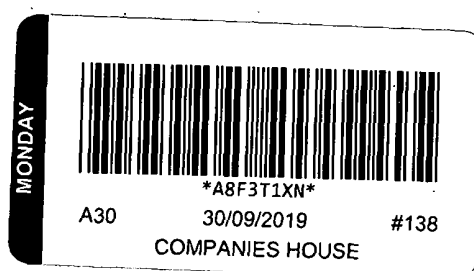


Company Registration No: 00460489

TRUCK-LITE CO. LIMITED

**Annual Report and Consolidated Financial
Statements**

31 December 2018



TRUCK-LITE CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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TRUCK-LITE CO. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B M Kupchella
N Sibley

SECRETARY

M J Speed (resigned 5 December 2018)
K A Jones (appointed 6 December 2018)

REGISTERED OFFICE

Waterfall Lane
Cradley Heath
Warley
West Midlands
B64 6QB
United Kingdom

BANKERS

Royal Bank of Scotland
37 Princess Street
Wolverhampton
WV1 1HD
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

TRUCK-LITE CO. LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Truck-Lite Co LLC. The Group consists of Truck-Lite Co Limited and Truck-Lite Europe Limited. The principal activities of the company are the design, manufacture and sale of vision systems to the commercial vehicle industry. Under the brand names of Truck-Lite, Rubbolite, FER and Signal-Stat the company has become a forerunner in LED and incandescent lighting technology, mirror manufacturing and trailer assemblies. The company services the truck, trailer, off-road and military sectors as well as the independent aftermarket and an extensive portfolio of OBM customers.

It is the intention of the Directors to change the principal activity of the company in 2020 to be that of an investment holding company, being the 100% shareholder of Truck-Lite Europe Limited, and to cease trading operations. The directors are currently considering a potential further group restructure whereby the shareholding of Truck-Lite Europe Limited will be transferred to the parent company, Truck-Lite Co. LLC. The group's activities will continue to operate at the Harlow site.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Sales for the year increased £290k or 0.6% to £50.1m. Gross margin increased by 0.5%. However, the group realised a decrease in operating profit of £2.1m to £490k loss from the profit recognised in 2017 of £1.6m. This was the result of £464k closure costs for Birmingham and adverse exchange impact of £350k (2017 - £356k favourable exchange). The loss for the year after taxation, amounted to £1,168k (2017 - profit of £1,304k).

The business continued to invest in its fixed asset base in order to maintain the capacity to work in this technically advanced environment. Net current assets reduced by £176k to £17.9m, stock reduced by £642k based on corporate requirements.

The management team meet regularly for business reviews to identify the trends in key performance indicators of revenue, costs, profit and working capital. The business actively looks at long term solutions to increase revenues and generate profitable growth over the medium to long term period.

RESEARCH AND DEVELOPMENT

The company continues to invest in research and development. This has resulted in both updates to existing products and investment in new technology and products. The directors regard research and development investment as necessary for continuing success in the medium to long term future.

PRINCIPAL RISKS AND UNCERTAINTIES

Market and price risk

Competitive pressure in the automotive and commercial vehicle industry and from developing markets is a continuing risk for the company, which could result in it losing sales to key competitors. The company manages this risk by sourcing globally, driving efficiencies within the UK manufacturing business and maintaining strong relationships with customers.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including foreign exchange risk, credit risk, liquidity risk and interest rate risk.

Foreign exchange risk

The company's sales to its European customer base are predominantly made in Euros and the company is therefore exposed to the movement in the Euro to Pound exchange rate. The company has minimised its foreign exchange risk by maintaining a natural hedge for payments to Euro denominated suppliers. The company also holds its loan capital denominated in US dollars and as such, the valuation of these loans is subject to unrealised valuation differences from one accounting period to the next.

TRUCK-LITE CO. LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Credit risk

The company's principal financial assets are bank balances and trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company mitigates its credit risk with trade debtors by using credit check agencies and setting credit limits that are frequently reviewed in the light of a customer's payment history.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The company's business activities, together with the factors likely to affect the future development, performance and financial position, along with the company's objectives, policies and processes for managing its exposures to financial risk are set out above. The directors have considered these risks and the effect of the current economic environment as part of their restructuring consideration which will lead to the company ceasing to operate. We consider there to be no liquidity risk at the year end.

In making this assessment the directors have prepared cash flow forecasts for the foreseeable future that show that the company should be able to manage its working capital and existing resources to enable it to meet its liabilities as they fall due. The directors acknowledge that the impact of the current economic environment, particularly the automotive sector in which the company operates, is uncertain and are managing this uncertainty and its impact on the forecasts on a regular basis.

Interest rate risk

The company has no third party debt and the loan from the parent company has no interest. It therefore has no interest rate exposure.

