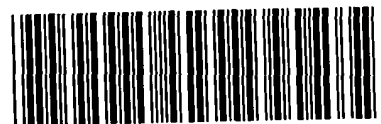


JUNGHEINRICH UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Company Number: 00757192

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JUNGHEINRICH UK LIMITED

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**JUNGHEINRICH UK LIMITED
DIRECTORS AND ADVISERS**

Directors

A Rosenkranz
L Snijders

Secretary and Registered Office

Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes
Buckinghamshire
MK7 8HX

Statutory Auditor

KPMG LLP
Statutory Auditor
58 Clarendon Road
Watford
WD17 1DE

Bankers

Barclays Bank PLC
Ashton House
497 Silbury Boulevard
Milton Keynes
MK9 2LD

Commerzbank
Ness 7 – 9
20457 Hamburg
Germany

JUNGHEINRICH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company continues to be the sale, hire and servicing of materials handling equipment as well as the development, installation and service of intralogistics solutions.

Review of business

During the year, the market in which the company operates has remained stable, growing 1.1% year on year, against a background of limited economic growth in the UK. The company has maintained its position as a key player in what continues to be a highly competitive UK market, as reflected by overall turnover growth of 6.7% on the prior year.

Turnover for the year amounted to £223,803k (2018: £209,818k), yielding operating profit of £8,116k (2018: £3,859k).

Key performance indicators

The company has continued to place a high level of emphasis on long-term financial stability and retains a strong balance sheet position underpinned by a focus on working capital and risk management. Net assets excluding the defined benefit pension scheme have increased to £43,672k (2018: £41,216k).

Turnover growth has been strong, with good progress made on return on sales, which was 3.6% for the year (2018: 1.7%).

The valuation of the defined benefit pension scheme (Jungheinrich UK Limited Retirement Benefit Scheme) on an IAS 19 basis stood at £14,668k as at 31 December 2019 (2018: £5,531k), although the company continues to pay additional contributions to reduce the underlying funding deficit as calculated on a technical provisions basis, as detailed below.

On 31 July 2020, the defined benefit scheme was closed to future accrual and the active members joined the company's existing defined contribution pension scheme.

The latest triennial valuation, dated 6 April 2019, showed a deficit of £3.7m calculated on a technical provisions basis, and a funding level of 98%. This shows a positive development against the previous triennial valuation dated 6 April 2016 which showed a deficit of £17.7m and funding level of 91%. Following the latest triennial valuation, the company has agreed to continue with the current level of contributions, thereby shortening the length of the deficit recovery period to December 2024 (previously April 2029).

The company have also agreed with the scheme trustees a target to fund the scheme to a point of self-sufficiency by 2032.

JUNGHEINRICH UK LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Future developments

The prevalent challenges to the economy and to the business stemming from the COVID-19 pandemic, and the unresolved status of "Brexit" negotiations precipitate a significant level of risk and uncertainty for the business.

The COVID-19 pandemic that emerged after the closure of the fiscal year of 2019 has, in early 2020, caused a reduction in the company's intake of orders for new equipment and there is likely to be a consequential downturn in the company's earnings in the short and medium term. There remains some uncertainty concerning the extent of the impact in the longer term and this will depend on the overall economic development following the implementation of measures by the UK Government to mitigate the spread of COVID-19.

However, the company is aided by a healthy financial and commercial position carried forward into 2020. This platform supports the business in its drive to improve its competitive presence in what continues to be a highly competitive market, and the directors maintain a high level of optimism for the longer-term success of the business.

Ethical code of conduct and Bribery Act

The directors operate an ethical code of conduct and an Anti-Bribery policy that they take very seriously and expect all their employees, suppliers and customers to abide by and respect in all matters of business.

Labour

The company's approach to general labour rights is driven by its ethical code of conduct. During 2019 the company built upon the work carried out in previous years to evaluate its business and supply chain against the principles embodied in the Modern Slavery Act 2015 to eliminate slavery in all its forms.

As per section 54 of the Modern Slavery Act 2015, the company's Modern Slavery Statement is reviewed and approved by the board of directors on an annual basis and published on its website. In April 2020 the directors approved the company's Modern Slavery Statement for the 2019 financial year, which details the company's commitment, policies, processes and actions taken to ensure that slavery and human trafficking are not taking place in its supply chains or any part of its business. More information on the company's statement can be found on its website.

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Corporate Governance

The Executive Management Team is committed to high standards of corporate governance and stewardship. Each director continues to be mindful of his/her statutory duty to promote the success of the company for the benefit of the members as a whole, and in doing so having regard (amongst other matters) to those factors set out in section 172(1)(a) to (f) of the Companies Act 2006 as set out below.

Collectively the Executive Management Team recognises how having regard to these and other relevant factors and stakeholder groups in their decision-making contributes to the success of the company. Depending on the matter in question, the relevance of different stakeholder interests and other factors will inevitably vary and the Executive Management Team may have to make difficult decisions based on competing priorities, which means that it may not always be possible to provide a favourable outcome for all stakeholders.

On appointment to the Executive Management Team, the directors are provided with an induction programme. This includes a briefing on the directors' statutory duties and directors are also provided with various opportunities to meet key stakeholders.

Ahead of all Executive Management Team meetings, the directors are supplied with information which highlight relevant stakeholder considerations and other factors considered relevant to the matter under consideration. Members of the Executive Management Team, and other key employees, attend and make presentations as appropriate at meetings, including in relation to the outcome of stakeholder engagement.

