

Registered number: 03298374

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

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VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

COMPANY INFORMATION

Directors	H Molenaar D Hyslop
Company secretary	G J Bacon
Registered number	03298374
Registered office	6050 Knights Court Solihull Parkway Birmingham Business Park Birmingham B37 7WY
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present the Strategic Report of Vanderlande Industries United Kingdom Limited (the "company") for the year ended 31 December 2016.

Business review

The financial results for the year were in line with expectations, resulting in a good level of profitability.

The level of new orders won within the period was above expectation with good performance in all sectors, especially maintenance services

The level of orders in hand increased during the period due to the increase in new orders. Sales per employee were reduced as a result of additional maintenance services in the period. This is expected to continue next year as new contracts come on line. Margins were in line with expectation and at sustainable levels.

The company had operated a defined benefit pension scheme. However, all employees had ceased accruing benefits under this scheme and are instead contributing to the stakeholder pension scheme.

The defined benefit scheme was formally wound up following the execution of a Deed of Termination on 15 September 2016.

Return on capital employed reduced in the year due to increase in shareholder's funds at year end.

Principal risks and uncertainties

Securing revenues and competition

The retention of current customers and the ability to secure new work is a cornerstone of the success of the business. The Company's philosophy is to invest in long term relationships which are reflected in the success of our top customers. In addition by maintaining focus on costs, efficiency and continuous improvement we offer solutions tailored to our customers' needs that enable the company to stay ahead of the competition.

Major safety incident

A major safety incident is likely to have a significant impact in terms of providing a safe working environment for our people, our reputation and our ability to win new business. The Company has rigorous health and safety policies and procedures which are supported by regular visits and training programmes. Incidents are investigated thoroughly and corrective action is implemented with urgency. Due to the importance of the risk the company has invested in training in Health and Safety and has implemented a Health and Safety process which is OHSAS18001 accredited.

The United Kingdom's vote to leave the European Union (BREXIT)

Following the Brexit vote on 23 June 2016 the Company has considered the potential impact and possible risks to the ongoing business. The main conclusions are that the commercial risks are limited with upside potential due to the possibility of an increase in the business case for automation and a short term downside if GDP growth slows.

We do not anticipate any material affect on our supply chain in the short term. Our major competitors have a similar supply chain structure so our competitive position is unlikely to change.

Foreign currency exchange risk will continue to be mitigated by our continued use of both natural hedges and forward contracts when appropriate.

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Financial key performance indicators

	31 December 2016	31 December 2015
Sales per employee (£)	252,396	240,758
Gross profit margin (%)*	28.6%	22.3%
Gross profit per employee (£)	72,180	53,699
Return on capital employed (ROCE) (%)	110.0%	128.9%

Sales per employee = Turnover divided by the average number of employees

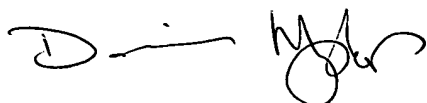
Gross profit margin = Gross profit as a percentage of turnover

Gross profit per employee = Gross profit divided by the average number of employees

ROCE = Operating profit as a percentage of total assets less current liabilities

* The highlighted KPIs for the current period represent the results for the year ended 31 December 2016.

This report was approved by the board on 22 September 2017 and signed on its behalf by:



D Hyslop
Director

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements of Vanderlande Industries United Kingdom Limited (the "company") for the year ended 31 December 2016.

Principal activities

The principal activity of the company is the design, supply, installation and servicing of integrated material handling systems manufactured by the parent company and third parties for distribution centres, e-commerce, parcel handling, manufacturing plants and baggage handling systems at airports.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 6050 Knights Court, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7WY.

Results and dividends

The profit for the financial year amounted to £1,565,000 (2015:£1,514,000).

The company has paid a dividend of £4.90 per share totalling £1,225,000 in respect of the financial period ended 31 December 2016 (2015: £5.77 per share totalling £1,443,000).

Future developments

The business has a stable customer base with good growth opportunities from projects and maintenance contracts. During the next two years growth will be driven by the general UK economic climate and the inclination of Industry to invest.

Going concern

The directors believe it is appropriate to continue to adopt the going concern basis in preparing the company financial statements as the company is expected to continue to generate sufficient cash to meet the business' needs.

