

**Schueco UK Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2016**

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# **Schueco UK Limited**

## **Financial Statements**

**Year ended 31 December 2016**

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# **Schueco UK Limited**

## **Strategic Report**

**Year ended 31 December 2016**

### **Principal activity**

The principal activity of Schueco UK Limited ("the company") is the sale and distribution of aluminium and steel architectural systems and related services.

### **Business review and future outlook**

The results of the company show a profit before tax of £16.3m for the year (2015: £15.9m) on turnover of £57.9m (2015: £59.1m).

Despite a slight decline in turnover compared to the prior year, profitability was maintained; the impact of economic uncertainty and unfavourable exchange rates surrounding the EU referendum were mitigated by efficiency improvements and hedging foreign currency exposure.

A contraction in construction industry output due to the EU referendum meant that the Commercial Aluminium division suffered project delays in the latter half of the year; however, no significant project cancellations were reported. Based on current market information, the directors remain optimistic about the near-term outlook for the division and have confidence in market recovery in the second half of 2017.

For another successive year, the Trade and Residential division experienced a strong growth in turnover as homeowners remain confident in the housing market and continue to upgrade their homes with premium quality aluminium systems. This growth was sustained by Schueco UK Limited's investment in product and logistical improvements and a solid base of trained fabricators.

Following the administration of a supply chain partner in 2015, a new steel supply chain was successfully established within the Schüco Group. This enabled Schueco UK Limited to win a number of large projects and maintain high levels of service.

The Light Commercial division had record turnover and increased its contribution significantly. As a relatively new division, the Light Commercial division has ambitious growth plans supported by a robust investment plan.

Following the EU referendum, the strength of sterling declined substantially against the euro. Internal hedging agreements with our parent company enabled Schueco UK Limited to mitigate exposure to unfavourable exchange rates, offering stability to our partners. However, further erosion of sterling against the euro has resulted in the need to increase selling prices at the beginning of 2017.

The outlook for 2017 remains positive; key areas of strategic investment include digitalisation, training and a further enhancement of the product offer. This will allow Schueco UK Limited to strengthen its leading position in the market.

### **Principal risks and uncertainties**

As a result of the referendum vote to leave the EU, economic uncertainty presents a risk for Schueco UK Limited due to delays in investment decision. In addition, the potential hard exit from the European Union could result in duty and tariffs being imposed on the importation of goods from Europe. The directors will seek to limit the adverse effects on the financial performance of the company where possible. Schueco UK Limited remains a key part of Schüco International KG regardless of the UK's exit from the EU.

The company purchases a large proportion of its trading materials from Eurozone territories outside the United Kingdom and is therefore exposed to movements in exchange rates. Internal foreign currency hedging agreements with our parent company are used to mitigate this exposure. In addition, monetary assets held in foreign currencies are held against booked liabilities and managed to minimise volatility due to retranslation.

# Schueco UK Limited

## Strategic Report *(continued)*

**Year ended 31 December 2016**

### **Principal risks and uncertainties *continued***

The company operates in a market where customers regularly work under conditions of tight liquidity and financial stress. Customer insolvency is a principal risk which is managed by a strong internal credit management environment and external credit insurance. The company works closely with credit insurers and other external credit professionals to manage the risks, whilst balancing the need to support our customers in the exploitation of commercial opportunities.

The company is a member of the Schüco International KG cash pooling arrangements for liquidity management and is not exposed to short-term funding risk. The directors have successfully managed the business to maintain a positive cash balance throughout 2016.

This report was approved by the board of directors on 16 March 2017 and signed on behalf of the board by:



Mr M Lane  
Director

# **Schueco UK Limited**

## **Directors Report**

### **Year ended 31 December 2016**

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

#### **Directors**

The directors who served the company during the year were as follows:

Mr A. Engelhardt  
Mr T. Humpf  
Mr M. Lane  
Mr P. Neuhaus

All directors have served throughout the year and are still directors at the date of this report.

#### **Research and development**

The company does not independently engage in research and development activities but significantly contributes to and is able to share in the benefits of such activities undertaken by the parent company.

#### **Dividends**

Dividends paid during the year comprise a final dividend of £1.40p per share in respect of the previous year ended 31 December 2015 (2015: £1.00p per share in respect of the previous year ended 31 December 2014). No dividend has been declared or paid in respect of the year ended 31 December 2016.

