Registered number: SC038800

ATLAS CRANES UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

HAINES WATTS LEEDS LLP
CHARTERED ACCOUNTANTS

ATLAS CRANES UK LIMITED

COMPANY INFORMATION

DIRECTORS	F Filipov J Kilcoyne J Smith B Stitou
REGISTERED NUMBER	SC038800
REGISTERED OFFICE	272 Bath Street Glasgow G2 4JR
INDEPENDENT AUDITORS	Haines Watts Leeds LLP Chartered Accountants & Statutory Auditor Sterling House 1 Sheepscar Court Meanwood Road Leeds LS7 2BB
BANKERS	HSBC Bank plc 8 Canada Square London E14 5HQ

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION AND PRINCIPAL ACTIVITY

The directors present their strategic report for the year ended 31 December 2017.

The company's principal activity during the year was the distribution, including parts and servicing, of hydraulic machinery.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Turnover in 2017 of £14,999,000 was lower than 2016 turnover of £16,829,000 with a decrease in large truck mounted cranes. The remaining business of the company has stayed at the same level as the prior year and in fact service has increased and the company is still looking at other avenues of growth. The company has continued with a strategy of cost reduction to improve profitability and to keep sales prices down.

The company made a profit for the financial year of £1,091,000 and anticipates this profit growing in 2018. The increase in profit from the prior year is mainly due to lower costs and better labour recovery offsetting the lower turnover from units. Substantial reserves are also held by the company and were £17,682,000 at the end of 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the company are in respect of the economic recovery of the UK Construction industry as this is where the main customer base of the business lies. The company is however confident that growth will be achievable and that the market share of the business will be sustained and in fact increased. In order to achieve this growth the company is investigating various different products which can be distributed by the business.

KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPI's) in this business are measured at these functional levels:

- Financial performance - this is compared to forecast and prior
- Customer satisfaction - measured by customer feedback
- Quality assurance - measured by machine performance and engineer first time fixes

Financial performance is measured by turnover and operating profit. Turnover was lower in 2017 compared to 2016 but is forecast to be higher in 2018. Commercial machine sales were lower than prior year however they are and expected to increase in 2018. Operating profit was higher in 2017 than 2016 mainly due to better service sales and labour recovery.

This report was approved by the board on 28 March 2018 and signed on its behalf.

Jacqueline Kilcoyne

J Kilcoyne
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £886 thousand (2016 - £1,070 thousand).

No dividend is proposed (2015: £Nil).

DIRECTORS

The directors who served during the year were:

F Filipov
J Kilcoyne
J Smith
B Stitou

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of cash balances available versus future spend.

The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company actively maintains a cash balance and only loans out on short term to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has interest-bearing assets. Interest-bearing assets include cash balances which earn interest at variable rate and related party loans which earn interest at fixed rate. The company does not rely on this interest for it's operations. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

MATTERS COVERED IN THE STRATEGIC REPORT

Disclosures with regards to principal activity, review of the business, future developments, principal risks and uncertainties and financial and other key performance indicators are included within 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Haines Watts Leeds 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 accounts with the registrar, whichever is earlier.

This report was approved by the board on 28 March 2018 and signed on its behalf.

Jacqueline Kilcoyne

J Kilcoyne
Director

272 Bath Street
Glasgow
G2 4JR

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS CRANES UK LIMITED

OPINION

We have audited the financial statements of Atlas Cranes UK Limited (the 'Company') for the year ended 31 December 2017, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS CRANES UK LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS CRANES UK LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

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.

Peter Bancroft BA FCA (Senior Statutory Auditor)

for and on behalf of
Haines Watts Leeds LLP

Chartered Accountants &
Statutory Auditor

Sterling House
1 Sheepscar Court
Meanwood Road
Leeds
LS7 2BB

15 June 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Turnover	5	**14,999**	16,829
Cost of sales		**(13,420)**	(14,969)
GROSS PROFIT		**1,579**	1,860
Distribution costs		**(302)**	(289)
Administrative expenses		**(576)**	(428)
OPERATING PROFIT	6	**701**	1,143
Interest receivable and similar income	9	**386**	205
Interest payable and expenses		**(1)**	-
PROFIT BEFORE TAX		**1,086**	1,348
Tax on profit	10	**(200)**	(278)
PROFIT FOR THE FINANCIAL YEAR		**886**	1,070
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**886**	1,070

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 11 to 24 form part of these financial statements.

