

Company Registration No.557725

AEBI SCHMIDT UK LIMITED

Report and Financial Statements

31 December 2009

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AEBI SCHMIDT UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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AEBI SCHMIDT UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The principal activity of the company is the sale and after sales support of special purpose surface cleansing vehicles and equipment. The product range includes environmental (street cleansing and mowing vehicles and equipment) and winter maintenance vehicles for snow clearance, salt spreading and de-icing for both roads and airports.

CHANGE OF NAME

On 14th January 2009 the company changed its name to Aebi Schmidt UK Limited to reflect its ownership by the Aebi Schmidt Group in Switzerland. In 2009 the company offered an increased product range including Aebi equipment to dealers in the UK.

BUSINESS REVIEW

In the year to 31 December 2009 the company made a trading profit before taxation of £744,000 compared to a trading profit of £79,000 in the year to 31 December 2008.

The company continued to face challenging trading conditions due to the weakness of Sterling against the Euro during the year, as well as a reduction in the size of the market for its Environmental product range. However, the company's share of this market has increased during 2009 and increased sales in the Winter and Airport markets contributed strongly to an overall increase in turnover of 39%.

The gross margin achieved in the year was 18.1% (19.5% in the year to 31 December 2008) and was once again heavily influenced by the weakness of sterling against the euro currency.

Environmental sales were 20% higher which in the context of the market reduction noted above was a strong result.

Having won a major contract with the Highways Agency in January 2008 for the supply of Winter Maintenance Equipment in the UK, the company has now delivered 259 vehicles during 2008 and 2009 and has received further orders for delivery in 2010. The Highways Agency is funded by Central Government. The contract was awarded as part of a substantial investment by the Highways Agency towards Safer Roads in the UK which represents a complete renewal of the Motorway and Trunk Road Winter Maintenance Fleet over a number of years.

The introduction of this Winter Maintenance Equipment (Spreaders mounted on 18 and 26 tonne chassis) into the market generates considerable extra after sales business opportunities for the company.

In the Airport market (specialist snow removal, runway de-icing and runway sweeping) the company increased its turnover eight fold in the year to 31 December 2009 compared to the previous year. It should be noted however that projects of this size and complexity are long term and can take a year or more from enquiry to delivery.

The company does not occupy a major part of their leased property. During 2003-2008 this was sub-let, however the tenant vacated the property on 19 September 2008 and at the date of this report the property is only partially let on a short term basis.

The company is actively marketing the property through commercial estate agents and has a number of serious enquiries for the whole building for the remaining life of the lease. Because there is no long term sub-lease in place the directors consider a provision against a possible loss of rent for 12 months and an additional provision to cover a possible 9 months rent free arrangement with a new tenant to be a prudent course of action. At the year end a provision of £975,000 is therefore recognised in the financial statements. Notwithstanding this provision, lease and other property costs relevant to this building continue to be expensed through the profit and loss account in the current year.

AEBI SCHMIDT UK LIMITED

DIRECTORS' REPORT

BUSINESS REVIEW (continued)

During the year the company's immediate parent company Schmidt Holdings Limited was placed in members' voluntary liquidation. The shares of the company are now owned directly by Aebi Schmidt Holding AG, a company based in Switzerland.

The Board monitors the company's performance in a number of ways including key performance indicators. The key financial performance indicators together with the information for 2009 and 2008 are as follows (these exclude any provisions for the onerous lease provision).

	2009	2008
Turnover £'000	30,505	21,907
Gross profit £'000	5,515	4,267
Gross profit margin (%)	18.1%	19.5%
Operating profit £'000	796	147
Operating profit margin (%)	2.6%	0.7%
Employees (average number)	60	58

The company also uses certain non financial performance indicators, the most significant of which is the number of employees.

PRINCIPAL RISKS AND UNCERTAINTIES

Competition risk

The markets in which the company operates are competitive with few manufacturers.

In the Environmental market it is considered important for the company to maintain its market share with its core sweeping product.

Due to the contract with the Highways Agency, the company's share of the Winter Maintenance Equipment market continues to increase significantly.

In the Airport market where the company faces competition from few specialist suppliers, it considers it has increased its market share during the year to 31 December 2009.