FUTURE DEVELOPMENTS

On the 7 August 2018 the company entered into a consultation with employees regarding a proposal to close the Truck-Lite Co. Limited operation in Birmingham and transfer the customer contracts for existing mirror products and the corresponding assets to the existing Truck-Lite Europe entity based in Harlow.

The company has been striving to secure new business over recent years, however it has failed to secure sufficient on-going contracts to make the operation viable in future years. Sales revenue will decline from £15m in 2018 to £9m in 2019 and £6m in 2020. At this level of revenue the directors forecast that the operation would trade on a loss making basis.

Beyond this, with advances in technology, the directors anticipate that mirror systems are to be replaced by advanced camera detection systems and there are no sourcing opportunities available for new business until 2026.

All employees at the Birmingham Plant are potentially affected by this proposal and as more than 20 redundancies were proposed, the Company entered into Collective Consultation to give affected employees an opportunity to propose alternative measures to address this situation.

The collective consultation period concluded 2 October 2018, at which point it was deemed that the plant closure could not be avoided and the business case would go ahead. Individual redundancy consultation is in progress and 59 redundancies have been effected as at the end of August 2019. There are a further 31 redundancies to be processed.

Once this process has been completed, it is the intention of the directors to further restructure the group and to transfer the investment held in Truck-Lite Europe Limited to the parent company, Truck-Lite Co. LLC. Truck-Lite Europe Limited will continue to operate as per usual and Truck-Lite Co Limited will be wound down.

The closure of Birmingham has not changed the group position, only the location of the operating activities to the Harlow site.

TRUCK-LITE CO. LIMITED

STRATEGIC REPORT (continued)

BREXIT

The company is reviewing the operational challenges arising from the UK government's Brexit proposals. Whilst the final arrangements are still unclear, it seems likely that the UK will now exit the EU on the revised date of 31 October 2019 as part of a bespoke EU/UK trading agreement or on WTO rules. Either option may present operational and logistical challenges during the transition to any new arrangements.

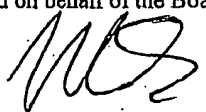
In order to minimise any potential disruption, and to maintain high levels of customer service, the company is reviewing with all suppliers their own Brexit plans and arrangements, and seeking assurances regarding continuity of supply.

To mitigate the risks of these changes the company will continue to ensure that a minimum of approximately 85% of materials are supplied within the UK. There is a close working relationship with all of these to identify exposure from their suppliers due to Brexit. Any issues that arise will be dealt with on a case by case basis.

The company are assessing where appropriate the increase of safety stocks to protect any forthcoming changes in supply-chains. Currently it is not envisaged there will be any change in lead-times to customers. However at this time it is still unclear what possible delays there will be at the borders.

As part of the Brexit readiness planning, Deloitte have been enlisted to assist and consult during 2019.

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



N Sibley

Director

Date:

27/9/19

TRUCK-LITE CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

The directors have considered significant post balance sheet events, the company's policy on research and development and future outlook in the Strategic Report and financial risk management.

DIRECTORS

The directors who served throughout the year and to the date of this report unless otherwise stated are as follows:

B M Kupchella

A Lloyd (resigned 28 June 2019)

N Sibley (appointed 28 June 2019)

EVENTS AFTER THE BALANCE SHEET DATE

As part of the restructure of the Truck-Lite Co Limited group the directors are considering to transfer the shareholding of Truck-Lite Europe Limited from Truck-Lite Co Limited to the ultimate parent undertaking, Truck-Lite Co., LLC. It is the intention of the directors to conclude and act on this within 12 months from signing these accounts (see note 27). This restructuring will have no impact on the day-to-day operations, financial results or position of Truck-Lite Europe Limited.

There are future developments due to the closure of Birmingham which are set out in the Strategic Report on page 3 under the heading "Future developments".

GOING CONCERN

The group's business activities, together with the factors likely to affect the future development, performance and financial position, are set out in the Strategic Report on pages 2 to 4, along with the group's objectives, policies and processes for managing its exposures to financial risk.

The directors have considered these risks and the impact of the closure of the Birmingham site when determining the basis of preparation of these financial statements. The company is not a going concern as it has intention to cease to trade and liquidation of the company is being considered by the directors. As a result of these factors, the directors have determined that the going concern basis is no longer appropriate, and have prepared the financial statements on a basis other than going concern. (see note 1).

The directors have concluded that there has been no significant impairment of the company's assets as a result of adopting this basis of accounting. The expected useful lives of property, plant and equipment have been reviewed so as to ensure that their net book value remains appropriate.

The company and group has received a Letter of Support from its ultimate parent company, Truck-Lite Co LLC, covering the period of 12 months from the date of signing of the audit report for the year ended 31 December 2018.

