

Andrews Sykes Hire Limited

**Annual report and financial
statements**

Registered number 02985657

For the year ended 31 December 2016



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Strategic report

Business review

Andrews Sykes Hire is one of the market leaders in the rental of specialist climate control products which include air conditioning and chillers, heating and boilers, dehumidifiers and ventilation, along with a range of industrial pumping equipment.

Sykes Pumps has been established in the UK since 1857 and the Andrews brand marked its 50th anniversary late in 2014, having been founded by John Andrews in 1964, close to our current head office location in Wolverhampton.

We aim to use our expertise to provide the most modern, technically advanced and environmentally friendly rental equipment in the market. We offer our products and services throughout the UK via a network of 28 locations employing over 300 members of staff. During the year we continued to develop our product range and service offering with further investment in our hire fleet, depots and infrastructure.

In addition to renting our products, we provide our equipment for sale along with a full service and repair backup.

By providing a first class level of service 24 hours per day 365 days per year we have become the preferred suppliers to many major businesses and operations spanning a huge range of industries. Our reputation for providing high levels of training to our staff whilst maintaining a strict health and safety workplace, within an environmentally conscious culture, makes us an employer of choice for our Industry.

By continual investment in new technology we ensure that we provide our customers with new solutions to overcome their operational challenges. We constantly review and refresh our fleet of rental equipment to ensure that we set the standards within the rental industry throughout the UK.

2016 operational performance

Turnover increased from £36,880,000 last year to £38,414,000 in the current year, an increase of £1,534,000 or 4.2% compared with last year. Operating profit increased by £1,434,000 or 15.6%, from £9,182,000 in 2015 to £10,616,000 in 2016.

The above improvement in operating profit was attributable to most income streams performing ahead of the previous year. The floods experienced in the North of England provided a good start for our pumping and dehumidification hire products, which was continued throughout the year. The early summer months failed to produce much opportunity for our air conditioning products, but the warm period of weather during September extended the season. Heating and boiling products benefited from the cold weather in December to trade ahead of the previous year. During the year we also continued to develop our product range and service offering with further investment in our hire fleet, depots and infrastructure.

Outlook and future development of the business

Our success has been centred on providing technically advanced climate rental products to numerous market sectors. We plan to continue to develop new products and services within our specialist product line whilst continuing to expand our coverage both within existing and new markets.

During 2016 we launched a number of new products into the marketplace; many of these have been focused on environmental improvements and include our new rapid response pump, the Sykes Siltaway and the GP80 eco. We have also extended our range with products such as our new 1.5mW boiler which is now the largest in our range. Further product development projects along with geographical growth are planned for 2017.

The company continues to face challenges in all of its geographical markets but our business remains strong, cash generative and well developed, with positive net funds. The experience of our senior management team, coupled with our development plans, provides optimism for further progress in 2017. The company continues to develop new sales channels and propositions which will enable the business to take advantage of favourable market conditions and opportunities as they arise. At the same time the company continues to carefully control its cost base to ensure that satisfactory levels of profit can be achieved even during difficult market conditions.

Strategic report *(continued)*

Financial key performance indicators (KPIs)

The key financial performance indicators are:

- average turnover per employee;
- operating cash flow* as a percentage of operating assets** employed;
- operating profit divided by net interest charge;
- hire fleet asset utilisation.

* Operating cash flow before defined benefit scheme contributions

** Operating assets are net assets employed, excluding pension scheme assets and liabilities, inter-company loans, deferred and current tax balances and cash

Risk management

The company's principal risks are as follows:

Going concern

The company is a wholly owned subsidiary of Andrews Sykes Group plc and is reliant on the continuing financial support and success of that group.

The group's consolidated financial statements for the 12 months ended 31 December 2016 were approved on 10 May 2017. In those financial statements, the board of Andrews Sykes Group plc concluded that "after making enquiries, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the board continues to adopt the going concern basis when preparing this annual report and financial statements". Further information explaining why the board reached this conclusion is given on page 12 of the group's 2016 annual report and financial statements.

The directors of this company have confirmed with the board of Andrews Sykes Group plc that they still consider the above statement to be valid as at the date of approval of these financial statements. Given that assurance, the directors have continued to adopt the going concern basis in the preparation of this company's annual report and financial statements.