A programme of strategic and other reviews, together with training provided during the year, ensures that the directors continually update their skills and knowledge.

The directors of Jungheinrich UK Ltd consider, both individually and together, that they have acted in good faith in the way they believe would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019, and in doing so have regard, among other matters to the following:

Consideration	Response
The likely consequences of any decision in the long term	The directors understand the business and the evolving environment in which it operates. The strategy set by the Executive Management Team is intended to strengthen Jungheinrich UK Ltd's position as a leading supplier of materials handling equipment and intralogistics solutions while keeping safety and social responsibility fundamental to its business approach.

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Corporate Governance (continued)

Consideration	Response
<p>The likely consequences of any decision in the long term (continued)</p>	<p>The Board of Directors regularly reviews company's the long-term strategy, which encompasses not only the current phase of strategic development, but also future areas of growth. At every meeting the directors review the progress against strategic priorities and the changing shape of the business portfolio. The directors also receive regular updates and reports on progress of the wider Jungheinrich Group strategy, including the development of next strategic phases.</p> <p>In 2019 items on the Board of Directors' agenda have regularly been linked to the relevant aspect of strategy and the proposed timeframe for delivery of the expected action. Input is also regularly taken from specialists within the business and external advisers about what issues might frame the commercial environment in which the company will operate in future.</p> <p>The resulting assessment of future development helps inform the Board of Directors' decision-making and the balance between short-term and long-term measures and actions. Ultimately, Executive Management Team decisions are taken in what it believes to be the best interest of the long-term financial success of the Jungheinrich UK Ltd and its stakeholders.</p>
<p>The interests of the company's employees</p>	<p>The directors recognise that the employees of Jungheinrich UK Ltd are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees.</p> <p>From ensuring that the company remain a responsible employer, from pay and benefits to health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.</p> <p>In 2019, the company have had regard to employee interests, consulting with employees and trade union representatives in relation to changes in pay and pension arrangements and other operational matters including changes to or closures of operational sites.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Corporate Governance (continued)

Consideration	Response
<p>The interests of the company's employees (continued)</p>	<p>The company continues to place the highest importance on the health and wellbeing of its workforce as well as providing training and development opportunities to employees. This approach ensures the company can retain and develop a highly motivated and skilled workforce, which will be critical in our drive to bring to life the future ambitions of the company.</p> <p>As part of the company's health and wellbeing strategy the directors regularly review benefits and provisions made available in support of employees. During 2019, the company launched a new online benefits portal for employees in order to facilitate better understanding and access to the benefits available.</p> <p>The company has also invested in new systems to unify and augment the company's approach to appraisals, leave entitlement, information management and learning and development.</p> <p>In early 2020, the impact of the COVID-19 pandemic has seen much of the workforce working from home with all the uncertainties brought by the crisis. During this time the company has worked hard to enhance communications with the workforce in the form of newsletters, email announcements and more informal online meetings to ensure the workforce continue to be engaged and informed on company results, strategy and policies as well as changes to the economic environment in which the company operates. The company's Business Continuity Team is meeting regularly to ensure employees are kept well informed, and matters of employee wellbeing are dealt with promptly and effectively.</p>
<p>The need to foster the company's business relationships with suppliers, customers and others</p>	<p>The Jungheinrich ethos places our customers firmly in the centre of everything we do, supporting our customers' needs with sustainable, energy-efficient intralogistics solutions.</p> <p>Strong, mutually beneficial relationships with customers, supply chain and other business partners are critical to the delivery of the company's strategy.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Corporate Governance (continued)

Consideration	Response
The need to foster the company's business relationships with suppliers, customers and others (continued)	<p>The company engages with customers through our dedicated sales and customer services teams who are tasked with helping our customers become more operationally efficient in their materials handling processes, thereby becoming better able to meet their own objectives.</p> <p>Additionally, the company operates an online "Profishop" offering which caters for less complex requirements of our customers.</p> <p>During 2019 the company has enhanced its focus the management of suppliers and business partners aiding closer relationships and more effective collaboration with suppliers.</p> <p>The company carries out regular supplier audits to ensure adherence to the company's standards and expectations and to verify the provenance of goods and services being supplied has continued.</p>
The impact of the company's operations on the community and the environment	<p>The company continues to pursue a programme to reduce the impact of its operations on the environment, measuring and reporting its performance against the targets that it has set for itself.</p> <p>During the year, specific focus has been placed on improving fuel efficiency of the engineer van fleet and optimization of engineers to reduce travel. A reduction of 5% in business mileage was achieved in 2019 compared to 2018.</p> <p>Additionally, electricity usage across the business has decreased 19% in 2019 compared to 2018 as a result of efficiency measures.</p>
The desirability of the company maintaining a reputation for high standards of business conduct	<p>The company's policies on a wide range of business and ethics related practices are regularly reviewed and updated as necessary so as to ensure continued compliance with legal and regulatory requirements and good industry practice, including its Code of Conduct, Modern Slavery Statements, and Tax Strategy, to ensure that high standards are maintained both within the company and the business relationships it maintains.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Corporate Governance (continued)

Consideration	Response
The desirability of the company maintaining a reputation for high standards of business conduct (continued)	<p>This, complemented by the ways the Executive Management Team is informed and monitors compliance with relevant governance standards help assure its decisions are taken and that Jungheinrich UK Ltd acts in ways that promote high standards of business conduct.</p> <p>The reporting of any concerns raised through the company's 'Open-Line' service also provides the Executive Management Team with a further insight into business conduct issues affecting the business.</p>
The need to act fairly as between members of the company	After weighing up all relevant factors, the directors consider which course of action best enables delivery of its strategy through the long-term, taking into consideration the impact on stakeholders.