Directors

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

H Molenaar
D Hyslop

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Financial risk management

The risks facing the company are assessed on an ongoing basis. The directors evaluate the likelihood and potential impact of each risk and ensure appropriate action is taken to mitigate them.

A number of key risks such as liquidity, foreign exchange exposure, credit management and health and safety are governed by policies set directly by Vanderlande Industries Holding BV and come under the control of their directors.

Liquidity risk

The company's liquidity requirements for day to day operating expenses are expected to continue to be, funded by cash provided by operations and under its revolving credit line with its Parent company.

Exchange rate risk

The foreign exchange rate risk is high due to the high volumes, long term exposure and potential variations. Our policy is aimed at currency-neutral contracts (natural hedging), with residual exposure hedged by forward contracts.

Credit risk

The company has policies and procedures that require appropriate credit checks on potential credit customers before contracts are entered into and where appropriate also perform credit checks on key suppliers.

Health and Safety risk

The Company has rigorous health and safety policies supported by regular site visits, training programmes and a process which is OHSAS18001 accredited.

The company does not operate any branches outside the UK.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Qualifying third party indemnity provisions

The company maintained throughout the period, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Directors' responsibilities statement

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 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.

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.

Disclosure of information to auditors

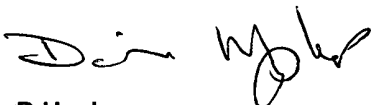
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 22 September 2017 and signed on its behalf by:



D Hyslop
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

Report on the financial statements

Our opinion

In our opinion, Vanderlande Industries United Kingdom Limited's financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within in the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

What an audit of financial statements involves (continued)

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



Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 21 September 2017

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
	Note		
Turnover	3	79,757	61,634
Cost of sales		(56,948)	(47,887)
Gross profit		22,809	13,747
Administrative expenses		(20,809)	(11,803)
Operating profit	4	2,000	1,944
Interest receivable and similar income	8	27	28
Interest payable and similar expenses	9	-	(3)
Profit before taxation		2,027	1,969
Tax on profit	10	(462)	(455)
Profit for the financial year		1,565	1,514
Other comprehensive income for the financial year			
Actuarial gains on defined benefit pension scheme		-	52
Movement of deferred tax relating to pension deficit		-	(21)
Other comprehensive income for the financial year		-	31
Total comprehensive income for the financial year		1,565	1,545

The notes on pages 13 to 27 form part of these financial statements.

Turnover and operating profit were generated from continuing operations.

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED
REGISTERED NUMBER: 03298374

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	12	859	302
Current assets			
Stocks	13	34	27
Debtors	14	16,189	15,499
Cash at bank and in hand	15	4,000	20,877
		<u>20,223</u>	<u>36,403</u>
Creditors: amounts falling due within one year	16	(19,234)	(35,197)
Net current assets		<u>989</u>	<u>1,206</u>
Total assets less current liabilities		<u><u>1,848</u></u>	<u><u>1,508</u></u>
Capital and reserves			
Called up share capital	19	250	250
Retained earnings		<u>1,598</u>	<u>1,258</u>
Total equity		<u><u>1,848</u></u>	<u><u>1,508</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

22 September 2017 by:

D Hyslop
Director



The notes on pages 13 to 27 form part of these financial statements.

VANDERLANDE INDUSTRIES UNITED KINGDOM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 April 2015	250	1,156	1,406
Comprehensive income for the financial period			
Profit for the financial period	-	1,514	1,514
Actuarial gains on pension scheme	-	31	31
Other comprehensive income for the financial period	-	31	31
Total comprehensive income for the financial period	-	1,545	1,545
Contributions by and distributions to owners			
Dividends paid	-	(1,443)	(1,443)
Total contributions by and distributions to owners	-	(1,443)	(1,443)
At 1 January 2016	250	1,258	1,508
Comprehensive income for the financial year			
Profit for the financial year	-	1,565	1,565
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	1,565	1,565
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,225)	(1,225)
Total contributions by and distributions to owners	-	(1,225)	(1,225)
At 31 December 2016	250	1,598	1,848

Retained earnings represent the accumulated profits, losses and distributions of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently throughout the year:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vanderlande Industries Holding BV (Netherlands) as at 31 December 2016 and these financial statements may be obtained from Vanderlandelaan 2, 5466 RB Veghel, Postbus 18, Netherlands.