#### **Political donations**

The company has made no political donations or incurred any political expense during all periods presented in these financial statements.

#### **Employees**

Schueco UK Limited and all management staff are committed to a policy and practice under which they recognise their obligations under the Disability Discrimination Act 1995 not to discriminate unlawfully against people with disabilities at any stage of employment.

In accordance with provisions of the Health and Safety at Work Act 1974, the company is committed to ensure the health, safety and welfare at work of its employees and to do all that is reasonable to prevent personal injury.

During the year, the company achieved the Investors in People Gold Champion status award.

#### **Auditors**

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006 and KPMG LLP will therefore continue in office.

#### **Financial instruments**

Schueco UK Limited purchases a large proportion of its trading materials from Eurozone territories outside the United Kingdom and is therefore exposed to movements in exchange rates. Internal foreign currency hedging agreements with our parent company are used to mitigate this exposure. In addition, monetary assets held in foreign currencies are held against booked liabilities and managed to minimise volatility in the Statement of Income and Retained Earnings due to retranslation.

# Schueco UK Limited

## Directors Report *(continued)*

**Year ended 31 December 2016**

### **Financial instruments *continued***

Schueco UK Limited operates in a market where customers regularly work under conditions of tight liquidity and financial stress. Customer insolvency is a principal risk which is managed and mitigated by a strong internal credit management environment and external credit insurance. The company works closely with credit insurers and other external credit professionals to manage the attendant risks, whilst balancing the need to support our customers in the exploitation of commercial opportunities.

### **Disclosure of information in the strategic report**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### **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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS102; 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 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 accounting 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 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.

# **Schueco UK Limited**

## **Directors Report** *(continued)*

**Year ended 31 December 2016**

### **Statement of disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

This report was approved by the board of directors on 16 March 2017 and signed on behalf of the board by:



Mr M Lane  
Director

Registered office:  
Whitehall Avenue  
Kingston  
Milton Keynes  
UK  
MK10 0AL

# **Schueco UK Limited**

## **Independent Auditor's Report to the Members of Schueco UK Limited**

### **Year ended 31 December 2016**

We have audited the financial statements of Schueco UK Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes on pages 8 to 20. 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 FRS102; 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 Statement of Directors Responsibilities on page 4, 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 (FRC) website at [www.frc.org.uk/auditscopeukprivate](http://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 matter prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

# Schueco UK Limited

## Independent Auditor's Report to the Members of Schueco UK Limited *(continued)*

**Year ended 31 December 2016**

### **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.



20 March 2017

**David BurrIDGE (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

# Schueco UK Limited

## Statement of Income and Retained Earnings

Year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	3	57,926	59,140
Cost of sales		(30,571)	(32,647)
<b>Gross profit</b>		<b>27,355</b>	<b>26,493</b>
Distribution costs		(8,991)	(8,919)
Administrative expenses		(2,534)	(2,116)
Other operating income		418	429
<b>Operating profit</b>	4	<b>16,248</b>	<b>15,887</b>
Income from investment properties	8	12	14
Other interest receivable and similar income	9	59	45
<b>Profit on ordinary activities before taxation</b>		<b>16,319</b>	<b>15,946</b>
Tax on profit on ordinary activities	10	(2,222)	(1,479)
<b>Profit for the financial year and total comprehensive income</b>		<b>14,097</b>	<b>14,467</b>
Dividends paid and payable	11	(14,000)	(10,000)
<b>Retained earnings at the start of the year</b>		<b>14,980</b>	<b>10,513</b>
<b>Retained earnings at the end of the year</b>		<b>15,077</b>	<b>14,980</b>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

# Schueco UK Limited

## Statement of Financial Position

31 December 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	12	4,291	4,403
Investment properties	13	260	200
		<u>4,551</u>	<u>4,603</u>
<b>Current assets</b>			
Stocks	14	3,768	4,017
Debtors	15	30,060	30,155
Cash at bank and in hand		270	261
		<u>34,098</u>	<u>34,433</u>
<b>Creditors: amounts falling due within one year</b>	16	7,285	8,030
<b>Net current assets</b>		<u>26,813</u>	<u>26,403</u>
<b>Total assets less current liabilities</b>		<u>31,364</u>	<u>31,006</u>
<b>Provisions</b>			
Taxation including deferred tax	18	50	41
Other provisions	18	798	546
		<u>848</u>	<u>587</u>
<b>Net assets</b>		<u>30,516</u>	<u>30,419</u>
<b>Capital and reserves</b>			
Called up share capital	21	10,000	10,000
Share premium account	22	5,439	5,439
Profit and loss account	22	15,077	14,980
<b>Total Shareholders' funds</b>		<u>30,516</u>	<u>30,419</u>