The Executive Management Team are committed to keeping engagement methods under review to ensure they remain effective and ensure that stakeholder interests are appropriately considered over the course of decision-making.

The Strategic Report was approved by the board of directors and signed on its behalf by:


A Rosenkranz
Director

29 September 2020

JUNGHEINRICH UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors

The directors of the company, including any changes during the year and up to the date of signing these accounts are listed on page 1.

Appointment of auditor

A new independent auditor has been selected to take office following the approval of these financial statements under section 487(1) of the Companies Act 2006. We thank the current auditor, KPMG LLP, for their cooperation and oversight in carrying out their work.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company strongly values the engagement of employees at all levels and places emphasis on the importance of good communication across the business. This helps to ensure views are taken into account when decisions are made that are likely to affect the interests of employees and that all employees are aware of the financial and economic performance of the business. Engagement with all employees continues through formal and informal meetings, newsletters and other media communications.

The company is highly dedicated to its apprentice programme which has now been in place for more than 10 years. Today, the programme offers eleven different apprenticeships at various levels, spanning five business departments. The programme puts the apprentices at the heart of their development; built on an ethos of the highest quality; to ensure that through their training, they have the best start to their career with us. Jungheinrich UK was nominated for a Festival of Learning award for our Engineering Apprenticeship in 2019.

Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Going concern

In light of the prevalent challenges to the economy and to the business stemming from the COVID-19 pandemic, and the unresolved status of "Brexit" negotiations, the company has very carefully considered the potential impacts on future profitability and cash flows.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The company has a resilient balance sheet position, with net assets of £58,340k as at 31 December 2019, having made a profit after tax of £6,545k for the year then ended and held a cash and cash equivalents balance of £15,781k as at 31 December 2019.

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £30,000k at 31 December 2019. This balance is presented in the balance sheet as an amount owed by group undertakings of £30,000k as set out within note 13. Under the arrangements held with the group treasury function, the company is able to gain immediate access on a monthly basis to these deposited funds and determine whether to hold the cash or re-deposit with group treasury to earn a return. Additionally, the company has available overdraft facilities of £6,500k from the banking provider and an asset financing facility of £3,000k.

The directors have prepared base cash flow forecast scenarios for the period to 31 December 2021 that could arise if revenues were to reduce compared to the expectations set at the year end, including the potential impact of the COVID-19 pandemic. These scenarios include decreased order intake for new truck sales compared to the prior year. All revenue modelling is accompanied by an appropriate cost plan which is focused on restricting new hires and control of discretionary spend. The measures already taken since the year end have also resulted in additional cost savings in respect of rental and travel cost.

In addition, the directors have also prepared a further forecast including a severe but plausible downside scenario reflecting a reduction in revenue for the period to 31 December 2020 followed by a phased return to the base reduced budget through the remainder of 2021. In this severe but plausible downside scenario, the company will remain overall cash generative and could fund its activities out of its cash and group treasury deposit balances, with headroom, without having to draw on the £6,500k revolving overdraft facility.

To date, the company's trading and cash flows in 2020 have been significantly more positive than this severe but plausible downside scenario.

Accordingly, the directors are confident that the company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing these financial statements.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)

Financial risk management objectives and policies

The company's activities give rise to a number of financial risks including price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. Further details on these risks and the company's approach to risk management are included below.

Price Risk

The company is exposed to price risk as a result of its operations. The company sources most supplies from other group companies at agreed prices. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

The company purchases the majority of its supplies from fellow group subsidiaries at prices denominated in Euros. As such, the company is exposed to foreign exchange risk on outstanding Euro balances as well as the risk of longer term exchange rate trends impacting the cost of goods purchased, and therefore profitability. The company seeks to mitigate foreign exchange risk by entering into forward exchange rate contracts with third party banks covering future forecast purchases.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit, which is assessed by the credit management function with reference to external credit management agencies.

Liquidity risk

The company's planning, forecasting and working capital management processes are designed to mitigate liquidity risk arising from ongoing trade and any planned growth. When required, the company has access to external loans secured by other companies within the Jungheinrich group. The liquidity of the company is discussed further in the going concern consideration in note 1 to the financial statements.

Creditor payment policy

Our policy is to pay suppliers within their agreed terms. All suppliers are informed of our policy on the establishment of a new supplier account.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: £nil).

**JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019
(CONTINUED)**

Disclosure of information to auditor

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

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

By order of the board


A Rosenkranz
Director

29 September 2020

Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes
Buckinghamshire
MK7 8HX

JUNGHEINRICH UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH UK LIMITED

Opinion

We have audited the financial statements of Jungheinrich UK Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, statement of other comprehensive income, balance sheet statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH UK LIMITED (CONTINUED)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH UK LIMITED (CONTINUED)


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Charlotte Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
United Kingdom
WD17 1DE

_ 30 September _2020

JUNGHEINRICH UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	223,803	209,818
Cost of sales		(145,905)	(136,813)
Gross profit		77,898	73,005
Staff costs excluding past service pension costs	5	(43,500)	(42,430)
Past service pension costs	20	-	(1,343)
Depreciation and amounts written off tangible and intangible fixed assets	10, 11	(8,510)	(6,891)
Other operating expenses		(17,141)	(18,192)
Losses on derivative financial instruments	21	(631)	(290)
Operating profit		8,116	3,859
Interest receivable and similar income	6	350	166
Interest payable and similar charges	7	(251)	(173)
Profit on ordinary activities before taxation	8	8,215	3,852
Tax on profit on ordinary activities	9	(1,670)	(894)
Profit for the financial year		6,545	2,958

All results are derived from continuing operations.