These disclosure exemptions will be taken in the following years unless otherwise stated.

1.3 Revenue

Turnover comprises the value of work performed during the period on contracts, and the invoiced amount of the supply of miscellaneous goods and services, excluding value added tax. Turnover is recognised when the risks and rewards of ownership are transferred to the customer, which is on delivery of the goods or services provided. On long-term contracts, where the outcome of the contracts can be assessed with reasonable certainty before their conclusion, then the attributable profit is recognised in the profit and loss account by matching the costs of the work performed with the revenue generated. When it is probable that total contract costs will exceed total contract revenues, the total expected loss is recognised as an expense in the Statement of Comprehensive Income immediately.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.4 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10 - 15 years
Plant and machinery	- 1 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.5 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.12 Interest payable and similar expenses

Interest payable and similar charges are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 Pensions

The company operates a stakeholder pension scheme for its employees. Contributions to the scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

The company had operated a defined benefit pension scheme. However, all employees had ceased accruing benefits under this scheme and are instead contributing to the stakeholder pension scheme.

The defined benefit scheme was formally wound up following the execution of a Deed of Termination on 15 September 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)

1.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.17 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.18 Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less losses incurred or foreseen in bringing contracts to completion and less any amounts invoiced as progress payments. For any contracts where amounts invoiced exceed the value of work done, the excess is included as payments on account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

Recognition of pension asset and pension scheme assumptions

The company's financial statements include costs and obligations associated with the provision of pension and other post-retirement benefits. It is the Directors' responsibility to agree the assumptions as proposed by the company's actuary.

These assumptions represent a best estimate of future experience within the scheme. In practice, actual experience may not be in line with the assumptions adopted.

See note 20 for the disclosures relating to the pension scheme.

Forward Currency Contracts

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, such instruments are stated at fair value at the balance sheet date, with movements going through the Statement of Comprehensive Income.

Long term contracts

The company determines the stage of completion of a contract using the cost method, which measures most reliably the work performed. The proportion that costs incurred for work performed to date bear to the estimated total costs. Based on this an estimate is made for the revenue to be recognised for the period.

Management shall review and, when necessary, revise the estimates of revenue and costs as the service transaction or construction contract progresses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Project sales	51,513	44,691
Maintenance sales	28,244	16,943
	<u>79,757</u>	<u>61,634</u>

Analysis of turnover by country of destination:

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
United Kingdom	79,724	61,589
Rest of Europe	33	45
	<u>79,757</u>	<u>61,634</u>

4. Operating profit

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

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Research and development charged as an expense	2,352	1,456
Depreciation of tangible assets	293	83
Foreign exchange losses/(income)	641	(68)
Operating lease rentals	<u>397</u>	<u>183</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Auditors' remuneration

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Fees payable to the company's auditors for the audit of the company's annual financial statements	35	33
Fees payable to the company's auditors in respect of:		
Other services relating to taxation	19	40
All other services	12	22
	31	62

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Wages and salaries	16,547	10,133
Social security costs	2,029	1,262
Other pension costs	940	655
	19,516	12,050

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2016	9 months ended 31 December 2015
	Number	Number
Selling	20	16
Production	270	219
Administration	26	21
	316	256

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Directors' remuneration

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Aggregate directors' emoluments	523	256
Company contributions to defined contribution pension schemes	27	19
	<u>550</u>	<u>275</u>

During the year retirement benefits were accruing to 2 directors (2015: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £304,000 (2015: £132,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,000 (2015: £9,000).