Strategic risks

In common with all entities operating in a dynamic market place, the company faces a number of strategic risks. Management has developed long term business plans to manage the impact of these risks to ensure that the company delivers a satisfactory performance in future years. The main strategic risks faced by the business, together with the actions taken by management to mitigate their impact, are set out below.

Competition, product innovations and industry changes are regarded as the main strategic risks. These are mitigated by investment in new environmentally friendly technically advanced products and equipment and providing service levels that are recognised as being among the best in the industry. Market research and customer satisfaction studies are undertaken to ensure that our products and services continue to meet the needs of our customers.

In order to remain competitive, management recognise the need to invest in appropriate IT equipment and software. Consequently, the communication network, website and data capture systems are all being constantly reviewed and updated to ensure they remain at the forefront of industry standards.

The potential impact of the weather has been significantly reduced over the past few years by the expansion of our non-weather related business. The company also has a diverse product range of pumps, heaters and air conditioning and environmental control equipment which enables it to take maximum advantage of any extremes in weather conditions whenever they arise. This, combined with our policy of reducing fixed costs and linking them to a sustainable level of turnover, enables the company to achieve a satisfactory level of profits even in non-extreme weather conditions.

Strategic report *(continued)*

Risk management *(continued)*

Financial risks

There has been no change during the year, or since the year end, to the type of financial risks faced by the company or the management of those risks.

The key financial risks are:

- interest rate risk;
- funding and liquidity;
- credit risk.

Interest rate risk

The company is partially financed by inter-company loans on which interest is charged at variable rates based on LIBOR. The directors consider that the company's exposure to fluctuations in the market interest rates is currently not significant given Andrews Sykes Group plc's financial arrangements.

Funding and liquidity

The group has the above secured loan facilities which are fully utilised. There are no unsecured short term loans.

At 31 December 2016, the group had cash balances of £22.9 million. Cash balances are pooled across all companies and are held in current accounts to fund working capital requirements. Whenever surplus funds are identified, they are placed on short term deposit. Therefore, the directors currently consider the company's risk to be minimal, given the group's funding facilities.

Credit risk


The company's main exposure to credit risk is with regard to recoverability of trade debtors. Trade debtors consist of a large number of customers spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of debtor accounts and where appropriate, credit guarantee insurance cover is purchased. Management consider that the carrying value reflects their recoverable amount.

Pension scheme surplus

As set out in note 15 to the financial statements, as at 31 December 2016, the company's share of the pension scheme assets was £41.2 million which, after deducting the company's share of the present value of the pension scheme liabilities of £40.1 million, calculated in accordance with FRS 102, results in a pre-tax surplus of £1.1 million. This asset has been recognised in these financial statements as the directors are satisfied that it is recoverable by either reduced contributions in the future or through refunds from the Plan.

Management continues to work with the pension scheme trustees to maximise the return from the pension scheme assets and to match that return with the pension scheme liabilities as they crystallise in order to minimise the exposure of the group. The net surplus or deficit is sensitive to changes in assumptions, which are at least in part influenced by changes in market conditions and therefore this area continues to be a high priority.

Signed by order of the board


MJ Calderbank ACA
Company Secretary

St David's Court
Union Street
Wolverhampton
WV1 3JE

5 September 2017

Directors' report

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

Principal activity

The company's principal activity is the hire and sale of environmental control equipment, including air conditioning, pumping and heating equipment.

Results and dividends

The results for the year are set out in the profit and loss account and statement of comprehensive income on page 10.

Total dividends paid during the year of £7,000,000 (2015: £7,500,000) have been charged against reserves.

The net assets of the company have decreased by £91,000 to £16,385,000 (2015: increased by £749,000 to £16,476,000) as shown on page 10.

The directors do not recommend the payment of a final dividend (2015: £Nil).

Directors

The directors who served during the financial year and subsequently are as follows:

PT Wood
D Himsworth
AW Phillips

Health, safety and the environment

The company aims to achieve world class performance in health, safety and environmental issues by eliminating injuries, work related ill-health and minimising the effect of our activities on the environment. Health and Safety Officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. This is further enhanced with regular internal audits by our own fully qualified health and safety managers, along with training, induction and awareness programmes for all members of staff. The company aims to continually improve its performance in order to meet changing business and regulatory requirements.