The notes on pages 21 to 54 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Profit for the year		6,545	2,958
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension scheme	20	8,549	2,590
Deferred tax on actuarial gains and losses	9	(1,453)	(456)
Items that may be reclassified subsequently to profit and loss:			
Losses from the measurement of financial instruments with a hedging relationship	21	(4,381)	(754)
Amounts transferred to profit and loss account	21	1,914	1,625
Deferred tax attributable to measurement of financial instruments with a hedging relationship	9	419	(146)
Other comprehensive income		<u>5,048</u>	<u>2,859</u>
Total comprehensive income for the year attributable to shareholders		<u>11,593</u>	<u>5,817</u>

The notes on pages 21 to 54 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible fixed assets	10	18	39
Tangible fixed assets	11	20,648	23,749
Total fixed assets		<u>20,666</u>	<u>23,788</u>
Current assets			
Deferred tax assets	19	2,263	2,036
Stocks	12	33,714	36,819
Debtors: amounts falling due within one year	13	63,412	49,800
Derivative financial assets held for trading	21	21	16
Derivative financial assets designated for hedging	21	-	204
Cash and cash equivalents	14	15,781	30,415
Total current assets		<u>115,191</u>	<u>119,290</u>
Creditors: amounts falling due within one year	15	(54,558)	(64,670)
Derivative financial liabilities held for trading	21	(774)	(137)
Derivative financial liabilities designated for hedging	21	(2,327)	(65)
Total current liabilities		<u>(57,659)</u>	<u>(64,872)</u>
Net current assets		<u>57,532</u>	<u>54,418</u>
Total assets less current liabilities		<u>78,198</u>	<u>78,206</u>
Creditors: amounts falling due after more than one year	16	(22,869)	(27,272)
Deferred tax liabilities	19	(2,493)	(936)
Provisions for liabilities	18	<u>(9,164)</u>	<u>(8,782)</u>
Net assets excluding pension asset		<u>43,672</u>	<u>41,216</u>
Net pension asset	20	14,668	5,531
Net assets including pension asset		<u>58,340</u>	<u>46,747</u>
Capital and reserves			
Called up share capital	22	34,000	34,000
Hedging reserve		(1,932)	116
Profit and loss account		26,272	12,631
		<u>58,340</u>	<u>46,747</u>

The notes on pages 21 to 54 form a part of these financial statements.

The financial statements of the company (registration number 00757192) were approved by the board of directors and authorised for issue on **29 September 2020**. They were signed on its behalf by:


A Rosenkranz
Director

JUNGHEINRICH UK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2019

	Called up share capital £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
Balance at 1 January 2018	34,000	7,549	(609)	40,940
Adjustment to allowance for expected credit losses on adoption of IFRS 9	-	(10)	-	(10)
Adjusted balance at 1 January 2018	34,000	7,539	(609)	40,930
Profit for the year	-	2,958	-	2,958
Other comprehensive income for the year	-	2,134	725	2,859
Total comprehensive income for the year	-	5,092	725	5,817
Balance at 31 December 2018	34,000	12,631	116	46,747
Balance at 1 January 2019	34,000	12,631	116	46,747
Profit for the year	-	6,545	-	6,545
Other comprehensive income for the year	-	7,096	(2,048)	5,048
Total comprehensive income for the year	-	13,641	(2,048)	11,593
Balance at 31 December 2019	34,000	26,272	(1,932)	58,340

The profit and loss account reserve represents accumulated retained earnings.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

The notes on pages 21 to 54 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1 General information

Jungheinrich UK Limited is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 00757192 and 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 page 2.

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the company has prepared these accounts in accordance with FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Jungheinrich Aktiengesellschaft, which are available to the public and can be obtained as set out in note 24.

1.2 Changes in accounting policy

The company has adopted IFRS 16: Leases with effect from 1 January 2019 using the modified retrospective approach. Under this approach, comparative information has not been restated and are reported under the previously applicable standard, IAS 17: Leases. The disclosure requirements of IFRS 16 have not been applied to comparative information.

The details of the changes and quantitative impact are set out below.

Definition of a lease

Previously the entity determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The entity now assesses whether a contract is or contains a lease based on the definition of a lease. On transition to IFRS 16, the entity elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.2 Changes in accounting policy (continued)

As a lessee

The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the entity recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The entity has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The entity used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- no recognition of right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- no recognition of right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment)

On transition to IFRS 16, the entity recognised additional right-of-use assets, including property, and additional lease liabilities. The impact on transition is summarised below.

Impact on transition	1 January 2019 £'000
Right-of-use assets - property, plant and equipment	4,230
Lease liabilities	(4,230)

When measuring lease liabilities for leases that were classified as operating leases, the entity discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 1.5%.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.2 Changes in accounting policy (continued)

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 in the entity's financial statements and the lease liabilities recognised at 1 January 2019:

	1 January 2019
	£'000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	4,692
Discounted using the incremental borrowing rate at 1 January 2019	(462)
Lease liabilities recognised as at 1 January 2019	4,230

As a lessor

No adjustments are required on transition to IFRS 16 for leases in which the company acts as the lessor.