DIVIDENDS

There have been no dividends paid during 2018. There is no dividend proposed to be paid after the year end.

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, and Companywide communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

TRUCK-LITE CO. LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This 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 auditor and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an AGM.

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

N Sibley

Director

Date:


27/9/19

TRUCK-LITE CO. LIMITED

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), including FRS 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 group and company and of the profit or loss of the group and 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 UK accounting standards have been followed; and subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 AUDITOR'S REPORT TO THE MEMBERS OF TRUCK-LITE CO. LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Truck-Lite Co. Limited (the 'parent company') and its subsidiaries (the 'group');

- give a true and fair view of the state of the group's and of the parent company's affairs at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 27.

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).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 auditor's 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 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUCK-LITE CO. LIMITED (continued)

Responsibilities of directors

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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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.

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TRUCK-LITE CO. LIMITED (continued)**

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Welham FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date: 30 September 2019.

TRUCK-LITE CO. LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
TURNOVER	3	50,129	49,839
Cost of sales		(33,462)	(33,539)
GROSS PROFIT		16,667	16,300
Distribution costs		(1,049)	(953)
Administrative expenses		(16,184)	(13,816)
Other income		76	57
OPERATING (LOSS)/PROFIT		(490)	1,588
Interest receivable and similar income	7	1	2
Interest payable and similar charges	8	(4)	(2)
Other net financing costs	9	(286)	(463)
(LOSS)/PROFIT BEFORE TAXATION	4	(779)	1,125
Tax on (loss)/profit	10	(389)	179
(LOSS)/PROFIT AFTER TAXATION		(1,168)	1,304

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
(Loss)/profit for the financial year		(1,168)	1,304
Actual return less expected return on pension assets	23	(1,149)	1,708
Experienced gains/(losses) arising on the scheme liabilities	23	2,437	3,865
Movement on deferred tax relating to pension liability	16	(273)	(973)
Currency translation difference on foreign currency net investments		5	24
Total comprehensive (losses)/profit relating to the year		(148)	5,928

TRUCK-LITE CO. LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2018

	Note	£'000	2018 £'000	2017 £'000
FIXED ASSETS				
Goodwill	12	2,395		2,697
Tangible assets	13	11,338		11,974
			13,733	14,671
CURRENT ASSETS				
Stocks	15	9,219		9,860
Debtors	16	16,491		15,608
Cash at bank and in hand		153		111
		25,863		25,579
CREDITORS: amounts falling due within one year	17	(7,976)		(7,517)
NET CURRENT ASSETS			17,887	18,062
TOTAL ASSETS LESS CURRENT LIABILITIES			31,620	32,733
CREDITORS: amounts falling due after more than one year	18		(1,780)	(1,284)
PROVISIONS FOR LIABILITIES	19		(177)	(182)
NET ASSETS EXCLUDING PENSION DEFICIT			29,663	31,267
Pension deficit	23		(10,238)	(11,694)
NET ASSETS			19,425	19,573
CAPITAL AND RESERVES				
Called up share capital	20		28,409	28,409
Share premium account	20		23,463	23,463
Profit and loss account	20		(32,447)	(32,299)
SHAREHOLDERS' FUNDS			19,425	19,573

The financial statements of Truck-Lite Co. Limited, registered number 460489, were approved by the Board of Directors and authorised for issue on 27/9/19

Signed on behalf of the Board of Directors

N Sibley
Director



TRUCK-LITE CO. LIMITED

COMPANY BALANCE SHEET 31 December 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	13	812	1,913
Investments	14	31,724	31,724
		<u>32,536</u>	<u>33,637</u>
CURRENT ASSETS			
Stocks	15	1,894	2,425
Debtors	16	7,089	6,021
Cash at bank and in hand		11	60
		<u>8,994</u>	<u>8,506</u>
CREDITORS: amounts falling due within one year	17	(2,886)	(2,904)
NET CURRENT ASSETS		<u>6,108</u>	<u>5,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>38,644</u>	<u>39,239</u>
PROVISIONS FOR LIABILITIES	19	(2)	(22)
NET ASSETS		<u><u>38,642</u></u>	<u><u>39,217</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	28,409	28,409
Share premium account	20	23,463	23,463
Profit and loss account	20	(13,230)	(12,655)
SHAREHOLDERS' FUNDS		<u><u>38,642</u></u>	<u><u>39,217</u></u>

The loss for the financial year dealt with in the financial statements of the parent company was £575k (2017 - profit of £765k).

