

Registered number: 557725

AEBI SCHMIDT UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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COMPANIES HOUSE

AEBI SCHMIDT UK LIMITED

COMPANY INFORMATION

DIRECTORS

Mr H Landeweerd
Mr T Schenkirsch
Mr W Goodwin (appointed 6 January 2015)

COMPANY SECRETARY

P M Squires

REGISTERED NUMBER

557725

REGISTERED OFFICE

Southgate Way
Orton Southgate
Peterborough
PE2 6GP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

AEBI SCHMIDT UK LIMITED

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AEBI SCHMIDT UK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

BUSINESS REVIEW

In the year to 31 December 2015 the company made a profit on ordinary activities before taxation of £1,607k compared to a profit on ordinary activities before taxation of £1,013k in the year to 31 December 2014.

The gross margin achieved across the whole business was 30.0% for the year ended 31 December 2015 compared to 31.0% in the year to 31 December 2014.

The company has net assets of £4,213k as at 31 December 2015 (£3,378k as at 31 December 2014).

The company operates in 4 principal markets; Winter Maintenance equipment, specialist Airport products, Environmental products and specialist machines for working in difficult terrains and on extremely steep slopes.

The company is satisfied with its performance in each of these markets during the year which contributed to an overall increase in turnover of 20% when compared to the year to 31 December 2014. Sales growth was particularly strong in the compact sweeper sector of the Environmental market with a record number of machines delivered.

The company also operates in the After Sales (parts and service) market for equipment it supplies. Activity in the After Sales division was higher than in preceding years with additional sales of spare parts and workshop activity contributing to a positive result when measured against 2014.

PRINCIPAL RISKS AND UNCERTAINTIES**Competition risk**

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

The company's share of the Winter Maintenance equipment market continues to develop and the increased installed base of equipment provides increased after sales opportunities. The company believe its technical approach, as adopted by a number of high profile customers, and innovative marketing including the Total Lifetime Care concept, differentiates its products in this market.

In the Airport market where the company faces competition from a few specialist suppliers, it has achieved considerable sales growth and market share in recent years with significant sales to both the Ministry of Defence and many commercial airport operators.

In the Environmental market the company's customers are predominantly local authorities and contractors operating on behalf of authorities. It is considered important for the company to maintain recognition in the industry of its superior and proven product offering, however while tenders are increasingly price focussed it is also necessary to be price competitive.

Foreign currency risk

The company's cost of sale for products is predominantly, though not exclusively, denominated in euro. Sterling enjoyed a period of strength against the euro during 2015 (comparative to 2014). The outlook for 2016 is weaker. At the balance sheet date the company had not entered into any forward exchange contracts to hedge these risks.

AEBI SCHMIDT UK LIMITED

STRATEGIC REPORT (continued)

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 has no third party debt except the availability of an unsecured overdraft arrangement with its bankers.

FINANCIAL KEY PERFORMANCE INDICATORS


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 the last two financial years are as follows.

	2015	2014
Turnover £'000	20,238	16,875
Gross profit £'000	6,074	5,231
Gross profit margin (%)	30.0%	31.0%
Operating profit £'000	1,627	1,035
Operating profit margin (%)	8.0%	6.1%
Profit for the financial year £'000	1,302	781
Employees (average number)	57	54

FUTURE DEVELOPMENTS

The company will continue to focus on maintaining or growing market share in all its principal markets. It intends to introduce a new sweeping model in the summer of 2016. The directors are open to new business opportunities which match the company's knowledge and expertise and would contribute to shareholder value.

This report was approved by the board and signed on its behalf.


.....
Mr W Goodwin
Director

Date: 26 April 2016

AEBI SCHMIDT UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice comprising Financial Reporting Standard 102 (FRS 102) 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements and notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESULTS AND DIVIDENDS

The profit for the year amounted to £1,302k (2014: £781k).

The directors have proposed a dividend of £800k (2014: £500k). This is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

DIRECTORS

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

Mr H Landeweerd
Mr T Schenkirsch
Mr W Goodwin (appointed 6 January 2015)

AEBI SCHMIDT UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

EMPLOYEE INVOLVEMENT

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

MATTERS COVERED IN THE STRATEGIC REPORT

Details concerning principal activity, business review, risks and key performance indicators can be found in the Strategic Report.

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

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 and signed on its behalf.



.....
Mr W Goodwin
Director

Date: 26 April 2016

AEBI SCHMIDT UK LIMITED

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

REPORT ON THE FINANCIAL STATEMENTS**Our opinion**

In our opinion, Aebi Schmidt UK 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 2015 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 the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of other 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.