These financial statements were approved by the board of directors and authorised for issue on 16 March 2017, and are signed on behalf of the board by:



Mr M Lane  
Director

Company registration number: 07048715

The notes on pages 11 to 20 form part of these financial statements.

# Schueco UK Limited

## Statement of Cash Flows

Year ended 31 December 2016

	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	14,097	14,467
<i>Adjustments for:</i>		
Depreciation of tangible assets	501	474
Fair value adjustment of investment property	(60)	—
Income from investment properties	(12)	(14)
Other interest receivable and similar income	(59)	(45)
Loss on disposal of tangible assets	12	20
Tax on profit on ordinary activities	2,222	1,479
<i>Changes in:</i>		
Stocks	249	(31)
Trade and other debtors	95	(4,174)
Trade and other creditors	(254)	(863)
Provisions and employee benefits	251	126
Cash generated from operations	17,042	11,439
Interest received	59	45
Tax paid	(2,703)	(1,825)
Net cash from operating activities	<u>14,398</u>	<u>9,659</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(439)	(84)
Proceeds from sale of tangible assets	38	—
Income from investment properties	12	14
Net cash used in investing activities	<u>(389)</u>	<u>(70)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(14,000)	(10,000)
Net cash used in financing activities	<u>(14,000)</u>	<u>(10,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9</b>	<b>(411)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>261</b>	<b>672</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>270</u></b>	<b><u>261</u></b>

The notes on pages 11 to 20 form part of these financial statements.

# **Schueco UK Limited**

## **Statement of Income and Retained Earnings**

**Year ended 31 December 2016**

### **1. Statement of compliance**

Schueco UK Limited is a company limited by shares and incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with the Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') as issued in August 2014.

### **2. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

The presentation currency of the financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable by the company and represents amounts receivable for goods supplied and services rendered in the ordinary course of its business, stated net of discounts and of Value Added Tax.

Turnover is recognised upon the despatch of goods and completion of services.

#### **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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **Operating leases**

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease unless the payments are structured to increase in line with expected general inflation; in which case the payments related to the structured increase are recognised as incurred. Lease incentives are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

#### **Defined contribution pension**

The company operates a defined contribution pension scheme. A defined contribution scheme 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. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 2. Accounting policies *continued*

#### Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss in 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 recognised on timing differences which arise from the inclusion of income and expenses in the tax assessments in periods different to those in which they are recognised in the financial statements. 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 that have been 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.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and location for its intended use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land	-	Not depreciated
Plant and machinery	-	Over 8 to 20 years
Fixtures, fittings, computer and office equipment	-	Over 3 to 13 years

Assets in the course of construction are not depreciated. When such assets come into use, they are transferred to the appropriate fixed asset category and depreciated accordingly.

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

# **Schueco UK Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2016**

### **2. Accounting policies** *continued*

#### **Investment property**

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss in the period that they arise.

No depreciation is provided in respect of investment property. This is a departure from the requirements of the Companies Act 2006 concerning depreciation on the grounds that these properties are held for their investment potential and are not for consumption within the business. This treatment is necessary for the financial statements to show a true and fair view and is consistent with the applicable Accounting Standards in the United Kingdom.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Rental income is recorded as investment income in the Statement of Income and Retained Earnings in the period to which it relates.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stock, production, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Provisions are made against obsolete and slow moving stock where appropriate.

#### **Provisions**

Provisions are recognised in the balance sheet when the company has a present obligation, legal or constructive 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 that obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **Dividends**

Dividend distributions to the company's members are recognised as liabilities in the financial statements, and directly in equity, in the period in which the dividend is declared.

#### **Related party disclosures**

As a wholly owned subsidiary of Otto Fuchs Kommanditgesellschaft which prepares consolidated financial statements, the company has taken advantage of the exemption in FRS 102 Section 33 'Related Party Disclosures', not to disclose transactions with other wholly owned members in that group. Transactions with key management personnel are disclosed in note 7.