The financial statements of Truck-Lite Co. Limited, registered number 00460489, were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors

N Sibley
Director

Date:

27/9/19

TRUCK-LITE CO. LIMITED

STATEMENT OF CHANGES IN EQUITY 31 December 2018

Consolidated	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	28,409	23,463	(38,227)	13,645
Profit for the financial year	-	-	1,304	1,304
Actuarial gain net of deferred tax	-	-	4,600	4,600
Currency translation difference on foreign currency net investments	-	-	24	24
At 1 January 2018	28,409	23,463	(32,299)	19,573
Loss for the financial year	-	-	(1,168)	(1,168)
Actuarial gain net of deferred tax	-	-	1,015	1,015
Currency translation difference on foreign currency net investments	-	-	5	5
At 31 December 2018	<u>28,409</u>	<u>23,463</u>	<u>(32,447)</u>	<u>19,425</u>

Company	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	28,409	23,463	(13,420)	38,452
Profit for the financial year	-	-	765	765
At 1 January 2018	28,409	23,463	(12,655)	39,217
Loss for the financial year	-	-	(575)	(575)
At 31 December 2018	<u>28,409</u>	<u>23,463</u>	<u>(13,230)</u>	<u>38,642</u>

TRUCK-LITE CO. LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	2018 £	2017 £
Net cash flows from operating activities	21	488	1,096
Cash flows from investing activities			
Interest received		1	2
Other interest paid		(4)	(2)
Purchase of tangible fixed assets		(1,698)	(1,509)
Disposal of tangible fixed assets		897	-
Proceeds from sale of tangible fixed assets		10	-
Net cash flows from investing activities		(794)	(1,509)
Cash flows from financing activities			
Drawdowns on intercompany loan		3,345	1,268
Repayments of intercompany loan		(2,997)	(851)
Net cash flows from financing activities		348	417
Net increase in cash and cash equivalents		42	4
Cash and cash equivalents at beginning of year		111	107
Cash and cash equivalents at end of year		153	111

Cash and cash equivalents represents cash at bank and in hand.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding year, are described below.

General information and basis of accounting

Truck-Lite Co Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Truck-Lite Co Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Truck-Lite Co Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cashflow statement, intra-group transactions, financial instruments and remuneration of key management personnel.

Going concern

The group's business activities, together with the factors likely to affect the future development, performance and financial position, are set out in the Strategic Report on pages 2 to 4, along with the group's objectives, policies and processes for managing its exposures to financial risk.

The directors have considered these risks and the impact of the closure of the Birmingham site when determining the basis of preparation of these financial statements. The company is not a going concern as it has intention to cease to trade and liquidation of the company is being considered by the directors. As a result of these factors, the directors have determined that the going concern basis is no longer appropriate, and have prepared the financial statements on a basis other than going concern.

The directors have concluded that there has been no significant impairment of the company's assets as a result of adopting this basis of accounting. The expected useful lives of property, plant and equipment have been reviewed so as to ensure that their net book value remains appropriate.

The company and group has received a Letter of Support from its ultimate parent company, Truck-Lite Co LLC, covering the period of 12 months from the date of signing of the audit report for the year ended 31 December 2018.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Turnover

Turnover is the amount derived from ordinary activities, stated after trade discounts and net of VAT. Revenue is recognised when the goods are delivered to the customer as this is the point at which the risks and rewards are transferred.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life which is 20 years. In the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits, in view of the long term nature of the investment. Provision is made for any impairment.

Research and development

Expenditure on research and development is written off in the period in which it is incurred. Development expenditure includes the excess costs of tooling manufactured by the company over those recharged to the customer, for which the title of asset contractually passes to the customers upon payment in full.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition. Depreciation is provided on all tangible fixed assets, other than investment property on freehold land and is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are based on the following:

Freehold land and property	Nil-25 years
Leasehold improvements	25 years
Plant and machinery and own tooling	4-8 years
Motor vehicles, fixtures and fittings	4-10 years

Assets in the course of construction are not depreciated until they are brought into use and freehold land is not depreciated. The fixtures and fittings total includes computer software with a cost of £3.4m and at year end and a NBV of £2.5m.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stock is accounted for on a first in first out basis.

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. There is no significant difference between replacement and original cost.

Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Contract work in progress is accounted for in turnover and in accordance with the provisions in FRS 102 Section 23. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress. The excess of book value over payments receivable is included in debtors as "Amounts recoverable on contracts".

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings are reported in the statement of comprehensive income.