Employment of disabled persons

The company makes every reasonable effort to give disabled applicants and existing employees who become disabled, equal opportunities for work, training and career development in keeping with their individual aptitudes and abilities.

Employee development and involvement

During the year the company continued with its policy of training and development for all employees. By improving the skills of our staff the company aims to continue with the high level of staff retention we have currently and provide clear internal promotion opportunities. The business operates regular personal development reviews for all members of staff, where training and development plans are made for each individual. Communication with our staff has once again been improved during the year.

The company recognises the need to ensure effective communications with employees. Policies and procedures have been developed to suit the needs of each operating unit, taking into account factors such as numbers employed and location, including newsletters and communication meetings.

Identification of the information included in the strategic report (as per CA 2006 – Sch 71A)

The company's objectives and policies regarding financial risk management, information on exposure to price risk, credit risk, liquidity risk and cash flow risk, and an indication of likely future developments in the business have been included in the strategic report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

On 16 November 2016 KPMG LLP resigned as the Company's auditor and the directors appointed Grant Thornton UK LLP to fill the casual vacancy.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Grant Thornton UK LLP will, therefore, continue in office.

Signed by order of the board


MJ Calderbank ACA
Company Secretary

St David's Court
Union Street
Wolverhampton
WV1 3JE

5 September 2017

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Andrews Sykes Hire Limited

We have audited the financial statements of Andrews Sykes Hire Limited for the year ended 31 December 2016 which comprise the Profit and loss account and statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

Matter on which we are required to report under the Companies Act 2006

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 directors' report.

Independent auditor's report to the members of Andrews Sykes Hire Limited (continued)

Matters on which we are required to report by exception

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.

Grant Thornton UK LLP

Rebecca Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
5 September 2017

Profit and loss account and statement of comprehensive income
For the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover		38,414	36,880
Cost of sales		(12,998)	(13,285)
Gross profit		25,416	23,595
Distribution costs		(9,113)	(8,636)
Administrative expenses		(5,687)	(5,777)
Operating profit		10,616	9,182
Net interest receivable		175	135
Profit on ordinary activities before taxation		10,791	9,317
Tax on profit on ordinary activities		(2,188)	(1,956)
Profit for the financial year		8,603	7,361
Other comprehensive (charges)/income			
Remeasurement of the net defined benefit liabilities/(assets)		(2,091)	1,100
UK deferred tax attributable to the pension scheme assets and liability adjustments		397	(212)
Other comprehensive (charges)/income relating to the financial year net of tax		(1,694)	888
Total comprehensive income for the year		6,909	8,249

All results are derived from continuing activities in both years.

Balance sheet
At 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Fixed assets			
Tangible assets	10	8,659	7,567
Retirement benefit pension surplus	16	1,104	2,323
		9,763	9,890
Current assets			
Stocks	11	1,711	1,579
Debtors: Amounts falling due within one year	12	13,632	12,727
Cash at bank and in hand		18,153	11,002
		33,496	25,308
Creditors: Amounts falling due within one year	13	(26,839)	(18,722)
Net current assets		6,657	6,586
Total assets less current liabilities		16,420	16,476
Creditors: Amounts falling due after more than one year	14	(35)	-
Net assets		16,385	16,476
Capital and reserves			
Called up share capital	15	5,580	5,580
Share premium account		103	103
Profit and loss account		10,702	10,793
Shareholders' funds		16,385	16,476

These financial statements were approved by the board of directors on 5 September 2017 and were signed on its behalf by:



AW Phillips
Director

Company number: 02985657

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

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 31 December 2014	5,580	103	10,044	15,727
Total comprehensive income for the year				
Profit for the financial year	-	-	7,361	7,361
Other comprehensive income				
Remeasurement of defined benefit assets and liabilities	-	-	1,100	1,100
Related deferred tax	-	-	(212)	(212)
Total comprehensive income for the year	-	-	888	888
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(7,500)	(7,500)
Total transactions with owners	-	-	(7,500)	(7,500)
Balance at 31 December 2015 and 1 January 2016	5,580	103	10,793	16,476
Total comprehensive income for the year				
Profit for the financial year	-	-	8,603	8,603
Other comprehensive charges				
Remeasurement of defined benefit assets and liabilities	-	-	(2,091)	(2,091)
Related deferred tax	-	-	397	397
Other comprehensive charges for the year	-	-	(1,694)	(1,694)
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(7,000)	(7,000)
Total transactions with owners	-	-	(7,000)	(7,000)
Balance at 31 December 2016	5,580	103	10,702	16,385

The profit and loss account reserve represents net cumulative profits, net of dividends paid and other actuarial adjustments relating to the defined benefit pension scheme.