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 3. Turnover

Turnover arises from:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Sale of goods	<b><u>57,926</u></b>	<b><u>59,140</u></b>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>55,235</b>	<b>57,004</b>
Europe	<b><u>2,691</u></b>	<b><u>2,136</u></b>
	<b><u>57,926</u></b>	<b><u>59,140</u></b>

#### 4. Operating profit

Operating profit or loss is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible assets	<b>501</b>	<b>474</b>
Loss on disposal of tangible assets	<b>12</b>	<b>20</b>
Operating lease rentals	<b>570</b>	<b>518</b>
Defined contribution plans expense	<b><u>99</u></b>	<b><u>95</u></b>

#### 5. Auditor's remuneration

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fees payable for the audit of the financial statements	<b><u>37</u></b>	<b><u>36</u></b>
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	<b>–</b>	<b>5</b>
Taxation advisory services	<b><u>45</u></b>	<b><u>24</u></b>
	<b><u>45</u></b>	<b><u>29</u></b>

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No	2015 No
Distribution staff	27	26
Administrative staff	112	105
	<u>139</u>	<u>131</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £000	2015 £000
Wages and salaries	5,829	5,696
Social security costs	610	619
Other pension costs	99	95
	<u>6,538</u>	<u>6,410</u>

#### 7. Directors remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £000	2015 £000
Remuneration	336	353
Company contributions to defined contribution pension plans	9	7
	<u>345</u>	<u>360</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No	2015 No
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £000	2015 £000
Aggregate remuneration	336	353
Company contributions to defined contribution pension plans	9	7
	<u>345</u>	<u>360</u>

In both 2016 and 2015, all other directors were remunerated through fellow group companies.

#### 8. Income from investment properties

	2016 £000	2015 £000
Income from investment properties	<u>12</u>	<u>14</u>

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 9. Other interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from third parties	2	–
Interest receivable from group undertakings	57	45
	<u>59</u>	<u>45</u>

#### 10. Tax on profit on ordinary activities

##### Major components of tax expense

	2016 £000	2015 £000
<b>Current tax:</b>		
UK current tax expense	2,212	1,462
<b>Deferred tax: (note 17)</b>		
Origination and reversal of timing differences	10	17
<b>Tax on profit on ordinary activities</b>	<u>2,222</u>	<u>1,479</u>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £000	2015 £000
Profit on ordinary activities before taxation	16,319	15,946
Profit on ordinary activities by rate of tax	3,263	3,229
Adjustment to tax charge in respect of prior periods	(199)	(1,112)
Effect of expenses not deductible for tax purposes	(840)	(634)
Effect of different UK tax rates on some earnings	(2)	(4)
<b>Tax on profit on ordinary activities</b>	<u>2,222</u>	<u>1,479</u>

##### Factors that may affect future tax expense

Factors affecting future tax charges are given in note 17.

#### 11. Dividends

	2016 £000	2015 £000
Equity dividends paid during the year	<u>14,000</u>	<u>10,000</u>

Dividends paid during the year comprise a final dividend of £1.40p per share in respect of the previous year ended 31 December 2015 (2015: £1.00p per share in respect of the previous year ended 31 December 2014). No dividend has been declared or paid in respect of the year ended 31 December 2016.

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 12. Tangible assets

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<b>Cost</b>				
At 1 January 2016	11,605	436	2,510	<b>14,551</b>
Additions	40	190	209	<b>439</b>
Disposals	–	(137)	(28)	<b>(165)</b>
Transfers	22	–	(22)	<b>–</b>
<b>At 31 December 2016</b>	<b>11,667</b>	<b>489</b>	<b>2,669</b>	<b>14,825</b>
<b>Depreciation</b>				
At 1 January 2016	7,885	243	2,020	<b>10,148</b>
Charge for the year	345	43	113	<b>501</b>
Disposals	–	(89)	(26)	<b>(115)</b>
<b>At 31 December 2016</b>	<b>8,230</b>	<b>197</b>	<b>2,107</b>	<b>10,534</b>
<b>Carrying amount</b>				
<b>At 31 December 2016</b>	<b>3,437</b>	<b>292</b>	<b>562</b>	<b>4,291</b>
At 31 December 2015	3,720	193	490	4,403

Freehold property includes £2,562,000 in respect of land which is not depreciated.