All other exchange differences are included in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Lessor

Income rentals are charged to the month which they relate, even if the payments are not made on such a basis.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) *Financial assets and financial liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Group balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity Instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Revenue recognition

The Company recognises revenue when the risks and rewards of ownership are transferred to the customer. Although the company trades using a number of different incoterms, the directors consider revenue recognition to occur on the despatch of goods. The Company also records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provision for estimated sales returns and other allowances is generally made based on historical experience and any known factors that would significantly affect the allowance.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Goodwill and impairment investment value

Carrying value of goodwill and intangible assets with indefinite lives is reviewed for impairment annually or more frequently if there are indicators of a fall in value below carrying amount. This requires an estimation of value in use of the cash generating units to which the goodwill and intangible assets are allocated. Identifying the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Expectations about future cash flows will vary between periods.

The carrying amount at the balance sheet date was an asset of £2.4m.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key source of estimation uncertainty (continued)

Pension obligation

The cost of a defined pension arrangement is determined based on actuarial valuations. An actuarial valuation assumes the estimation of discount rates, estimated returns on assets, future salary increases, mortality figures and future pension increases. Because of the long term nature of these pension plans, the valuation of these is subject to important uncertainties. See note 23 for additional disclosures.

Deferred tax asset

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date, in the form of future cash flows using a suitable growth rate.

3. TURNOVER

A geographical analysis of turnover by destination is given below:

	2018 £'000	2017 £'000
United Kingdom	13,280	13,813
Rest of Europe	33,850	33,852
Rest of World	2,999	2,174
	<u>50,129</u>	<u>49,839</u>

All turnover derives from the group's principal activities, which is the sale of goods.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is stated after charging (crediting):	2018 £'000	2017 £'000
Depreciation on owned assets	1,427	1,362
Inventory expensed	27,561	28,067
Amortisation of goodwill	302	302
Operating lease costs - land and buildings	201	205
Operating lease costs - other	304	241
Research and development costs	45	63
Foreign exchange losses/(gains)	349	(355)
Exceptional costs	1,047	34

The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual accounts	38	36
Auditing of accounts of subsidiaries of the company pursuant to legislation	48	46
Non-audit fees		
Tax services – Tax compliance Services	13	31

Amortisation of goodwill is charged to administration expenses.

Exceptional items relate to redundancy costs and restructure advice in connection with the Birmingham closure and restructuring in Harlow.

5. DIRECTORS' REMUNERATION

Remuneration of highest paid director:	2018 £'000	2017 £'000
Emoluments	164	144
Company contribution to money purchase plan	3	3

The total directors emoluments and the highest paid does not differ from above.

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

At the balance sheet date, no director (2017 - no director) was a member of the group's defined benefit pension scheme with benefits accruing.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

6. STAFF COSTS

	Group		Company	
	2018 No	2017 No	2018 No	2017 No
Average monthly number of persons employed during the year (including directors)				
Office and management	94	94	12	18
Manufacturing	316	346	83	69
	<u>410</u>	<u>440</u>	<u>95</u>	<u>87</u>
	£'000	£'000	£'000	£'000
Staff costs during the year (including directors)				
Wages and salaries	8,542	8,363	1,845	2,673
Social security costs	942	897	146	165
Other pension costs (see note 23)	225	189	53	48
	<u>9,709</u>	<u>9,449</u>	<u>2,044</u>	<u>2,886</u>

"Other pension costs" includes only those defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Bank interest receivable	<u>1</u>	<u>2</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Other interest	<u>4</u>	<u>2</u>

9. OTHER NET FINANCING (COSTS)/INCOME

	2018 £'000	2017 £'000
Expected return on pension assets	854	873
Interest on pension scheme liabilities	<u>(1,140)</u>	<u>(1,336)</u>
	<u>(286)</u>	<u>(463)</u>

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

10. TAX ON (LOSS)/PROFIT

Analysis of credit in year

	2018 £'000	2017 £'000
Current taxation		
Current tax	-	-
Total current tax	-	-
Deferred taxation		
Origination and reversal of timing differences	(2)	48
Deferred tax on pension liability	(26)	200
Adjustment in respect of prior years	417	(427)
Total deferred tax	389	(179)
Tax credit on (loss)/profit	389	(179)

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19% (2017 – 19.25%). During the year beginning 1 January 2020, the net reversal of deferred tax asset and liabilities is expected to decrease due to the corporation tax charge for the year by £208k.

2019 is currently predicted to be loss making. However, 2020 is expected to be profit making with new contracts on the horizon and strategic initiative savings.

The actual tax credit for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2018 £'000	2017 £'000
(Loss)/profit before tax	(779)	1,125
Tax on (loss)/profit at standard rate	(148)	217
Expenses not deductible for tax purposes	25	5
Capital allowances in excess of depreciation	(97)	(180)
Origination and reversal of timing differences	-	48
Effects of pension movement	(26)	(27)
Tax losses carried forward	256	107
Short term timing differences	(38)	78
Higher overseas tax rate	-	-
Adjustment in respect of prior years	417	(427)
Total tax	389	(179)

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

10. TAX ON (LOSS)/PROFIT (continued)

b) Factors affecting future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

11. (LOSS)/PROFIT ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The (loss)/profit attributable to the company is disclosed in the footnote to the company's balance sheet.