1.3 Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policy for financial instruments below, together with the measurement of the defined benefit pension scheme assets and liabilities as explained in the accounting policy for pensions disclosed below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.4 Going concern

The company's business activities, together with the factors likely to affect its future development, financial performance and position are set out in the Strategic report and Directors' report on pages 2 to 12.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons.

The company has a resilient balance sheet position, with net assets of £58,340k as at 31 December 2019, having made a profit after tax of £6,545k for the year then ended and held a cash and cash equivalents balance of £15,781k as at 31 December 2019.

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £30,000k at 31 December 2019. This balance is presented in the balance sheet as an amount owed by group undertakings of £30,000k as set out within note 13. Under the arrangements held with the group treasury function, the company is able to gain immediate access on a monthly basis to these deposited funds and determine whether to hold the cash or re-deposit with group treasury to earn a return. Additionally, the company has available overdraft facilities of £6,500k from the banking provider and an asset financing facility of £3,000k.

The directors have prepared base cash flow forecast scenarios for the period to 31 December 2021 that could arise if revenues were to reduce compared to the expectations set at the year end, including the potential impact of the COVID-19 pandemic. These scenarios include decreased order intake for new truck sales compared to the prior year. All revenue modelling is accompanied by an appropriate cost plan which is focused on restricting new hires and control of discretionary spend. The measures already taken since the year end have also resulted in additional cost savings in respect of rental and travel cost.

In addition, the directors have also prepared a further forecast including a severe but plausible downside scenario reflecting a reduction in revenue for the period to 31 December 2020 followed by a phased return to the base reduced budget through the remainder of 2021. In this severe but plausible downside scenario, the company will remain overall cash generative and could fund its activities out of its cash and group treasury deposit balances, with headroom, without having to draw on the £6,500k revolving overdraft facility.

To date, the company's trading and cash flows in 2020 have been significantly more positive than this severe but plausible downside scenario.

Accordingly, the directors are confident that the company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing these financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.5 Intangible and tangible fixed assets

Purchased intangible assets with a finite useful life are carried at acquisition cost less accumulated amortisation and impairments. Amortisation is recognised on a straight line basis over their useful economic life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

Tangible assets are carried at historical acquisition cost less accumulated depreciation and impairments. Land is not depreciated.

Depreciation is provided on all tangible assets other than freehold land. Trucks on hire are depreciated using the reducing balance method. All other fixed assets are depreciated at rates calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

The principal lives used for this purpose are:

Intangible assets:

Software	3 -8 years
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Tangible assets:

Freehold buildings	30 years
Leasehold improvements	Over the remaining life of the lease
Fittings to service vans	7 years
Fixtures, fittings, tools and equipment	3 -10 years
Plant and machinery	5 -10 years
Trucks on hire to customers	6 -9 years

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is calculated as the estimated discounted future cash flows. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in profit or loss.

If there is an indication that an impairment loss recognised in previous years may no longer exist or may have decreased, the recoverable amount of the asset is estimated and the previously recognised impairment is reversed if appropriate.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy applicable from 1 January 2019

The entity has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed in section 1.2 Changes in accounting policy, above.

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy applicable from 1 January 2019 (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise,
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property within tangible fixed assets and lease liabilities within creditors in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Leases policy applicable from 1 January 2019 (continued)

As a lessor

At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract.

The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Leases policy applicable prior to 1 January 2019

Finance leases

Finance leases are leases which confer rights and obligations similar to those attached to owned assets. Certain trucks for hire are held under finance leases and hire purchase agreements. A sum equivalent to the cost of these assets is capitalised and is depreciated over the shorter of the lease term or the estimated economic lives of the assets. A corresponding amount is recorded as a creditor and is reduced by the capital element of the annual lease payments. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance.

Operating leases

Certain land and buildings and plant and machinery are held under operating leases, for which rentals are charged on a straight line basis over the lease term. The company also enters into operating lease transactions whereby it acts as lessors in respect of trucks. Rentals are charged on a straight line basis over the lease term.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Residual interests on leased trucks

A significant portion of the company's UK sales are through related party leasing companies whereby the company sells equipment to the leasing company which in turn enters into a lease agreement with the customer. Some leases contain a commitment from the company to repurchase the equipment from the customer at the end of the lease at a price specified in the lease agreement.

Consequently, the company has a liability to repurchase equipment at the end of the lease term which is matched by an equivalent asset, being the repurchased equipment, subject to the extent that the agreed repurchase price of the equipment does not exceed its realisable value at the time of repurchase.

Accordingly, the equipment to be repurchased is recorded as stock on the balance sheet at the lower of cost and net realisable value and the corresponding liability is recorded within creditors payable either within or after one year, according to the timing of the commitments.

The assets are not depreciated until repurchase.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.9 Turnover

Turnover is stated net of VAT and trade discounts.

Turnover on sale of goods is recognised when the rights and obligations associated with the goods have been transferred to the customer.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration, and is recorded at the value of the consideration due. For fixed term service contracts, turnover is recognised on a straight-line basis over the term of the contract. Turnover on short-term services rendered is recognised upon job completion.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

The company also operates certain installation contracts that may be partially completed at the balance sheet date. Turnover and profit on these contracts is recognised by reference to the stage of completion of the contract. Foreseeable losses are recognised immediately and in full in the profit and loss account.

Rental income received under operating leases is recognised as described in the company's accounting policy for leased assets above.

1.10 Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax values used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.10 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax arising in the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.11 Foreign currency transactions

Foreign currency transactions completed during the year are recorded at the rate of exchange when the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except where they arise on certain financial instruments entered into for the purpose of hedging foreign currency risk (see below accounting policy on financial instruments).