Foreign currency risk

Sterling has remained relatively weak (by historical standards) against the euro during 2009 reducing the company's gross margins.

Credit risk

Debtors at the year end were from various companies including many government funded institutions. The history of bad debts is minimal and the company continually monitors its debtor balances.

Liquidity risk

The company uses its confidential invoice discounting facility to help manage its liquidity risk.

AEBI SCHMIDT UK LIMITED

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 7

The directors do not recommend the payment of a final dividend (2008 - £nil)

GOING CONCERN

The directors have prepared projected budgets and cash flow information for the period ending 31 December 2010 and beyond. Based on these, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS

The directors who served during the year were

P A Diver
H Landeweerd
T Schenkirsch

EMPLOYEE INVOLVEMENT

Communication with employees is effected through company magazines, information bulletins and through employee meetings. These meetings include senior management and as many of the workforce as is reasonably practicable. The meetings enable senior management to update employees on company progress and discuss various matters of mutual interest.

AUDITORS

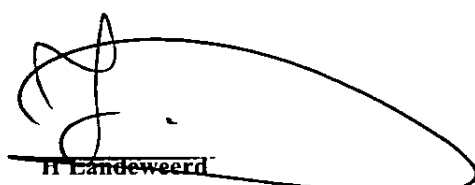
Each of the persons who is a director at the date of approval of this annual report confirms that

- 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



H Landeweerd

Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEBI SCHMIDT UK LIMITED

We have audited the financial statements of Aebi Schmidt UK Limited for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 19. 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).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 2009 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

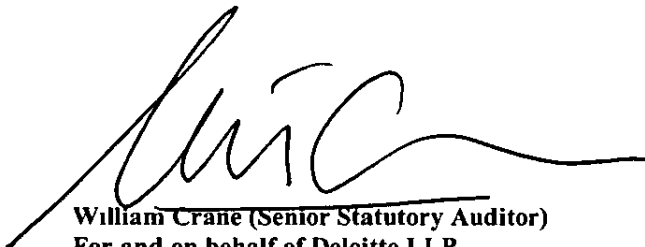
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEBI SCHMIDT UK 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



William Crane (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, United Kingdom

5 March 2010

AEBI SCHMIDT UK LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2009**

	Note	2009 £'000	2008 £'000
TURNOVER	2	30,505	21,907
Cost of sales		(24,990)	(17,640)
Gross profit		5,515	4,267
Distribution costs		(898)	(820)
Administrative expenses	3	(3,821)	(3,300)
OPERATING PROFIT	4	796	147
Interest receivable and similar income		32	34
Interest payable and similar charges	6	(12)	(84)
Other finance charges in respect of pensions		(72)	(18)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		744	79
Tax on profit on ordinary activities	7	(296)	(47)
RETAINED PROFIT FOR THE YEAR	15	448	32

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2009**

	2009 £'000	2008 £'000
Profit for the financial year	448	32
Actuarial loss recognised in the pension scheme during the year (note 18)	(112)	(498)
Deferred tax relating to actuarial loss	31	138
Total recognised gains and losses for the year	367	(328)

AEBI SCHMIDT UK LIMITED

BALANCE SHEET **31 December 2009**

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	8	37	48
CURRENT ASSETS			
Stocks	9	2,020	2,659
Debtors	10		
Due within one year		3,983	2,736
Due after more than one year		35	-
Cash at bank and in hand		536	58
		6,574	5,453
CREDITORS: amounts falling due within one year	11	(3,832)	(3,104)
NET CURRENT ASSETS		2,742	2,349
TOTAL ASSETS LESS CURRENT LIABILITIES		2,779	2,397
PROVISIONS FOR LIABILITIES AND CHARGES	12	(975)	(975)
NET ASSETS BEFORE NET PENSION LIABILITY		1,804	1,422
NET PENSION LIABILITY	18	(785)	(770)
NET ASSETS		1,019	652
CAPITAL AND RESERVES			
Called up share capital	14	6,642	6,642
Profit and loss account	15	(5,623)	(5,990)
SHAREHOLDERS' FUNDS	16	1,019	652

The financial statements of Aebi Schmidt UK Limited, registered number 557725, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



H Landeweerd

Director

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking, Aebi Schmidt Holding AG includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Aebi Schmidt Holding AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Aebi Schmidt Holding AG, within which this company is included, can be obtained from the address given in note 19.

