale Park, Horsenden Lane South, Greenford, Middlesex, UB6 7RL	Ordinary 100%	10

### 13 Inventories

	2020 £000	2019 £000
Goods for resale	3,416	5,044

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

## Notes to the financial statements (continued)

### 14 Debtors

	2020 £000	2019 £000
Trade debtors	2,211	3,076
Amounts owed by group undertakings	-	22
Other debtors	16	21
Corporation Tax	131	
Prepayments and accrued income	130	115
	<u>2,488</u>	<u>3,234</u>

Trade debtors are stated after provisions for impairment of £6,000 (2019: £6,000).

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

### 15 Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	35	78
Amounts owed to group undertakings	456	1,670
Other taxation and social security	157	606
Corporation tax	-	75
Accruals and deferred income	97	103
Deferred revenue	<u>513</u>	<u>-</u>
	<u>1,258</u>	<u>2,532</u>

Amounts owed 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 2020 £000	Deferred taxation 2019 £000
Difference between accumulated depreciation and capital allowances	37	39
Other timing differences	(6)	(7)
	<u>31</u>	<u>32</u>

Movement in the year is as follows:

	2020 £000
At beginning of year	32
Charge to the profit and loss account for the year	(1)
At end of year	<u>31</u>

## Notes to the financial statements (continued)

### 17 Called up share capital

	2020 £000	2019 £000
<i>Allotted, called-up and fully paid:</i>		
86 (2019: 86) ordinary shares of 50p each	-	-
7.860 (2019: 7.860) deferred non participating for dividends of £1 each	8	8
	<u>8</u>	<u>8</u>

### 18 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 £131,000 (2019: £118,000). One director was a member of the pension scheme during the year. Outstanding contributions were £35,680 at the year end (2019: £41,000).

### 19 Commitments

At 31 December 2020, the Company had total commitments under non-cancellable operating lease agreements expiring as follows:

	2020 £000	2019 £000
Within one year	56	111
Between two and five years	-	56
	<u>56</u>	<u>167</u>

The Company had no other off-balance sheet arrangements.

At the year end, the Company had capital commitments of £nil (2019: £nil).

### 20 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 Heme  
Germany