12. GOODWILL

Group	£'000
Cost	
At 1 January 2018 and 31 December 2018	<u>6,045</u>
Amortisation	
At 1 January 2018	3,348
Charge for the year	<u>302</u>
At 31 December 2018	<u>3,650</u>
Net book value	
At 31 December 2018	<u>2,395</u>
At 31 December 2017	<u>2,697</u>

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

13. TANGIBLE FIXED ASSETS

Group	Freehold land and property £'000	Leasehold improve- ments £'000	Assets in course of construction £'000	Plant & machinery & own tooling £'000	Motor vehicles, fixtures & fittings £'000	Total £'000
Cost						
At 1 January 2018	6,087	1,665	5,654	33,274	5,903	52,583
Additions	-	-	576	160	961	1,698
Disposals	-	-	(2,583)	(256)	(9)	(2,848)
Transfers/adjustment	-	-	(1,765)	1,749	8	(8)
At 31 December 2018	6,087	1,665	1,882	34,927	6,864	51,425
Accumulated depreciation						
At 1 January 2018	2,805	1,169	1,686	30,431	4,518	40,609
Charge for the year	129	88	-	871	339	1,427
Disposals	-	-	(1,686)	(256)	(7)	(1,949)
At 31 December 2018	2,934	1,257	-	31,046	4,850	40,087
Net book value						
At 31 December 2018	3,153	408	1,882	3,881	1,117	11,338
At 31 December 2017	3,282	496	3,968	2,843	1,385	11,974

Of the freehold land and property, £3,145k relates to land which is not depreciated. Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £208k (2017 - £208k). The fixtures and fittings total includes computer software with a cost of £3.4m at year end and a NBV of £2.5m.

Company	Leasehold improvement £'000	Assets in course of construction £'000	Plant and machinery and own tooling £'000	Motor vehicles, fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2018	1,453	2,538	10,815	265	15,071
Additions	-	54	56	1	111
Disposals	-	(2,583)	(256)	(9)	(2,848)
Transfers/Adjustment	-	(9)	-	-	(9)
At 31 December 2018	1,453	-	10,615	257	12,325
Accumulated depreciation					
At 1 January 2018	1,089	1,686	10,184	199	13,158
Charge for the year	80	-	205	19	304
Disposals	-	(1,686)	(256)	(7)	(1,949)
Transfers	-	-	-	-	-
At 31 December 2018	1,169	-	10,133	211	11,513
Net book value					
At 31 December 2018	284	-	482	46	812
At 31 December 2017	364	852	631	66	1,913

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

14. FIXED ASSET INVESTMENTS

Company	£'000
Cost and net book value At 1 January 2018 and 31 December 2018	31,724

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held	Principal activity	Registered office
Truck-Lite Europe Limited	Ordinary shares	100%	Manufacture and sale of commercial vehicle lighting accessories	Barrows Road Harlow, Essex CM19 5FA
Rubbolite Industries Limited	Ordinary shares	100%*	Dormant	Barrows Road Harlow, Essex CM19 5FA
T H Quinton Limited	Ordinary shares	100%*	Dormant	Barrows Road Harlow, Essex CM19 5FA
G Weil Limited	Ordinary shares	100%*	Dormant	Barrows Road Harlow, Essex CM19 5FA
Flexible Lamps France SARL	Ordinary shares	100%*	Non-trading	12 Rue Jean Hoet 78200 Mantes La Jolie France
Flexible Lamps (Wuxi) CV.Parts Co. Limited	Ordinary shares	100%*	Non-trading	Unit 11 Xiangnan Rd Shuofang Town Wuxi New District P R China

* Investment held by Truck-Lite Europe Limited.

The results of all subsidiary undertakings listed above are included in these consolidated Group financial statements.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

15. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Raw materials and consumables	5,459	5,642	1,595	1,959
Work in progress	406	397	229	328
Finished goods and goods for resale	3,354	3,821	70	138
	<u>9,219</u>	<u>9,860</u>	<u>1,894</u>	<u>2,425</u>

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

16. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	7,672	8,097	1,554	2,911
Amounts due from subsidiary undertakings	50	-	1,966	1,074
Amounts due from parent company	3,203	1,650	3,199	1,648
Amounts due from group undertakings	89	23	89	23
VAT recoverable	342	401	90	190
Other debtors	1,421	1,031	-	-
Prepayments and accrued income	484	514	191	175
Deferred tax asset (see below)	3,230	3,892	-	-
	<u>16,491</u>	<u>15,608</u>	<u>7,089</u>	<u>6,021</u>

Repayment term of intercompany trading is 30 days from month end. This is not interest bearing and is unsecured.