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 for which the financial statements are prepared is consistent with the financial statements.

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

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.

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 are not 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 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) ("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.

AEBI SCHMIDT UK LIMITED

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

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.

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.



Adrian Bennett (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Abacus House
Castle Park
Cambridge
CB3 0AN

Date: 26 April 2016

AEBI SCHMIDT UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Turnover	3	20,238	16,875
Cost of sales		(14,164)	(11,644)
Gross profit		6,074	5,231
Distribution costs		(933)	(944)
Administrative expenses		(3,514)	(3,252)
Operating profit		1,627	1,035
Interest receivable and similar income	8	42	49
Interest payable and similar charges	9	(1)	(1)
Other finance costs	10	(61)	(70)
Profit on ordinary activities before taxation		1,607	1,013
Tax on profit on ordinary activities	11	(305)	(232)
Profit for the financial year		1,302	781

The notes on pages 13 to 34 form part of these financial statements.

All amounts relate to continuing operations.

AEBI SCHMIDT UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £000	2014 £000
Profit for the financial year	1,302	781
Other comprehensive income		
Actuarial gain on defined benefit schemes	41	(545)
Movement on deferred tax relating to defined benefit pension scheme	(83)	59
Current tax credit relating to defined benefit pension scheme	75	41
Other comprehensive income for the year	33	(445)
Total comprehensive income for the year	1,335	336

The notes on pages 13 to 34 form part of these financial statements.

AEBI SCHMIDT UK LIMITED
REGISTERED NUMBER:557725

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	13	299	301
		<u>299</u>	<u>301</u>
Current assets			
Stocks	14	1,455	2,172
Debtors: Amounts falling due after more than one year	15	280	662
Debtors: Amounts falling due within one year	15	6,822	6,594
Cash at bank and in hand	16	614	651
		<u>9,171</u>	<u>10,079</u>
Creditors: Amounts falling due within one year	17	(3,621)	(4,950)
Net current assets		<u>5,550</u>	<u>5,129</u>
Total assets less current liabilities		<u>5,849</u>	<u>5,430</u>
Pensions and similar obligations	22	(1,636)	(2,052)
Net assets		<u>4,213</u>	<u>3,378</u>
Capital and reserves			
Called up share capital	21	2,000	2,000
Profit and loss account		2,213	1,378
Total equity		<u>4,213</u>	<u>3,378</u>

The financial statements on pages 8 to 34 were approved by the Board of Directors on **26 April 2016** and were signed on its behalf by

.....
Mr W Goodwin
 Director

The notes on pages 13 to 34 form part of these financial statements.

AEBI SCHMIDT UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	2,000	1,378	3,378
Comprehensive income for the year			
Profit for the financial year	-	1,302	1,302
Actuarial gains on pension scheme	-	41	41
Deferred tax movements	-	(83)	(83)
Current tax credit relating to defined benefit pension scheme	-	75	75
Other comprehensive income for the year	-	33	33
Total comprehensive income for the year	-	1,335	1,335
Contributions by and distributions to owners			
Dividends: Equity capital	-	(500)	(500)
Total contributions by and distributions to owners	-	(500)	(500)
At 31 December 2015	2,000	2,213	4,213

The notes on pages 13 to 34 form part of these financial statements.

AEBI SCHMIDT UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2014	2,000	1,642	3,642
Comprehensive income for the year			
Profit for the financial year	-	781	781
Actuarial losses on pension scheme	-	(545)	(545)
Deferred tax movements	-	59	59
Current tax credit relating to defined benefit pension scheme	-	41	41
Other comprehensive income for the year	-	(445)	(445)
Total comprehensive income for the year	-	336	336
Contributions by and distributions to owners			
Dividends: Equity capital	-	(600)	(600)
Total contributions by and distributions to owners	-	(600)	(600)
At 31 December 2014	2,000	1,378	3,378

The notes on pages 13 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES

1.1 GENERAL INFORMATION AND BASIS OF ACCOUNTING

AEBI Schmidt UK Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given in the company information. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact first-time adoption of FRS 102 is given in note 26.

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).

Accounting policies have been applied consistently throughout the year and to the preceding year.

The following principal accounting policies have been applied.

1.2 EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The company has taken advantage of the exemption in FRS 102, section 7 and 3.17(d), from including a Cash Flow Statement in the Financial Statements on the grounds that the Company is wholly owned and its Parent publishes a Consolidated Cash Flow Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sales of vehicles, equipment and spare parts

Revenue is recognised when the risks and rewards of ownership have passed to the customer.