Going concern

The company meets its working capital requirements from trading income and also utilises a confidential invoice discounting facility. The directors have prepared projected cash flow information for the period ending 31 December 2010 and beyond. These projections assess the company's ability to operate within revenue income generated with no capital injections.

The directors acknowledge the company is trading in uncertain economic conditions, although it is their belief that the company is well positioned to meet its business objectives. However there is a risk that the commercial conditions could see the company requiring increased working capital requirements in the short term.

Based on the above the directors have concluded that the company will continue in operational existence for the foreseeable future even if significant reductions in its planned revenues in the next 12 months occur and that it is appropriate to prepare financial statements on a going concern basis.

In the event that the available cash resources are not sufficient to meet the working capital requirements of the company in the period under review, the directors will put in place a cost control strategy.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	Between 5 and 10 years
Motor cars	Between 4 and 5 years
Commercial and sweeping vehicles	5 years
Computer equipment	3 years
Office equipment	Between 3 and 5 years
Fixtures and fittings	Between 3 and 10 years

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Onerous lease provision

The directors monitor the progress of the vacant property, and provide for any foreseeable losses as they arise.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. This scheme was closed to new members in February 2003 and closed to future accrual of benefits for existing members on 31 March 2009 (see note 18). The assets of the scheme are held separately from those of the company in an independently administered fund.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost which includes an appropriate proportion of attributable overheads.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. TURNOVER

Turnover, which is stated net of value added tax and discounts, represents amounts invoiced to third parties. Turnover and pre tax result, all of which arises in the United Kingdom, is attributable to the principal activities of the company. The turnover attributable to each of the company's geographical markets is as follows:

	2009 £'000	2008 £'000
United Kingdom	30,000	21,658
Other EC countries	505	249
	<u>30,505</u>	<u>21,907</u>

3. ADMINISTRATIVE EXPENSES

Following the cessation of manufacturing operations in the UK in 2003, the company holds a surplus leasehold property which it plans to sub-let over the remaining period of the head lease. Future commitments under the head lease amount to £430,000 per annum expiring in March 2022. As at 31 December 2007 the directors had provided £1,075,000 in respect of the estimated lease cost to the company in respect of the period when this property is anticipated to be vacant as well as estimated non domestic rates costs. In the year ended 31 December 2008, £100,000 of this provision was released. At the 31 December 2009, the provision remained at £975,000.

4. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is stated after charging:		
Depreciation of owned assets	20	22
Operating leases		
Plant and machinery	4	4
Other assets	567	567
Auditors' remuneration		
Audit	14	18
Other services	5	7
	<u> </u>	<u> </u>

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009	2008
	£'000	£'000
Directors' emoluments		
Emoluments (excluding pension contributions)	186	160
Company contributions paid to defined benefit pension schemes	4	22
	<u>190</u>	<u>182</u>
	No	No
 Number of directors who are members of a defined benefit pension scheme	 <u>1</u>	 <u>1</u>
 Average number of persons employed		
Sales and distribution	55	53
Administration	5	5
	<u>60</u>	<u>58</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	1,816	1,724
Social security costs	195	175
Pension costs	119	100
	<u>2,130</u>	<u>1,999</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£'000	£'000
On group balances	3	52
On bank loans, overdrafts and other loans	9	32
	<u>12</u>	<u>84</u>

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£'000	£'000
Current taxation		
United Kingdom corporation tax based on the result for the year at 28% (2008 - 28%)	-	-
Deferred taxation		
Origination and reversal of timing differences		
Current period	274	47
Adjustment relating to prior year	(3)	-
Deferred tax on pension liability	25	-
	<u>296</u>	<u>47</u>
Tax on profit on ordinary activities	<u>296</u>	<u>47</u>

Factors affecting tax charge for the year:

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK 28% (2008 - 28%) The differences are explained below