Movement in deferred tax asset:

Group	£'000
Balance at 1 January 2018	3,892
Movement on deferred tax relating to pension recognised in profit and loss account	26
Movement on deferred tax relating to pension recognised in other comprehensive income	(273)
Remaining movement in profit and loss account	(415)
Balance at 31 December 2018	<u>3,230</u>

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

16. DEBTORS (continued)

The deferred tax asset recognised and not recognised were as follows:

Group	Recognised		Not recognised	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	176	395	395	425
Short term timing differences	17	1	8	7
Losses	1,297	1,508	-	-
	1,490	1,904	403	432
Deferred tax on pension liability	1,740	1,988	-	-
	3,230	3,892	403	432
Company	Recognised		Not recognised	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	-	-	395	425
Short term timing differences	-	-	8	7
	-	-	403	432

The group and company has an unrecognised deferred tax asset of £403k (2017 - £432k) in respect of accelerated capital allowances and short term timing differences. The company will not be recognising deferred tax assets for £403k as there is uncertainty as to whether sufficient taxable profits will arise in the foreseeable future against which the reversal of these assets could be offset.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	4,794	5,878	1,251	2,425
Amounts owed to subsidiary undertakings	-	-	10	24
Amounts owed to parent company	22	20	-	-
Amounts owed to group undertakings	723	372	-	-
Other taxation and social security payable	201	149	-	-
Tax payable	-	6	-	-
Accruals and deferred income	2,236	1,092	1,625	455
	7,976	7,517	2,886	2,904

Repayment term of intercompany trading is 30 days from month end. This is not interest bearing and is unsecured.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts owed to parent company (see note 26)	1,780	1,284	-	-

No interest is payable on the intercompany loan with Truck-Lite Co LLC (2017 - none). The loan is held at amortised cost. This is not interest bearing and is unsecured.

The loan is unsecured and repayable on demand. Truck-Lite Co LLC do not intend to recall the loan in less than 12 months from signing.

19. PROVISIONS FOR LIABILITIES

	Warranty provision £'000
Group	
At 1 January 2018	182
Utilised in the year	224
Credit to profit and loss account	(229)
At 31 December 2018	177
Company	
At 1 January 2018	22
Utilised in the year	(23)
Credit to profit and loss account	3
At 31 December 2018	2

The provision for product warranties relates to expected warranty claims on products sold in the year ended 31 December 2016. It is expected that the majority of this expenditure will be incurred in the next financial year.

20. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Called up, allotted and fully paid: 28,409,192 Ordinary shares of £1 each	28,409	28,409

The company has one class of ordinary shares which carry no right to fixed income.

The group's and company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares net of issue expenses.

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

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

21. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO OPERATING CASH FLOWS

	2018 £'000	2017 £'000
Operating (loss)/profit	(490)	1,588
Adjustment for:		
Depreciation	1,426	1,362
Amortisation	302	302
Taxation received	-	40
Administration cost on pension fund	283	100
Operating cash flow before movement in working capital	1,521	3,392
Decrease/(Increase) in stocks	642	(764)
Increase in debtors	(1,546)	(1,262)
Increase in creditors	465	592
(Decrease)/increase in provisions	(5)	14
Non-cash movements due to foreign exchange	148	(162)
Contributions to pension fund	(737)	(714)
Net cash inflow from operating activities	488	1,096

22. COMMITMENTS

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Capital commitments				
Contracted for but not provided	240	182	-	-

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Due				
Within one year	201	201	249	239
Between two to five years	50	252	344	395
	251	453	593	634

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

22. COMMITMENTS (continued)

Company	Land and buildings		Other	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Due				
Within one year	201	233	56	59
Between two to five years	50	291	104	157
	<u>251</u>	<u>524</u>	<u>160</u>	<u>216</u>

23. EMPLOYEE BENEFITS

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2018 was £225k (2017: nil).

Defined benefit schemes

The company operates a defined benefit pension scheme, the Rubbolite Retirement and Death Benefit Scheme. The Scheme was closed to new members in October 2008. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser.