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.12 Pensions

For the company's defined contribution scheme, the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable for the year on an accruals basis.

The company operates a defined benefit pension scheme, the Jungheinrich UK Limited Retirement Scheme (the scheme). The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service pension costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of interest payable and similar charges. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

The scheme is funded, with the assets held separately from those of the company, in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. The pension costs have been calculated under IAS 19 and assumptions used in the calculations are disclosed in note 20.

1.13 Finance costs

As explained below, where financial liabilities are measured at amortised cost, the associated finance costs are recognised in profit or loss using the effective interest method. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(b) Classification of financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(c) Subsequent measurement of financial assets

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d) Financial liabilities and equity

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(d) Financial liabilities and equity (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(e) Derivative financial instruments and hedging

Derivative financial instruments are primarily used for the purposes of hedging. The company has opted to continue to apply the provisions of IAS 39 when accounting for hedges, as permitted by IFRS 9.

The company designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(e) Derivative financial instruments and hedging (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(f) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.14 Financial instruments (continued)

(f) Impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.15 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company 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.

Warranties

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

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1 above, 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.

The valuation of the company's liability in respect of the defined benefit pension scheme is a source of key estimation uncertainty. Further information around the sensitivity of the valuation to key assumptions is included within note 20.

Additionally, the measurement of provisions recognised in relation to loss making full services contracts is a source of key estimation uncertainty and further information is included within note 18.

3 TURNOVER AND REVENUE

The company's turnover and revenue is analysed as follows:

	2019	2018
	£'000	£'000
Sale and installation of goods and equipment	126,663	115,030
Rendering of services	70,936	67,983
Equipment rental income	26,204	26,805
Turnover	<u>223,803</u>	<u>209,818</u>
Interest receivable and similar income (note 6)	350	166
Total revenue	<u>224,153</u>	<u>209,984</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

3 TURNOVER AND REVENUE (CONTINUED)

Contributions to turnover by geographical area (by destination) were as follows:

	2019	2018
	£'000	£'000
United Kingdom	219,017	203,201
Other European countries	4,667	6,452
Rest of the World	119	165
	<u>223,803</u>	<u>209,818</u>

Turnover includes £89,646k (2018: £82,145k) derived from other group undertakings. All turnover originates from the company's principal activity.

4 DIRECTORS' REMUNERATION

	2019	2018
	£'000	£'000
Salaries	463	341
Company contributions to pension scheme	31	28
	<u>494</u>	<u>369</u>

The directors are members of a money purchase pension scheme. No directors have accrued retirement benefits under a defined benefit scheme (2018: £nil).

The remuneration of the highest paid director totalled £326k, which includes £18k pension contributions (2018: £242k, including £17k pension contributions).

5 EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2019	2018
	Number	Number
By activity		
Service	520	554
Administration and sales	273	254
	<u>793</u>	<u>808</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

5 EMPLOYEE INFORMATION (CONTINUED)

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	35,483	34,403
Social security costs	4,232	4,049
Pension costs relating to defined contribution scheme	1,819	1,565
Current service costs relating to the defined benefit pension scheme (note 20)	1,966	2,413
	43,500	42,430
Past service pension costs (note 20)	-	1,343
Total staff costs	43,500	43,773

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Interest on deposits with other group companies	149	29
Net return on pension scheme (note 20)	201	137
	350	166

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Interest payable to other group companies	204	173
Interest on lease liabilities under IFRS 16	47	-
	251	173

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

8 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Amortisation of intangible fixed assets	20	28
Depreciation:		
Owned assets	3,187	4,127
Right-of-use assets	5,303	-
Finance leased assets	-	2,736
Loss on disposal of tangible fixed assets	118	82
Cost of stock recognised as an expense	123,197	123,361
Write down of stock	2,308	1,788
Auditor's remuneration for:		
Audit of the company's annual accounts	62	62
Foreign currency losses/(gains)	1,706	1,144
Operating lease payments:		
Land and buildings	-	1,226
Motor vehicles	-	2,608
Trucks for hire	-	10,055
Rentals receivable in respect of operating leases	(26,204)	(26,805)
Staff costs (note 5)	43,500	43,773

9 TAXATION

	2019	2018
	£'000	£'000
Current tax charge:		
- Current tax on profits for the year	1,354	799
- Adjustment in respect of prior years	20	-
Total current tax	1,374	799
Deferred tax charge:		
- Origination and reversal of timing differences	351	118
- Adjustment in respect of prior years	(18)	3
- Effect of corporation tax rate change	(37)	(26)
Total deferred tax	296	95
Total tax charge on profit for the year	1,670	894

In addition to the above amounts charged to the profit and loss account, deferred tax has been charged / (credited) to the statement of other comprehensive income as follows:

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

9 TAXATION (CONTINUED)

	2019	2018
	£'000	£'000
Deferred tax on actuarial gains and losses	1,453	456
Deferred tax attributable to measurement of financial instruments with a hedging relationship	(419)	146
Net deferred tax charge through other comprehensive income	1,034	602
Tax charge reconciliation :	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	8,215	3,852
Current tax at 19%	1,561	732
<i>Effects of :</i>		
Adjustments in respect of prior years	2	3
Expenses not deductible for tax purposes	144	185
Impact of rate difference between deferred and current tax	(37)	(26)
Total tax charge for the year	1,670	894

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016 and deferred tax has been calculated at this rate. In the 11 March 2020 Budget, it was announced that the UK corporation tax rate will remain at 19% and will not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the reporting date, the net deferred tax liability would have increased by £27k.