Support and maintenance

Where support and maintenance is sold for a fixed term and there is a continuing performance obligation, then the revenue is deferred and recognised over the term of the agreement on a straight line basis.

1.4 TANGIBLE FIXED ASSETS

Tangible fixed assets 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. The estimated useful lives range as follows:

Leasehold improvements	-	The period of the lease
Plant, machinery and vehicles	-	Between 5 and 10 years
Office equipment, fixtures & fittings	-	Between 3 and 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 within 'other operating income' in the Profit and Loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.5 OPERATING LEASES

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

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 2015**

1. ACCOUNTING POLICIES (continued)

1.9 FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and loans to and from group companies.

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 payables or receivables, 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 Profit and Loss Account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

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.

1.10 CREDITORS

Short term creditors are measured at the transaction price.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is considered to be pounds sterling.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

1.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension scheme

The company also 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 22). 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 other comprehensive income, actuarial gains and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)**1.14 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 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.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements that have had a significant effect on amounts recognised in the Financial Statements are those on Stock Provisions and Pension Commitments.

3. TURNOVER

	2015 £000	2014 £000
The sale of goods	17,312	14,288
The rendering of services	2,926	2,587
	<u>20,238</u>	<u>16,875</u>
	2015 £000	2014 £000
United Kingdom	19,473	16,502
Rest of Europe	765	373
	<u>20,238</u>	<u>16,875</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	73	70
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	19	15
Exchange differences	131	95
Operating lease rentals	362	360
Defined contribution pension cost	91	72
	<u> </u>	<u> </u>

5. AUDITORS' REMUNERATION

	2015 £000	2014 £000
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	19	15
Other services relating to taxation	-	2
	<u> </u>	<u> </u>
	<u>19</u>	<u>17</u>

6. EMPLOYEES

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

	2015 £000	2014 £000
Wages and salaries	2,030	1,927
Social security costs	219	212
Other pension costs	91	72
	<u> </u>	<u> </u>
	<u>2,340</u>	<u>2,211</u>

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

	2015 No.	2014 No.
Sales and distribution	52	50
Administration	5	4
	<u> </u>	<u> </u>
	<u>57</u>	<u>54</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. DIRECTORS' REMUNERATION

	2015 £000	2014 £000
Directors' emoluments	197	179
Company contributions to defined contribution pension schemes	20	24
Compensation for loss of office	-	30
	<u>217</u>	<u>233</u>

During the year retirement benefits were accruing to 2 directors (2014: 2) in respect of defined contribution pension schemes.

The emoluments of the highest paid director were £141k in the year (2014: £150k).

No directors were members of the defined benefit pension scheme during the year or the preceding year.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Other interest receivable	42	49
	<u>42</u>	<u>49</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
Bank interest payable	1	1
	<u>1</u>	<u>1</u>

10. OTHER FINANCE COSTS

	2015 £000	2014 £000
Net interest on net defined benefit liability	(61)	(70)
	<u>(61)</u>	<u>(70)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	322	232
Total current tax	<u>322</u>	<u>232</u>
Deferred tax		
Origination and reversal of timing differences	(17)	-
Total deferred tax	<u>(17)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>305</u>	<u>232</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before taxation	1,607	1,013
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	325	218
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	9
Fixed asset timing differences	(12)	-
Other timing differences	(12)	5
Total tax charge for the year	<u>305</u>	<u>232</u>

AEBI SCHMIDT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. DIVIDENDS

	2015 £000	2014 £000
Final dividend for the year ending 31 December 2015 of 25p (2014: 30p) per ordinary share.	500	600
	<u>500</u>	<u>600</u>

The proposed final dividend of £800k is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

13. TANGIBLE ASSETS

	Leasehold improvement £000	Plant, machinery and vehicles £000	Office equipment, fixtures and fittings £000	Total £000
Cost				
At 1 January 2015	301	71	174	546
Additions	-	1	70	71
At 31 December 2015	<u>301</u>	<u>72</u>	<u>244</u>	<u>617</u>
Depreciation				
At 1 January 2015	97	33	115	245
Charge for the year	32	7	34	73
At 31 December 2015	<u>129</u>	<u>40</u>	<u>149</u>	<u>318</u>
At 31 December 2015	<u>172</u>	<u>32</u>	<u>95</u>	<u>299</u>
At 31 December 2014	<u>204</u>	<u>38</u>	<u>59</u>	<u>301</u>

AEBI SCHMIDT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. STOCKS

	2015 £000	2014 £000
Work in progress (goods to be sold)	41	60
Finished goods and goods for resale	1,414	2,112
	<u>1,455</u>	<u>2,172</u>

A reversal of impairment losses of £201k (2014: £50k) was recognised in cost of sales against stock during the year.