Truck-Lite Europe Limited expects to contribute £759k to the Rubbolite Retirement and Death Benefit Scheme in the period ended 31 December 2019.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2016 by Mr Samer Hafiz, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions used:	Valuation at	
	2018	2017
Price inflation		
RPI	3.25%	3.20%
CPI	2.25%	2.20%
Discount rate	2.80%	2.50%
Pension increases		
Pre April 1997	3.00%	3.00%
Between April 1997 and April 2005	3.20%	3.20%
Post April 2005	2.60%	2.60%
Salary growth	0.00%	0.00%

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

23. EMPLOYEE BENEFITS (continued)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2018 years	2017 years
Retiring today:		
Males	20.4	20.3
Females	24.1	24.0
Retiring in 20 years:		
Males	22.1	22.0
Females	26.0	25.9

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2018 £'000	2017 £'000
Current service cost	-	-
Net interest cost	(286)	(463)
Administration costs	(283)	(100)
	(569)	(563)
Gain/(loss) recognised in other comprehensive income	1,288	5,572
Total cost relating to defined benefit scheme	719	5,009

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit schemes is as follows:

	2018 £'000	2017 £'000
Present value of defined benefit obligations	(43,815)	(46,279)
Fair value of scheme assets	33,577	34,585
Gross pension	(10,238)	(11,694)
Related deferred tax asset	1,740	1,988
Net pension liability	(8,498)	(9,706)

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

23. EMPLOYEE BENEFITS (continued)

Movements in the present value of defined benefit obligations were as follows:

	2018 £'000	2017 £'000
At 1 January	46,279	50,151
Administration cost	283	100
Interest cost	1,140	1,336
Actuarial gains and losses	(2,437)	(3,865)
Benefits paid	(1,450)	(1,443)
At 31 December	<u>43,815</u>	<u>46,279</u>

Movements in fair value of Scheme assets were as follows:

	2018 £'000	2017 £'000
At 1 January	34,585	32,733
Interest income	854	873
Return on plan assets (excluding amounts included in net interest cost)	(1,149)	1,708
Contributions by Truck-Lite Europe	737	714
Benefits paid	(1,450)	(1,443)
At 31 December	<u>33,577</u>	<u>34,585</u>

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2018 £'000	2017 £'000
Equity instruments	15,807	16,257
Debt instruments	13,392	13,767
Cash	1,993	2,110
Other assets	372	382
Real estate	2,013	2,069
AVC	-	-
	<u>33,577</u>	<u>34,585</u>

24. CONTINGENT LIABILITIES

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
HM Customs and Excise Duty Bond	<u>80</u>	<u>60</u>	<u>40</u>	<u>40</u>

Customs and Excise Duty Bond allowance increased to £40k from 9 August 2018, to allow import of goods prior to payment of Customs and Excise duty.

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2018, the immediate parent company is Truck-Lite Co., LLC, a company registered in the United States of America.

The directors consider that as at 31 December 2018, there is no one ultimate controlling party. The smallest and largest group in which the results of the entity are consolidated is that of Truck-Lite Co. LLC, with their registered office at 310 E Elmwood Avenue, Falconer, New York State, United States of America. The financial statements of Truck-Lite Co. LLC are not publicly available.

26. RELATED PARTY TRANSACTIONS

During the year the following related party transactions took place with group undertakings not consolidated in these financial statements:-

Sales to Truck-Lite Europe GmbH - £nil (2017 - £51k)

Purchases from Truck-Lite Europe GmbH - £nil (2017 - £86k)

Sales to Truck-Lite Co., LLC - £240k (2017 - £252k)

Purchases from Truck-Lite Co., LLC - £836k (2017 - £834k)

Interest payable to Truck-Lite Co., LLC - £nil (2017 - £2k)

Purchases from Penske Logistics Europe Ltd - £10k (2017 - £6k)

Purchases from Rigid Industries - £1,855 (2017 - £1,297)

Sales to Truck-Lite S. De R.L. De C.V. - £186k (2017 - £363k)

All transactions are made on an arm's length basis.

Amounts payable to related parties at the year end were:-

	2018 £'000	2017 £'000
Truck-Lite Co., LLC - Trading	159	149
Truck-Lite Co., LLC - Loan	1,780	1,284
Rigid Industries	563	269

At the balance sheet date the loan due to Truck-Lite Co., LLC bears no interest (2017 - none).

Amounts due from related parties at the year end were:-

	2018 £'000	2017 £'000
Truck-Lite Co., LLC - trading	28	14
Truck-Lite Co., LLC - loan	3,175	1,636
Truck-Lite S. De R.L. De C.V. - trading	89	23

TRUCK-LITE CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2018**

27. SUBSEQUENT EVENTS

As part of the restructure of the Truck-Lite Co Limited group the directors are considering to transfer the shareholding of Truck-Lite Europe Limited from Truck-Lite Co Limited to the ultimate parent undertaking, Truck-Lite Co., LLC. It is the intention of the directors to conclude and act on this within 12 months from signing these accounts. This restructuring will have no impact on the day-to-day operations, financial results or position of Truck-Lite Europe Limited.

There are future developments due to the closure of Birmingham which are set out in the Strategic Report on page 3 under the heading "Future developments".