The share premium account contains the premium arising on the issue of equity shares, net of issue expenses, less goodwill previously written off through capital reconstruction prior to the transition to FRS 102.

Notes

(forming part of the financial statements)

1 Accounting policies

Andrews Sykes Hire Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

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 (“FRS 102”)* as issued in August 2014. The amendments to FRS 102 issued in July 2015, which are effective immediately, have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s immediate parent undertaking, Andrews Sykes Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Andrews Sykes Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company’s registered address. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Andrews Sykes Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Change in accounting policy/prior period adjustments

There are no accounting policy or prior year adjustments in these financial statements.

Notes (continued)

1 Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Going concern

The financial statements have been prepared on the assumption that the company is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements based on the assessment made by the directors in the strategic report; see going concern commentary on page 2 in the strategic report.

Related party transactions

The Company has taken advantage of the exemption available in FRS 102 not to disclose transactions between the Company and its parent and 100% owned subsidiaries within the Andrews Sykes Group.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment. The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is provided on a straight line basis, so as to write off the original cost, less estimated residual value, of tangible fixed assets over their estimated lives as follows:

Short leasehold land and buildings	-	over the period of the lease
Equipment for hire	-	10% to 33%
Plant, machinery and vehicles	-	7.5% to 33%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the actual purchase invoice price. Provision is made for obsolete, slow moving or defective items calculated on a stock turnover basis where appropriate.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

Other financial instruments

Financial instruments not considered to be basic financial instruments (Other financial instruments)

The Company does not currently hold any financial instruments that do not fall within the definition of basic financial instruments.

Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Finance leases

Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The Company did not hold any assets that fall within the definition of finance leases during either the current or previous financial years.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives in respect of leases entered into after the date of transition are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

Employee benefits (continued)

Defined benefit scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed at least triennially and is updated at each balance sheet date by the directors based on advice received from/a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan deficits in full and surpluses to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from the Scheme's administration expenses, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the year are recognised in profit and loss account.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Group defined benefit scheme

As disclosed in note 15, the group previously operated a defined benefit scheme for the majority of employees. This scheme was closed to new entrants and all existing members became deferred members on 31 December 2002.

Certain of the Company's employees are deferred members of the above defined benefit scheme. The Company is participating member of the scheme and is therefore one of the entities legally responsible for the group wide scheme. The net defined benefit cost of the plan is charged to participating member entities based upon the number of deferred members employed and pensioners previously employed by each participating member.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Turnover

Turnover represents the net amount receivable from external customers (excluding VAT) for the hire and sale of environmental control products after deducting trade discounts. Turnover is recognised on despatch for the sale of goods and, for hire items, over the period of hire.

Operating profit

Operating profit is defined as the profit for the period from continuing operations after all operating costs and income but before interest receivable and payable and taxation. Operating profit is disclosed as a separate line on the face of the income statement.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance related net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and finance related net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to short term timing differences to the extent that it is probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Pension scheme assumptions and mortality tables

As set out in note 16, the carrying value of the defined benefit pension scheme is calculated using actuarial valuations. These valuations are based on assumptions including the selection of the most appropriate mortality table for the profile of the members in the scheme and the financial assumptions concerning discount rates and inflation. All these are estimates of future events and are therefore uncertain. The choices are based on advice received from the scheme actuaries that are checked from time to time with benchmark surveys. Sensitivity analysis regarding assumptions concerning longevity, discount rates and inflation is provided in note 16.

When assessing the appropriateness of the recognition of a surplus, the directors have considered the guidance in FRS 102 and have concluded that it is appropriate to recognise the asset in the financial statements as the directors are satisfied that the surplus can be recovered through reduced contributions or refunds from the plan in the future.

3 Segmental analysis

The company's turnover and operating profit derive from its principal activities, the hire, sale and service of a range of equipment including portable heating, air conditioning, drying, ventilation and pumps originating within the United Kingdom.