10 INTANGIBLE FIXED ASSETS

Computer software	2019	2018
	£'000	£'000
Cost		
At 1 January	175	140
Additions	-	40
Disposals	(135)	(5)
At 31 December	40	175
Depreciation		
At 1 January	136	112
Charge	20	28
Disposals	(134)	(4)
At 31 December	22	136
Net book value at 31 December	18	39

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

11 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leased land and buildings	Leased motor vehicles	Fixtures, fittings and equipment	Trucks on hire to customers	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2019	5,912	-	-	2,917	33,221	1,770	43,820
Initial recognition right of use asset IFRS 16	-	883	3,347	-	-	-	4,230
Adjusted balance at 1 January 2019	5,912	883	3,347	2,917	33,221	1,770	48,050
Additions	62	1,024	954	446	3,704	105	6,295
Disposals	(19)	(247)	(161)	(166)	(10,224)	-	(10,817)
At 31 December 2019	5,955	1,660	4,140	3,197	26,701	1,875	43,528
Depreciation							
At 1 January 2019	2,620	-	-	1,886	14,495	1,070	20,071
Charge	313	659	1,734	444	5,146	194	8,490
Disposals	(8)	(222)	(146)	(60)	(5,245)	-	(5,681)
At 31 December 2019	2,925	437	1,588	2,270	14,396	1,264	22,880
Net book value at 31 December 2019	3,030	1,223	2,552	927	12,305	611	20,648
Net book value At 31 December 2018	3,292	-	-	1,031	18,726	700	23,749

12 STOCKS

	2019 £'000	2018 £'000
Finished goods and spare parts	13,554	14,816
Residual interest in trucks	20,160	22,003
	33,714	36,819

There is no material difference between book value of stocks and replacement cost.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

13 DEBTORS

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	23,759	32,515
Amounts owed by other group undertakings	37,948	15,597
Other debtors	30	62
Prepayments and accrued income	1,675	1,626
	<u>63,412</u>	<u>49,800</u>

Amounts owed by other group undertakings include £30,000k (2018: £nil) placed on short term deposit in a group facility.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December totalling £15,781k (2018: £30,415k), includes amounts placed on short term call deposit with third party banks of £10,000k (2018: £nil).

Amounts of £30,000k (2018: £nil) placed on short term deposit in a group facility are included within debtors, amounts falling due within one year (note 13).

15 CREDITORS: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	12,818	12,979
Amounts owed to other group undertakings	11,799	23,879
Value added tax payable	3,119	3,922
Corporation tax payable	948	406
Accruals and deferred income	16,194	14,350
Other taxation including social security	986	1,204
Lease liabilities (2018: finance lease liabilities)	3,988	3,570
Liabilities in respect of sale and repurchase transactions	4,706	4,360
	<u>54,558</u>	<u>64,670</u>

Amounts owed to other group companies are due on normal invoice terms.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

16 CREDITORS: amounts falling due after more than one year

	2019 £'000	2018 £'000
Lease liabilities (2018: finance lease liabilities) :		
Due between two and five years	6,687	7,438
Due after five years	96	1,511
Liabilities in respect of sale and repurchase transactions:		
Due between two and five years	14,498	17,089
Due after five years	1,588	1,234
	<u>22,869</u>	<u>27,272</u>

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back equipment sold to leasing companies.

17 LEASES

As a lessee

Right-of-use assets (2018: finance leased assets) included within tangible fixed assets (note 11) are as follows:

Right-of-use assets	Leased land and buildings	Leased motor vehicles	Trucks on hire to customers	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	-	-	24,222	24,222
Initial recognition right of use asset IFRS 16	883	3,347	-	4,230
Adjusted balance at 1 January 2019	883	3,347	24,222	28,452
Additions	1,024	954	-	1,978
Disposals	(247)	(161)	(5,985)	(6,393)
At 31 December 2019	<u>1,660</u>	<u>4,140</u>	<u>18,237</u>	<u>24,037</u>
Depreciation				
At 1 January 2019	-	-	11,662	11,662
Charge	659	1,734	2,910	5,303
Disposals	(222)	(146)	(3,456)	(3,824)
At 31 December 2019	<u>437</u>	<u>1,588</u>	<u>11,116</u>	<u>13,141</u>
Net book value at 31 December 2019	<u>1,223</u>	<u>2,552</u>	<u>7,121</u>	<u>10,896</u>
Net book value at 31 December 2018	<u>-</u>	<u>-</u>	<u>12,560</u>	<u>12,560</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

17 LEASES (CONTINUED)

Amounts recognised in profit or loss comprise the following:

2019 – Leases under IFRS 16	2019 £'000
Interest on lease liabilities	47
Expenses relating to short term leases	57
	<u>104</u>

2018 – Leases under IAS 17	2018 £'000
Operating lease expense	13,889
	<u>13,889</u>

2018 – Obligations under finance leases under IAS 17	Total	Present
	payments	value of total
	£'000	payments
Future minimum payments under finance leases at 31 December are as follows:		£'000
Within one year	3,785	3,570
Between two and five years	7,813	7,438
After five years	1,548	1,511
	<u>13,146</u>	<u>12,519</u>
Discounting of future minimum lease payments	(627)	
Present value of lease obligations	<u>12,519</u>	

Liabilities in respect of finance lease transactions are secured against the underlying assets subject to those arrangements. The average effective borrowing rate for 2018 was 1.63%. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