Recognition of impairment losses occurs based on age or stock turnover. Reversal of impairments occurs on sale of stock previously impaired.

The cost of stock recognised as an expense in cost of sales is £13,805k (2014: £11,328k).

15. DEBTORS

	2015 £000	2014 £000
Due after more than one year		
Other debtors	-	357
Deferred taxation	280	305
	<u>280</u>	<u>662</u>
	2015 £000	2014 £000
Due within one year		
Trade debtors	5,067	4,278
Amounts owed by group undertakings	1,241	2,121
Other debtors	366	6
Prepayments and accrued income	100	101
Deferred taxation	48	88
	<u>6,822</u>	<u>6,594</u>

Amounts owed by group undertakings are unsecured, have no fixed rate of payment and are payable on demand. The year end debtor includes £1,214k (2014: £2,072k), which bears interest at 1.75% (2014: 1.75%).

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CASH AT BANK AND IN HAND

	2015 £000	2014 £000
Cash at bank and in hand	614	651
	614	651

17. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	338	870
Amounts owed to group undertakings	1,419	1,913
Corporation tax	147	110
Other taxation and social security	851	627
Accruals and deferred income	866	1,430
	3,621	4,950

Amounts owed to group undertakings are unsecured, have no fixed rate of payment or interest rate and are payable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. FINANCIAL INSTRUMENTS

	2015 £000	2014 £000
Financial assets		
Financial assets that are debt instruments measured at undiscounted amount receivable	6,673	6,761
	6,673	6,761
Financial liabilities		
Financial liabilities measured at amortised cost	(2,413)	(3,977)
	(2,413)	(3,977)

Financial assets measured at undiscounted amount receivable comprise the following items:

- Trade debtors
- Amounts owed by group undertakings
- Other debtors

Financial liabilities measured at undiscounted amount payable comprise the following items:

- Trade creditors
- Amounts owed to group undertakings
- Accruals

AEBI SCHMIDT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. DEFERRED TAXATION

	2015 £000	2014 £000
At beginning of year	393	334
Credited to the profit or loss	17	-
(Charged)/credited to the OCI	(83)	59
At end of year	<u>327</u>	<u>393</u>

The provision for deferred taxation is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	(4)	(20)
Deferred tax arising in relation to retirement benefit obligations	327	410
Short term timing differences	4	3
	<u>327</u>	<u>393</u>

20. RESERVES**Profit and loss account**

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

21. CALLED UP SHARE CAPITAL

	2015 £000	2014 £000
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

22. PENSION COMMITMENTS

Defined contribution schemes

The company operates a Defined contribution pension scheme.

The pension charge for the year represents contributions payable by the company to the scheme and amounted to £91k (2014: £72k).

There were outstanding contributions at the end of the financial year amounting to £11k (2014: £8k).

Defined benefit schemes

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

The assets of the scheme are held in a separately administered fund and the scheme is administered by a trustee body (independent of Aebi Schmidt UK Limited) that is responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations.

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 that recovery plan contributions of £240k per annum will be paid by the company from 1 January 2014.

The liabilities set out in this note have been calculated based on the results of the full Scheme Funding Assessment as of 31 May 2013, updated to 31 December 2015 by the actuary, allowing for interest and benefits paid. The present value of the defined benefit obligation was measured using the projected unit credit method.

Mortality assumptions:

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2015	2014
Retiring today		
Males	22.2	22.1
Females	24.4	24.3
Retiring in 20 years		
Males	23.5	23.5
Females	25.9	25.8

Composition of plan assets:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

22. PENSION COMMITMENTS (continued)

	2015 £000	2014 £000
Diversified growth funds	2,535	2,570
Corporate bonds	1,724	1,728
Cash	8	133
Total plan assets	4,267	4,431

	2015 £000	2014 £000
Net pension scheme liability	(1,636)	(2,052)
Net pension scheme liability	(1,636)	(2,052)

The amounts recognised in profit or loss are as follows:

	2015 £000	2014 £000
Interest on obligation	(61)	(70)
Administration expenses paid	(4)	(3)
Total	(65)	(73)