The company's turnover can be analysed as follows:

	2016 £000	2015 £000
Hire	35,238	33,036
Sales, service and installation	3,176	3,844
	<u>38,414</u>	<u>36,880</u>

The company's integrated nature does not permit a meaningful analysis of profit before interest and tax or net assets by the above product groups.

The geographical analysis of turnover by destination is as follows:

	2016 £000	2015 £000
United Kingdom	37,621	35,380
Rest of Europe	737	1,121
Rest of world	56	379
	<u>38,414</u>	<u>36,880</u>

Notes (continued)

4 Operating profit

	2016 £000	2015 £000
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation of tangible fixed assets:		
Owned	2,687	2,621
Leased	21	-
Profit on sale of tangible fixed assets	(334)	(359)
Operating lease rentals	2,201	2,042
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Fees payable to the company's auditor in respect of the audit of the company's financial statements	34	41
	<hr/>	<hr/>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed on the group accounts of the parent company.

5 Net interest receivable

	2016 £000	2015 £000
<i>Interest receivable and similar income</i>		
Interest receivable from other group companies	48	46
Bank interest	191	182
Net defined benefit pension scheme interest (note 16)	100	43
	<hr/>	<hr/>
	339	271
	<hr/>	<hr/>
<i>Interest payable and similar charges</i>		
Interest payable to group companies	(164)	(136)
	<hr/>	<hr/>
Net interest receivable	175	135
	<hr/>	<hr/>

6 Staff numbers and costs

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

	Number of employees	
	2016	2015
Sales and distribution	130	132
Engineers	91	95
Managers and administration	90	90
	<hr/>	<hr/>
	311	317
	<hr/>	<hr/>

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	11,130	10,535
Social security costs	1,158	1,025
Other pension costs (see note 16)	292	294
	<u>12,580</u>	<u>11,854</u>

7 Directors' remuneration

The total amount paid by the company in respect of directors' remuneration is analysed as follows:

	2016 £000	2015 £000
Emoluments as executive of the company:		
Emoluments	325	209
Company contributions to money purchase schemes	29	41
	<u>354</u>	<u>250</u>

The emoluments of the directors who are also directors of Andrews Sykes Group plc are disclosed in that company's financial statements and are not included above.

Pension retirement benefits accrued to 1 director during the financial year (2015: 3) in respect of qualifying services in the Andrews Sykes Group plc defined benefit pension scheme.

8 Taxation

Analysis of charge for the year

	2016 £000	£000	2015 £000	£000
<i>UK corporation tax and group relief</i>				
Current tax on income for the year	2,198		2,000	
Adjustments in respect of prior years	(131)		(170)	
	<u></u>		<u></u>	
Total current tax		2,067		1,830
<i>Deferred tax</i>				
Origination and reversal of timing differences	26		(42)	
Effect of change in rate of corporation tax	-		45	
Adjustments in respect of previous years	95		123	
	<u></u>		<u></u>	
Total deferred tax charge (note 12)		121		126
		<u></u>		<u></u>
Tax charge on profit on ordinary activities		2,188		1,956

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year differs from that resulting by applying the effective standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
<i>Total tax reconciliation</i>		
Profit on ordinary activities before tax	10,791	9,317
	<hr/>	<hr/>
Tax at 20.00% (2015: 20.25%)	2,158	1,887
<i>Effects of:</i>		
Expenses not deductible for tax purposes	66	71
Effect of change in rate of corporation tax	-	45
Adjustment to corporation tax and group relief in respect of previous years	(131)	(170)
Adjustment to deferred tax in respect of previous years	95	123
	<hr/>	<hr/>
Total tax charge (see above)	2,188	1,956
	<hr/>	<hr/>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017 until 31 March 2020) was substantively enacted in October 2015 and received Royal Assent on 18 November 2015. A further reduction to 17% (effective from 1 April 2020) received Royal Assent on 15 September 2016.

These reductions may reduce the company's future current tax charge.