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	744	79
Tax on profit on ordinary activities at standard rate	208	22
Factors affecting charge for the year		
Expenses not deductible for tax purposes	(21)	5
Capital allowances in excess of depreciation	(8)	(19)
Utilisation of tax losses	(180)	(6)
Other timing differences	1	(2)
Total actual amount of current tax	<u>-</u>	<u>-</u>

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

8. TANGIBLE FIXED ASSETS

	Plant, machinery and vehicles £'000	Computer equipment £'000	Office equipment, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2009	227	116	429	772
Additions in the year	-	-	9	9
Disposals	(227)	(116)	(227)	(570)
At 31 December 2009	-	-	211	211
Depreciation				
At 1 January 2009	227	116	381	724
Charge for the year	-	-	20	20
Disposals	(227)	(116)	(227)	(570)
At 31 December 2009	-	-	174	174
Net book value				
At 31 December 2009	-	-	37	37
At 31 December 2008	-	-	48	48

9. STOCKS

	2009 £'000	2008 £'000
Finished goods and goods for resale	2,020	2,659

There is no material difference between the balance sheet value of stock and their replacement value

10. DEBTORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	2,141	1,628
Amounts owed by group undertakings	680	415
Deferred taxation (note 13)	167	473
Other debtors	35	20
Prepayments and accrued income	960	200
	3,983	2,736
Amounts falling due after more than one year		
Deferred taxation (note 13)	35	-
	4,018	2,736

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Advances from invoice discounting facility	846	279
Trade creditors	593	743
Amounts owed to group undertakings	1,498	1,323
Other taxation and social security	456	227
Other creditors	-	158
Accruals and deferred income	439	374
	<u>3,832</u>	<u>3,104</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Leasehold premises £'000
At 1 January 2009	975
Transfer to profit and loss account	-
	<u>975</u>
At 31 December 2009	<u>975</u>

13. DEFERRED TAXATION

	£
At beginning of year	(473)
Charge to profit and loss account	271
	<u>(202)</u>
At the end of year	<u>(202)</u>

The amounts of deferred taxation provided in the accounts are as follows

	Provided 2009 £'000	Provided 2008 £'000
Capital allowances in advance of depreciation	(32)	(40)
Short term timing differences	(3)	2
Tax losses carried forward	(167)	(435)
	<u>(202)</u>	<u>(473)</u>

In addition to the deferred tax asset in note 10, there is an unrecognised deferred tax asset of £168,169 (2008 - £219,827) relating to trading losses carried forward and £219,737 (2008 - £80,139) relating to Schedule A losses carried forward. The unrecognised asset is potentially recoverable against future operating profits. It has not been recognised in respect of these amounts as there is not a reasonable expectation that these amounts will be recovered in the immediate future.

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

14. CALLED UP SHARE CAPITAL

	2009	2008
	£'000	£'000
Allotted, called up and fully paid		
6,642,226 ordinary shares of £1 each	6,642	6,642

15. RESERVES

		Profit and loss account £'000
At 1 January 2009		(5,990)
Profit for the financial year		448
Actuarial loss recognised in the pension scheme during the year		(112)
Deferred tax relating to actuarial loss		31
At 31 December 2009		(5,623)
	2009	2008
	£'000	£'000
Profit and loss reserve excluding pension liability	(4,838)	(5,220)
Pension liability	(785)	(770)
Profit and loss reserve	(5,623)	(5,990)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£'000	£'000
Profit for the financial year	448	32
Capital contribution	-	1,800
Actuarial loss recognised in the pension scheme during the year	(112)	(498)
Deferred tax relating to actuarial loss	31	138
Net increase in shareholders' funds	367	1,472
Opening shareholders' funds (deficit)	652	(820)
Closing shareholders' funds	1,019	652

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

17. OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire				
Less than one year	-	-	4	4
After five years	567	567	-	-
	<u>567</u>	<u>567</u>	<u>4</u>	<u>4</u>

18. PENSION SCHEME

The company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the company to the scheme and amounted to £111,000 (2008 - £39,000)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The company also operates the Schmidt Group Pension Scheme, a funded defined benefit scheme, providing benefits based on final pensionable pay

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of this group scheme was at 31 May 2008

The scheme closed to new members in February 2003 and closed to future accrual of benefits for existing members on 31 March 2009. The scheme currently has a funding shortfall. The trustees and the company have agreed recovery plan contributions of £160,000 per annum will be paid by the company from 1 January 2009. The funding shortfall is expected to be eliminated in 10 years.