8. Interest receivable and similar income

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Bank interest receivable	<u>27</u>	<u>28</u>

9. Interest payable and similar expenses

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Net interest on net defined benefit liability	<u>-</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Tax on profit

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Corporation tax		
Current tax on profit for the year/period	389	375
Adjustments in respect of prior periods	69	-
Total current tax	458	375
Deferred tax		
Origination and reversal of timing differences	4	80
Total deferred tax	4	80
Tax on profit	462	455

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below:

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Profit before taxation	2,027	1,969
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	405	394
Effects of:		
Expenses not deductible for tax purposes	33	35
Capital allowances for year/period in excess of depreciation	(49)	(54)
Adjustments to tax charge in respect of prior periods	69	-
Origination and reversal of timing differences	4	80
Total tax charge for the year/period	462	455

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Tax on profit (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Dividends

	Year ended 31 December 2016 £000	9 months ended 31 December 2015 £000
Dividend of £4.90 per £1 share (2015: £5.77 per £1 share)	1,225	1,443

12. Tangible assets

	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2016	442	802	1,244
Additions	-	850	850
At 31 December 2016	442	1,652	2,094
Accumulated depreciation			
At 1 January 2016	148	794	942
Charge for the year	64	229	293
At 31 December 2016	212	1,023	1,235
Net book value			
At 31 December 2016	230	629	859
At 31 December 2015	294	8	302

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12. Tangible assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2016 £000	2015 £000
Short leasehold	230	294

13. Stocks

	2016 £000	2015 £000
Raw materials and consumables	34	27

14. Debtors

	2016 £000	2015 £000
Trade debtors	12,599	12,184
Amounts owed by group undertakings	96	74
Amounts recoverable on long term contracts	3,081	2,800
Deferred tax asset (note 18)	337	233
Prepayments and accrued income	76	208
	16,189	15,499

Amounts owed by group undertakings are unsecured, have no scheduled repayment date and are non interest bearing.

15. Cash at bank and in hand

	2016 £000	2015 £000
Cash at bank and in hand	4,000	20,877

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
16. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Payments on account on long term contracts	6,422	19,175
Trade creditors	2,604	3,082
Amounts owed to group undertakings	4,568	6,378
Corporation tax	179	357
Other taxation and social security	1,527	1,950
Other creditors	831	1,280
Accruals and deferred income	3,103	2,975
	19,234	35,197

The amounts owed to group undertakings are unsecured, have no scheduled repayment date and are non-interest bearing. Included within amounts owed to group undertakings is £800,000 (2015: £800,000) of redeemable shares. These shares are classified within creditors due within one year as they are repayable with four week's notice. The shares are unsecured and are non-interest bearing.

17. Financial instruments

	2016	2015
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	12,695	12,258
Financial liabilities		
Financial liabilities measured at amortised cost	(11,106)	(13,716)

Forward contracts

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 December 2016, the outstanding contracts all mature within 2 months (2015: 14 months) of the year/period end. The Group is committed to buy €636,693 and pay a fixed sterling amount (2015: €778,000).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:EUR.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

18. Deferred taxation

	2016 £000
At beginning of year	233
Credited to profit or loss	104
At end of year	337

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	83	(18)
Short term timing differences	(87)	289
Other	341	(38)
	337	233

19. Called up share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
250,000 (2015: 250,000) Ordinary shares of £1 each	250	250

20. Pension commitments

The company operates a defined contribution pension scheme. Contributions to the stakeholder defined contribution pension scheme during the period/year amounted to £940,000 (2015: £655,000). The amount of contributions outstanding at the period/year end was £83,000 (2015: £77,000).

The defined benefit scheme was formally wound up following the execution of a Deed of Termination on 15 September 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. Commitments under operating leases

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

	2016	2015
	£000	£000
Not later than 1 year	614	502
Later than 1 year and not later than 5 years	2,914	1,350
Later than 5 years	2,947	294
	<u>6,475</u>	<u>2,146</u>

22. Post balance sheet events

Toyota Industries Corporation (Japan) acquired 100% of the ordinary share capital of Vanderlande Industries Holding BV (Netherlands) on 20 May 2017.

In view of Vanderlande Industries Holding BV (Netherlands) 100% ownership of the company's ordinary share capital the directors regard Toyota Industries Corporation to be the ultimate parent and controlling party.

23. Ultimate parent undertaking and controlling party

The directors regard Vanderlande Industries Holding BV (Netherlands) to be the immediate parent, in view of its 100% ownership of the company's ordinary share capital. Vanderlande Industries Holding BV (Netherlands) heads the smallest and largest group into which the results of the company are consolidated. Financial statements are available from Vanderlandelaan 2, 5466 RB Veghel, Postbus 18, Netherlands.

The directors regard Toyota Industries Corporation to be the ultimate parent and controlling party.