9 Dividends

	2016 £000	2015 £000
Interim dividends of £1.2545 per share (2015: £1.344) declared and paid during the current year	7,000	7,500
	<hr/>	<hr/>

Notes *(continued)*

10 Tangible fixed assets

	Short leasehold land and buildings £000	Equipment for hire £000	Plant, machinery and vehicles £000	Total £000
Cost				
At beginning of year	528	32,212	4,974	37,714
Additions	-	3,614	370	3,984
Disposals	-	(2,101)	(1,069)	(3,170)
At end of year	<u>528</u>	<u>33,725</u>	<u>4,275</u>	<u>38,528</u>
Depreciation				
At beginning of year	361	26,053	3,733	30,147
Charge for year	20	2,261	427	2,708
External disposals	-	(1,950)	(1,036)	(2,986)
At end of year	<u>381</u>	<u>26,364</u>	<u>3,124</u>	<u>29,869</u>
Net book value				
At 31 December 2016	<u>147</u>	<u>7,361</u>	<u>1,151</u>	<u>8,659</u>
At 31 December 2015	<u>167</u>	<u>6,159</u>	<u>1,241</u>	<u>7,567</u>

The net book value of tangible fixed assets includes an amount of £63,000 (2015: £nil) in respect of assets held under finance lease and hire purchase contracts. The related depreciation charged on these assets during the year was £21,000 (2015:£nil).

11 Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	<u>1,711</u>	<u>1,579</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

The cost of stock recognised as an expense in the year was £5,785,000 (2015: £6,249,000) and the net charge in the profit and loss account for net realisable value provisions was £89,000 (2015: credit of £6,000).

Notes (continued)

12 Debtors: Amounts falling due within one year

	2016 £000	2015 £000
Trade debtors	8,152	7,470
Amounts owed by group undertakings	3,621	3,806
Prepayments and accrued income	1,034	1,029
Deferred tax asset	698	422
Other debtors	127	-
	<u>13,632</u>	<u>12,727</u>

All inter-company loans are due on demand. During both 2015 and 2016, interest was charged at the LIBOR rate plus a margin 1.2% in line with the group's bank agreement.

The deferred taxation asset is analysed as follows:

	2016 £000	2015 £000
Tax written down value of plant and equipment in excess of the financial statements written down value	277	281
Other short term timing differences	631	582
Pension scheme surplus	(210)	(441)
	<u>698</u>	<u>422</u>

The movement in the deferred tax asset during the financial year is as follows:

	£000
At start of year at 19%	422
Profit and loss account charge (note 8)	(121)
Deferred tax attributable to pension asset and liability adjustments posted to other comprehensive income	397
At end of year 19%	<u>698</u>

A deferred tax asset has been recognised as the directors consider that there will be sufficient taxable profits generated by the company in the next 12 months to ensure its recovery. It has been calculated using the rates expected to apply when the timing differences reverse in accordance with FRS 102.

There was no unprovided deferred tax at the end of either year.

Notes (continued)

13 Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Obligations under finance lease and hire purchase controls	28	-
Trade creditors	2,365	1,709
Amounts owed to group undertakings	17,000	9,969
Other creditors:		
UK corporation tax and group relief	2,338	2,140
Other taxes and social security	1,064	1,003
Other creditors	397	520
Accruals and deferred income	3,647	3,381
	<u>26,839</u>	<u>18,722</u>

All inter-company loans are due on demand. During both 2015 and 2016, interest was charged at the LIBOR rate plus a margin of 1.2% in line with the group's bank agreement.

14 Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Obligations under finance lease and hire purchase contracts	35	-
Maturity of total obligations under finance lease and hire purchase contracts:		
Within one year	28	-
In more than one year but not more than two years	28	-
In more than two years but not more than five years	7	-
	<u>63</u>	<u>-</u>

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

15 Called up share capital

	2016 £000	2015 £000
<i>Called up, allotted and fully paid:</i>		
5,580,002 ordinary shares of £1 each	5,580	5,580

16 Retirement benefit obligations

Defined contribution scheme

On 1 January 2003, a new pension scheme was introduced, the Andrews Sykes Stakeholder Pension Plan, to which the majority of UK employees are eligible. The scheme is managed on behalf of the group by Legal & General. Both the employer and employee contribution rates vary generally based upon the individuals' length of service within the company. The employer's contribution rates vary from 1% to 15%, the current average being 2.2% (2015: 3.0%). The profit and loss account charge in the current year amounted to £292,000 (2015: £294,000).