Reconciliation of fair value of plan liabilities were as follow:

	2015 £000	2014 £000
Opening defined benefit obligation	6,483	5,684
Administration expenses paid	(4)	(3)
Administration expense	4	3
Interest cost	215	250
Actuarial (gains) and losses	(188)	695
Benefits paid	(607)	(146)
Closing defined benefit obligation	5,903	6,483

**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

Reconciliation of fair value of plan assets were as follows:

	2015	2014
	£000	£000
Opening fair value of scheme assets	4,431	4,010
Interest income	154	180
Actuarial (losses) and gains	(147)	150
Contributions by employer	440	240
Administration expenses paid	(4)	(3)
Benefits paid	(607)	(146)
Closing fair value of scheme assets	<u>4,267</u>	<u>4,431</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015	2014
Discount rate at 31 March	3.65 %	3.45 %
Expected return on scheme assets	3.65 %	3.45 %
Rate of increase for pensions in payment/inflation	3.05 %	3.10 %
Inflation assumption (CPI)	3.15 %	3.10 %
Commutation of pension to lump sums	75.00 %	75.00 %

AEBI SCHMIDT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

Amounts for the current and previous year are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000
Defined benefit obligation	(5,903)	(6,483)
Scheme assets	4,267	4,431
Deficit	(1,636)	(2,052)
Experience adjustments on scheme liabilities	188	(695)
Experience adjustments on scheme assets	(147)	150
	41	(545)

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**NOTES TO THE FINANCIAL STATEMENTS
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23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	234	316
Later than 1 year and not later than 5 years	621	623
Later than 5 years	175	292
Total	1,030	1,231

24. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Aebi Schmidt Holding AG, the company has taken advantage of the exemption contained in FRS102, section 33, 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 25.

The total remuneration for key management personnel for the year totalled £436k (2014: £416k), including the directors' remuneration disclosed in note 7.

25. CONTROLLING PARTY

The immediate parent company is Aebi Schmidt Holding AG, a company incorporated in Switzerland which owns 100% of the company.

The ultimate parent company is PCS Holdings AG, a company incorporated in Switzerland which owns 57.36% of Aebi Schmidt Holdings AG. The ultimate controlling party is Mr Peter Spuhler.

The smallest and largest group of which the company is a member for which group financial statements are drawn up is that headed by Aebi Schmidt Holding AG, copies of which may be obtained from Zurcherstrasse 310, 8500 Frauenfeld, Switzerland.

AEBI SCHMIDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. FIRST TIME ADOPTION OF FRS 102

		As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Note							
Fixed assets		343	-	343	301	-	301
Current assets	1	9,965	334	10,299	9,686	393	10,079
Creditors: amounts falling due within one year		(5,326)	-	(5,326)	(4,950)	-	(4,950)
Net current assets		4,639	334	4,973	4,736	393	5,129
Total assets less current liabilities		4,982	334	5,316	5,037	393	5,430
Provisions for liabilities	1	(1,340)	(334)	(1,674)	(1,659)	(393)	(2,052)
Net assets		3,642	-	3,642	3,378	-	3,378
Capital and reserves		3,642	-	3,642	3,378	-	3,378
Total equity		3,642	-	3,642	3,378	-	3,378

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**NOTES TO THE FINANCIAL STATEMENTS
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26. FIRST TIME ADOPTION OF FRS 102 (continued)

		As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
	Note			
Turnover		16,875	-	16,875
Cost of sales		(11,644)	-	(11,644)
Gross profit		5,231	-	5,231
Distribution expenses		(944)	-	(944)
Administrative expenses	2	(3,249)	(3)	(3,252)
Operating profit	2	1,038	(3)	1,035
Interest receivable and similar income		49	-	49
Interest payable and similar charges		(1)	-	(1)
Other finance costs	2	(48)	(22)	(70)
Tax on profit on ordinary activities		(232)	-	(232)
Profit for the financial year		806	(25)	781

Explanation of changes to previously reported profit and equity:

- 1 The deferred tax asset that arises from the defined pension scheme liability is required to be included within deferred tax under FRS102 rather than being offset against the pension scheme liability on the Balance Sheet.
- 2 These differences arose as the result of FRS102 requiring a net interest finance cost to be calculated on the defined benefit pension schemes assets and liabilities. This has resulted in a change to the calculation of the previous profit and loss charge which has increased administrative expenses, interest costs and reduced the actuarial loss on the pension scheme shown within Other Comprehensive Income.