#### 13. Investment properties

	Investment property £000
<b>Cost</b>	
At 1 January 2016	200
Revaluations	60
<b>At 31 December 2016</b>	<b>260</b>
<b>Impairment</b>	
<b>At 1 Jan 2016 and 31 Dec 2016</b>	<b>–</b>
<b>Carrying amount</b>	
<b>At 31 December 2016</b>	<b>260</b>
At 31 December 2015	200

Further to valuations undertaken by independent valuers who have the appropriate professional qualifications and relevant experience, the carrying values of the investment properties were increased by £60,000 (2015: £Nil) during the year. The change in fair value was recognised in the Statement of Income and Retained Earnings.

The net book value of the investment properties if accounted for under historical cost is £200,000 (2015: £200,000).

Rental income from the investment properties is accounted for as described in the investment properties accounting policy.

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 14. Stocks

	2016	2015
	£000	£000
Finished goods and goods for resale	<u>3,768</u>	<u>4,017</u>

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

### 15. Debtors

	2016	2015
	£000	£000
Trade debtors	7,322	8,499
Amounts owed by group undertakings	22,495	21,451
Prepayments and accrued income	223	166
Other debtors	20	39
	<u>30,060</u>	<u>30,155</u>

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand. Included within amounts owed by group undertakings is an amount of £22,462,000 (2015: £22,412,000) relating to a receivable arising in respect of the company's participation in the group's pooling arrangement.

### 16. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	766	975
Amounts owed to group undertakings	2,241	2,052
Accruals and deferred income	1,855	1,869
Corporation tax	969	1,462
Other creditors	1,454	1,672
	<u>7,285</u>	<u>8,030</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

### 17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£000	£000
Included in provisions (note 18)	<u>50</u>	<u>41</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£000	£000
Accelerated capital allowances	75	61
Other timing differences	(25)	(20)
	<u>50</u>	<u>41</u>

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 17. Deferred tax *continued*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

#### 18. Provisions

	Warranty provision £000	Deferred tax (note 17) £000	Claims Provision £000	Total £000
At 1 January 2016	480	41	66	587
Additions	534	9	156	699
Charge against provision	(251)	—	(8)	(259)
Unused amounts reversed	(121)	—	(58)	(179)
At 31 December 2016	<u>642</u>	<u>50</u>	<u>156</u>	<u>848</u>

The warranty provision relates to estimated liabilities for customer claims arising out of product warranties and is expected to be utilised within 2 years.

The claims provision relates to disputed contractual claims by customers. The outcome of these claims is subject to uncertainty as to value and timing and the amounts shown are best estimates of the outcomes, including associated legal costs.

#### 19. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £99,000 (2015: £95,000).

#### 20. Basic financial instruments

All financial instrument are recognised at fair value. The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2016 £000	2015 £000
Cash	270	261
Trade and other receivables	<u>30,060</u>	<u>30,155</u>
<b>Financial assets</b>	<b><u>30,330</u></b>	<b><u>30,416</u></b>
Trade and Other payables	<u>6,316</u>	<u>6,568</u>
<b>Financial Liabilities</b>	<b><u>6,316</u></b>	<b><u>6,568</u></b>

# Schueco UK Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 21. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£000	No	£000
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000</u>	<u>10,000,000</u>	<u>10,000</u>

#### 22. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses

#### 23. Operating lease commitments

Non-cancellable operating lease payments are payable as follows:

	Land and Buildings 2016 £000	Land and Buildings 2015 £000	Other 2016 £000	Other 2015 £000
Less than one year	54	54	285	268
Two to five years	<u>–</u>	<u>54</u>	<u>289</u>	<u>224</u>
	<u>54</u>	<u>108</u>	<u>574</u>	<u>492</u>

#### 24. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Otto Fuchs Kommanditgesellschaft, a company incorporated in Germany, which is the parent undertaking of the largest group to prepare consolidated financial statements. Schueco UK Limited is included in the consolidated financial statements of Schüco International KG, a company incorporated in Germany, which is the smallest group to prepare consolidated financial statements. The consolidated financial statements of Schüco International KG are not publicly available.

Copies of the group financial statements can be obtained from:

OTTO FUCHS Kommanditgesellschaft  
Meinerzhagen  
Derschlager Straße  
58540 Meinerzhagen