Notes (continued)

16 Retirement benefit obligations (continued)

Defined benefit pension scheme

The company is a participating member of the group defined benefit scheme which was closed to future accrual as at 29 December 2002. The assets of the defined benefits pension scheme continue to be held in a separate trustee administered fund.

As at 31 December 2016 the group had a net defined benefit pension scheme surplus, calculated in accordance with FRS 102 using the assumptions as set out below, of £1,161,000 (2015: £2,443,000). A qualified actuary has split this surplus between participating members based upon the average number of deferred members employed and pensioners previously employed by each participating member. The Company's share of this surplus on this basis is £1,104,000 (2015: £2,323,000) and this asset has been recognised in these financial statements as the directors are satisfied that it is recoverable through either reduced future contributions or refunds from the plan.

Following the triennial recalculation of the funding deficit as at 31 December 2013 a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in June 2014. In accordance with this schedule of contributions, which was effective from 1 January 2014, the group made additional contributions during 2014 to remove the funding deficit in the group scheme calculated as at 31 December 2013 and this was eliminated as at 31 December 2014.

Throughout 2015 and 2016 the group has continued to make a contribution towards expenses of £10,000 per month. In addition, with effect from January 2016, the group has made an additional voluntary contribution of £32,000 per month and this was increased to £80,000 per month with effect from April 2016.

The next formal triennial funding valuation is due as at 31 December 2016. Current indications are that this will show a deficit of £0.7 million although this has not yet been formally agreed with the pension scheme trustees. The group has agreed to continue to make the current level of monthly contributions until either the formal schedule of contributions is approved or the estimated deficit is eliminated, whichever is the earlier.

Assumptions

A qualified independent actuary has updated the results of the 2013 full actuarial valuation to calculate the position as disclosed below.

The major assumptions used in this valuation to determine the present value of the scheme's liabilities were as follows:

	2016	2015
Rate of increase in pensionable salaries	n/a	n/a
Rate of increase in pensions in payment	3.3%	3.0%
Discount rate applied to scheme liabilities	2.7%	3.0%
Inflation assumption:		
RPI	3.3%	3.0%
CPI for the first 6 years	2.3%	2.0%
CPI after the first 6 years	2.3%	2.0%
Percentage of deferred members taking maximum tax free lump sum on retirement	90.0%	90.0%

From 1 January 2011, the government amended the basis for statutory increases to deferred pensions and pensions in payment. Such increases are now based on inflation measured by the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). Having reviewed the scheme rules and considered the impact of the change on this pension scheme, the directors consider that future increases to all deferred pensions and Guaranteed Minimum Pensions accrued between 6 April 1988 and 5 April 1997 and currently in payment will be based on CPI rather than RPI. Accordingly, this assumption was adopted as at 31 December 2010 and subsequently.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics.

Notes (continued)

16 Retirement benefit obligations (continued)

The current mortality table used is 110% S2NA CMI2015 (2015: 110% S2NA CMI2015). The assumed average life expectancy of a pensioner retiring at the age of 65 given by the above tables is as follows:

	2016 Years	2015 Years
Male, current age 45	22.6	22.6
Female, current age 45	24.9	24.9

Valuations

The proportion of the fair value of the schemes assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised and the proportion of the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, attributable to the Company were as stated below:

	2016 £000	2015 £000
UK equities	14,261	11,979
Corporate bonds	17,884	16,634
Gilts	8,804	6,945
Cash	251	291
Total market value of assets	41,200	35,849
Present value of scheme liabilities calculated in accordance with stated assumptions	(40,096)	(32,526)
Surplus in the scheme calculated in accordance with stated assumptions	1,104	2,323

The movement in the market value of the Company's proportion of the scheme's assets over the year is as follows:

	2016 £000	2015 £000
Market value of plan assets at start of year	35,849	36,921
Administration expenses charged in the profit and loss account	(116)	(125)
Expected return on plan assets (interest income)	1,314	1,233
Actuarial gains and losses recognised in other comprehensive income	4,680	(849)
Employer contributions:		
Normal	888	114
Benefits paid	(1,415)	(1,445)
Market value of plan assets at end of year	41,200	35,849

The above pension scheme assets do not include any investments in the parent company's own shares or property occupied by the Company or its subsidiaries.