ATLAS CRANES UK LIMITED
REGISTERED NUMBER: SC038800

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £000		2016 £000
FIXED ASSETS					
Tangible assets	11		**839**		701
			839		701
CURRENT ASSETS					
Stocks	12	**4,274**		3,874	
Debtors: amounts falling due after more than one year	13	**8,859**		8,011	
Debtors: amounts falling due within one year	13	**5,022**		6,202	
Cash at bank and in hand		**2,049**		1,443	
		20,204		19,530	
Creditors: amounts falling due within one year	14	**(3,169)**		(3,358)	
NET CURRENT ASSETS			**17,035**		16,172
TOTAL ASSETS LESS CURRENT LIABILITIES			**17,874**		16,873
PROVISIONS FOR LIABILITIES					
Other provisions	16	**(243)**		(128)	
			(243)		(128)
NET ASSETS			**17,631**		16,745
CAPITAL AND RESERVES					
Called up share capital	17		**8,002**		8,002
Share premium account			**18,762**		18,762
Other reserves			**4,292**		4,292
Profit and loss account			**(13,425)**		(14,311)
			17,631		16,745

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2018.

Jacqueline Kilcoyne

J Kilcoyne
Director

The notes on pages 11 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	**8,002**	**18,762**	**4,292**	**(15,381)**	**15,675**
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,070	1,070
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	**1,070**	**1,070**
At 1 January 2017	**8,002**	**18,762**	**4,292**	**(14,311)**	**16,745**
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	886	886
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	**886**	**886**
AT 31 DECEMBER 2017	**8,002**	**18,762**	**4,292**	**(13,425)**	**17,631**

1. GENERAL INFORMATION

Atlas Cranes UK Limited is a private company, limited by shares, registered in Scotland at 272 Bath Street, Glasgow, G2 4JR.

2. STATEMENT OF COMPLIANCE

The financial statements of Atlas Cranes UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102').

3. ACCOUNTING POLICIES

3.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

3.2 Exemptions

FRS 102 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 members.

The company has taken advantage of the following exemptions:

Statement of cash flows

From preparing a statement of cash flows, on the basis that it is a qualifying entity and the association's results will be included within the consolidated financial statements of Atlas Maschinen GmbH and so the company's cash flows will be included within the consolidated statement of cash flows which will be included in those financial statements.

Financial instruments

From the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

3. ACCOUNTING POLICIES (CONTINUED)

3.3 *Turnover*

Turnover derives from one class of business comprising the distribution and servicing of hydraulic cranes and related parts and accessories, representing the invoiced value of goods and services supplied by the company, exclusive of value added tax and customs duty. The company imports truck mounted hydraulic cranes which are sold to customers. The company also sells parts for the cranes, services cranes in the field and carries out fitting and repair work.

Turnover is recognised when title and risk of loss pass to the customer.

3.4 Interest income

Interest income is recognised in the profit and loss account during the period in which it becomes receivable.

3.5 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 charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

3. ACCOUNTING POLICIES (CONTINUED)

3.6 Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets 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:

Freehold & heritable land	- Nil
Freehold buildings	- 50 years
Plant & equipment	- 3 to 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

3.7 Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

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.

3.8 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.

3.9 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.

3.10 Creditors

Short term creditors are measured at the transaction price.

3. ACCOUNTING POLICIES (CONTINUED)

3.11 Operating leases

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

3.12 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade 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.

3. ACCOUNTING POLICIES (CONTINUED)

3.13 Foreign currency translation

The company's functional and presentational currency is GBP (£).

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

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

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

3.14 Employee benefits

Short term employee benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which they are incurred.

3.15 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 payment 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.

3. ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

4. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where significant judgments and estimates have been made include the warranty provision and provisions for obsolete and slow moving stock.

5. TURNOVER

	2017	2016
	£000	£000
United Kingdom	**14,999**	16,829
	14,999	16,829

All turnover arose within the United Kingdom and was derived wholly from the company's principal activity.

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	**138**	124
(Profit)/loss on sale of tangible assets	**(13)**	(11)
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**12**	12
Exchange differences	**476**	326
Defined contribution pension cost	**29**	13
Operating lease charges: property	**-**	104
Operating lease income: property	**-**	(104)

7. EMPLOYEES

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

	2017 £000	2016 £000
Wages and salaries	**2,022**	1,908
Social security costs	**203**	190
Cost of defined contribution scheme	**29**	30
	2,254	2,128

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

	2017 No.	2016 No.
Service and fitting	**46**	44
Selling and distribution	**8**	9
Administration	**4**	5
	58	58

8. DIRECTORS' REMUNERATION

	2017 £000	2016 £000
Directors' emoluments	**189**	206
Company contributions to defined contribution pension schemes	**5**	6
	194	212

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £100 thousand (2016 - £108 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5 thousand (2016 - £5 thousand).