The valuation at 31 May 2008 has been updated by the actuary on an FRS 17 basis as at 31 December 2009. The major assumptions used in this valuation were

	31 December 2009	31 December 2008	31 December 2007
Rate of increase in salaries	3.70%	2.70%	4.00%
Pension increase in pensions in payment and deferred pensions	3.70%	2.70%	3.25%
Discount rate applied to scheme liabilities	5.70%	6.10%	5.50%
Inflation assumption	3.70%	2.70%	3.25%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

18. PENSION SCHEME (continued)

Scheme assets

The fair value of the scheme's 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 present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000
Equities	2,317	1,753	2,859
Bonds	376	458	315
Property	240	216	307
Other	203	164	68
	<u>3,136</u>	<u>2,591</u>	<u>3,549</u>
Present value of scheme liabilities	(4,226)	(3,660)	(4,108)
Deficit in the scheme - Pension liability	(1,090)	(1,069)	(559)
Related deferred tax asset	305	299	168
Net pension liability	<u>(785)</u>	<u>(770)</u>	<u>(391)</u>

	Long term rate of return at 31 December 2009	Long term rate of return at 31 December 2008	Long term rate of return at 31 December 2007	Long term rate of return at 31 March 2007
Equities	7.50%	7.00%	6.00%	6.00%
Bonds	4.40%	3.70%	5.00%	5.00%
Property	7.00%	6.00%	6.00%	6.00%
Other	0.50%	1.00%	4.00%	4.00%

Movement in deficit during the year

	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000	31 March 2007 £'000
Deficit in scheme at beginning of year	(1,069)	(559)	(556)	(766)
Charge to operating profit	(5)	(55)	(28)	(41)
Employer contributions	168	61	39	37
Charge to other financial income	(72)	(18)	(8)	(11)
Actuarial (loss) gain	(112)	(498)	(6)	225
Deficit in the scheme at end of year	<u>(1,090)</u>	<u>(1,069)</u>	<u>(559)</u>	<u>(556)</u>

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2009**

18. PENSION SCHEME (continued)

Analysis of other pension costs charged in arriving at operating profit

	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000	31 March 2007 £'000
Current service cost	5	55	28	41

Analysis of the amounts included in other finance costs

	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000	31 March 2007 £'000
Expected return on pension scheme assets	148	199	151	186
Interest on pension scheme liabilities	(220)	(217)	(159)	(197)
Net charge	(72)	(18)	(8)	(11)

History of experience gains and losses

	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000	31 March 2007 £'000
Actual return less expected return on scheme assets (£'000)	345	(827)	(43)	94
Percentage of scheme assets	11%	32%	1%	3%
Experience gains and losses arising on liabilities (£'000)	-	22	-	-
Percentage of the present value of scheme's liabilities	-	0.6%	-	-
Changes in assumptions underlying the present value of scheme liabilities (£'000)	(457)	307	37	131
Percentage of the present value of scheme's liabilities	10.8%	11.8%	1%	3.3%
Actuarial (loss) gain recognised in STRGL	(112)	(498)	(6)	225
As a percentage of scheme liabilities	(2.7%)	(13.6%)	-	6%

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19 ULTIMATE CONTROLLING PARTY

Schmidt Holdings Limited is the immediate parent company of the smallest group of which the company is a member and for which group accounts are drawn up. Copies of the financial statements are available from Schmidt Holdings Limited, Southgate Way, Orton Southgate, Peterborough, PE2 6GP.

Aebi Schmidt Holding AG is the ultimate parent company of the group of which the company is a member and for which group financial statements are available from Aebi Schmidt Holding AG, Bahnhofstrasse 7, CH-9565 Bussnang, Switzerland.

Schmidt Holdings Limited as an intermediate parent company is currently being liquidated, and as a result Aebi Schmidt Holding AG will be the immediate (and ultimate) parent company.