Notes (continued)

16 Retirement benefit obligations (continued)

The movement in the Company's proportion of the present value of the scheme's defined benefit liabilities during the year is as follows:

	2016 £000	2015 £000
Present value of scheme liabilities at beginning of year	33,526	35,730
Interest on scheme liabilities	1,214	1,190
Actuarial loss/(gain) recognised in other comprehensive income	6,771	(1,949)
Benefits paid	(1,415)	(1,445)
	<hr/>	<hr/>
Present value of scheme liabilities at end of year	40,096	33,526
	<hr/>	<hr/>

Profit and loss account impact

There are no amounts chargeable in respect of either current or past service cost as the scheme is closed to future accrual.

The following amounts have been included in the profit and loss account:

	2016 £000	2015 £000
Expected return on pension scheme assets (interest income)	1,314	1,233
Interest on pension scheme liabilities	(1,214)	(1,190)
	<hr/>	<hr/>
Net pension scheme interest income (note 5)	100	43
Administrative expenses	(116)	(125)
	<hr/>	<hr/>
	(16)	(82)
	<hr/>	<hr/>

Amounts recognised in other comprehensive income

The amounts included in other comprehensive income were:

	2016 £000	2015 £000
Actual return less expected return (interest income) on scheme assets	4,680	(849)
Experience gains and losses arising on scheme liabilities	-	352
Changes in assumptions underlying the present value of scheme liabilities	(6,771)	1,597
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in other comprehensive income	(2,091)	1,100
	<hr/>	<hr/>

Key assumptions — sensitivity analysis

The key assumptions used to calculate the scheme's liabilities are longevity, discount rate and the inflation assumptions (RPI and CPI).

If the average actual longevity from the age of 65 years is one year greater than that assumed, the Company's share of the total pension scheme liabilities would increase by approximately £1,729,000 (2015: £1,469,000). If the actual longevity is one year less than that assumed, the pension scheme liabilities would reduce by a similar amount.

A 0.1% increase in the discount rate applied to the scheme liabilities and a 0.1% increase in the inflation assumptions would reduce/increase the present value of the Company's share of the defined benefit obligation by approximately £603,000 (2015: £462,000) and £493,000 (2015: £372,000) respectively. A 0.1% decrease in these assumptions would increase/reduce the present value of the defined benefit obligation by a similar amount.

Notes (continued)

17 Operating leases

Commitments under non-cancellable operating lease agreements are payable as follows:

	2016 £000	2015 £000
Less than one year	1,882	1,785
Between two and five years	4,189	3,992
More than five years	2,638	1,617
	<u>8,709</u>	<u>7,394</u>

18 Capital commitments and contingencies

There were no outstanding capital commitments or contingencies at either 31 December 2016 or 31 December 2015.

19 Related party transactions

During the year, the company transacted in the normal course of business with London Securities plc, a related party by way of ultimate shareholding. Aggregate details of these transactions, together with the amounts outstanding at the balance sheet date are set out below:

	2016	2015
Purchases from London Securities plc	-	17,506
Amounts owed to London Securities plc	-	1,458
	<u>-</u>	<u>1,458</u>

The Company transacted in the normal course of business with Sweepax Pumps Limited, a company 50% owned by Andrews Sykes Group plc:

	2016	2015
Royalty income due to Sweepax Pumps Limited	974	990
Amounts owed by the Company to Sweepax Pumps Limited	46,840	45,866
	<u>46,840</u>	<u>45,866</u>

20 Controlling parties

The company is a subsidiary undertaking of Andrews Sykes Group plc, a company registered in England and Wales.

The only UK group in which the results of Andrews Sykes Hire Limited are consolidated is that headed by Andrews Sykes Group plc, whose registered office is:

St David's Court
Union Street
Wolverhampton
WV1 3JE

As at 5 September 2017, EQI SYKES Sarl, which is incorporated in Luxembourg, held 86.08% of the ordinary share capital of Andrews Sykes Group plc and is therefore that company's immediate parent company. The ultimate holding company is the Tristar Corporation, a company incorporated in The Republic of Panama. The Tristar Corporation is held jointly, in equal proportions, by the Ariane Trust and the Eden Trust and therefore the directors consider these trusts to be the ultimate controlling parties of the company.