9. INTEREST RECEIVABLE

	2017 £000	2016 £000
Other interest receivable	**386**	205
	386	205

10. TAXATION

	2017 £000	2016 £000
CORPORATION TAX		
Current tax on profits for the year	**174**	223
Adjustments in respect of previous periods	**(20)**	-
	154	223
TOTAL CURRENT TAX	**154**	223
DEFERRED TAX		
Origination and reversal of timing differences	**46**	55
TOTAL DEFERRED TAX	**46**	55
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	**200**	278

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19% (2016 - 20%) as set out below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	**1,086**	1,348
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	**209**	270
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**7**	8
Adjustments to tax charge in respect of prior periods	**(20)**	-
Difference in tax rate on deferred tax provision	**4**	-
TOTAL TAX CHARGE FOR THE YEAR	**200**	278

11. TANGIBLE FIXED ASSETS

	Freehold & heritable land £000	Freehold buildings £000	Plant & equipment £000	Total £000
COST OR VALUATION				
At 1 January 2017	**109**	**1,021**	**2,066**	**3,196**
Additions	-	-	**276**	**276**
Disposals	-	-	**(230)**	**(230)**
At 31 December 2017	**109**	**1,021**	**2,112**	**3,242**
DEPRECIATION				
At 1 January 2017	-	**605**	**1,890**	**2,495**
Charge for the year on owned assets	-	**26**	**112**	**138**
Disposals	-	-	**(230)**	**(230)**
At 31 December 2017	-	**631**	**1,772**	**2,403**
NET BOOK VALUE				
At 31 December 2017	**109**	**390**	**340**	**839**
At 31 December 2016	109	416	176	701

12. STOCKS

	2017 £000	2016 £000
Raw materials and consumables	**1,435**	1,362
Work in progress	**159**	348
Finished goods and goods for resale	**2,680**	2,164
	4,274	3,874

13. DEBTORS

	2017 £000	2016 £000
DUE AFTER MORE THAN ONE YEAR		
Other debtors	**8,859**	8,011
	8,859	8,011

	2017 £000	2016 £000
DUE WITHIN ONE YEAR		
Trade debtors	**4,819**	5,994
Prepayments and accrued income	**160**	119
Deferred taxation	**43**	89
	5,022	6,202

14. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**185**	647
Amounts owed to group undertakings	**1,816**	1,021
Corporation tax	**23**	222
Other taxation and social security	**180**	363
Other creditors	**60**	117
Accruals and deferred income	**905**	985
	3,169	3,355

15. DEFERRED TAXATION

	2017 £000	2016 £000
At beginning of year	**89**	144
Charged to the profit or loss	**(46)**	(55)
AT END OF YEAR	**43**	89

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	**42**	88
Pension liability	**1**	1
	43	89

16. PROVISIONS

	Warranty £000
At 1 January 2017	**128**
Charged to profit or loss	**347**
Utilised in year	**(231)**
AT 31 DECEMBER 2017	**244**

The company provides for actual and anticipated warranty claims on its products. The period of the warranty can extend from 12 months to 60 months. The calculation of the provision is based on the history of past claims and the number of products still under warranty.

17. SHARE CAPITAL

	2017	2016
	£000	£000
Allotted, called up and fully paid		
8,002,001 Ordinary shares of £1 each	**8,002**	8,002

18. PENSION COMMITMENTS

The company 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 pension cost charge represents contributions payable by the company to the fund and amounted to £29,236 (2016: £30,230). Contributions totalling £4,172 (2016: £3,883) were payable to the fund at the balance sheet date.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions granted under FRS 102 by not disclosing details of transactions with other members of the group headed by Atlas Maschinen GmbH.

	2017	2016
	£000	£000
Amounts due in respect of loans to companies owned by close family of a director	**8,859**	8,011
Interest receivable at 5% on these loans	**386**	205

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's parent undertaking is Atlas Maschinen GMBH (registered number HRB 204412), a company incorporated in Germany. This company is the ultimate parent company and controlling party, and the parent of the smallest and largest group to consolidate these financial statements. Atlas Maschinen GMBH's previous name was Blitz F10-sieben GMBH (Company registration number HRB 87218), a company incorporated in Germany.

The consolidated financial statements of the parent company will be available at Stedinger Strasse 324, 27751 Delmenhorst, Neidersachsen, Germany.