17 LEASES (CONTINUED)

2018 – Operating lease commitments under IAS 17

	Land and Buildings £'000	2018 Motor vehicles £'000	Total £'000
Expiring within one year	535	1,802	2,337
Expiring between two and five years inclusive	326	2,029	2,355
	<u>861</u>	<u>3,831</u>	<u>4,692</u>

18 PROVISIONS FOR LIABILITIES

2019

	Product warranty £'000	Loss making customer service contracts £'000	Other £'000	Total £'000
At 1 January 2019	2,256	3,998	2,528	8,782
Utilisation of provision	(4,045)	(655)	(931)	(5,631)
Charge for the year	4,272	556	1,185	6,013
At 31 December 2019	<u>2,483</u>	<u>3,899</u>	<u>2,782</u>	<u>9,164</u>

2018

	Product warranty £'000	Loss making customer service contracts £'000	Other £'000	Total £'000
At 1 January 2018	2,232	3,308	1,438	6,978
Utilisation of provision	(4,032)	(1,614)	(572)	(6,218)
Charge for the year	4,056	2,304	1,662	8,022
At 31 December 2018	<u>2,256</u>	<u>3,998</u>	<u>2,528</u>	<u>8,782</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

18 PROVISIONS FOR LIABILITIES (CONTINUED)

The warranty provision has been calculated to cover the anticipated future labour and parts costs expected to be incurred in the year for warranty claims on trucks sold in the prior year.

The provision for loss making customer service contracts relates to contracts for the servicing and maintenance of customer trucks where the future contract revenues are exceeded by expected future service and maintenance costs.

The measurement of the provision for loss making customer service contracts is a key source of estimation uncertainty. The amount provided is estimated based on historical experience, however the future costs of servicing and repairing equipment under service contracts may differ from estimates.

Other provisions include provisions for costs relating to rectification work on buildings and leased vehicles and provisions for employees' accrued holiday entitlement.

19 DEFERRED TAXATION

The deferred tax balance comprises the following:

	2019	2018
	Cumulative	Cumulative
	provided	provided
	£'000	£'000
Deferred tax assets:		
Fixed asset timing differences	1,845	2,036
Short term timing differences	418	-
Total deferred tax asset	2,263	2,036
Deferred tax liabilities:		
Short term timing differences	(2,493)	(936)
Total deferred tax liabilities	(2,493)	(936)
Net deferred tax (liability) / asset at 31 December	(230)	1,100

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

19 DEFERRED TAXATION (CONTINUED)

The movements in the deferred tax balance during the year are recognised as follows:

	2019	2018
	£'000	£'000
Net deferred tax asset at 1 January	1,100	1,797
Charge to profit and loss account for the year	(296)	(95)
Charge to other comprehensive income	(1,034)	(602)
Net deferred tax (liability) / asset at 31 December	(230)	1,100

As at 31 December 2019, deferred tax amounts totalling £66k (2018: £66k) in relation to capital losses carried forward were not recognised on the balance sheet due to uncertainties over the future recoverability of those assets.

20 PENSION AND SIMILAR OBLIGATIONS

The company operates both a defined contribution pension scheme and a defined benefit pension scheme which is closed to new entrants. Contributions of £nil (2018: £nil) were outstanding at the balance sheet date.

The Jungheinrich UK Limited Retirement Benefits Scheme (the scheme) is a funded defined benefit pension scheme. Contributions to the scheme are determined by the Trustees of the scheme, acting on the advice of the qualified Scheme Actuary.

The scheme operates under UK trust law and the trust is a separate legal entity from the company.

The most recent actuarial valuation of the scheme has been updated to 31 December 2019 by a qualified actuary. 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.

After the balance sheet date, on 31 July 2020, the defined benefit scheme was closed to future accrual and the active members joined the company's existing defined contribution pension scheme.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

20 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The principal assumptions used by the actuary were:

	2019	2018
	%	%
Expected rate of salary increases	3.00	3.25
Pensions in payment increase rate	2.85	3.05
Discount rate	2.05	2.90
Price inflation rate (RPI)	3.00	3.25
Assumed life expectancy on retirement at age 65:	2019	2018
	years	years
Current pensioners:		
Males	20.9	22.0
Females	23.5	23.9
Future pensioners:		
Males	22.3	23.4
Females	25.0	25.4

These assumptions are based on historical experience and other factors that are considered relevant, however actual results may differ from these estimates. If different assumptions were used, this could have a material effect on the reported obligation. The sensitivities of the results to these assumptions are as follows:

2019	
Change in key assumption	Increase/(decrease) in liabilities £000
Decrease discount rate by 0.5%	21,026
Increase discount rate by 0.5%	(18,536)
Decrease pensions in payment increase rate by 0.5%	(2,894)
Increase pensions in payment increase rate by 0.5%	3,034
Price inflation rate decrease rate by 0.5%	(10,089)
Price inflation rate increase rate by 0.5%	10,791
Increase life expectancy by 1 year	8,730

The expected long-term rate of return and fair value of the scheme's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, are set out in the tables below.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

20 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

At the balance sheet date the scheme assets were analysed as follows:

Market values of assets at 31 December	2019 £'000	2018 £'000
Equities	45,221	36,916
Government bonds	163,005	151,692
Corporate bonds	20,475	18,702
Cash and net current assets	903	1,098
Total market value of scheme assets	229,604	208,408
Present value of scheme liabilities	(214,936)	(202,877)
Net pension asset	14,668	5,531

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

	2019 £'000	2018 £'000
Balance at 1 January	202,877	216,786
Current service pension costs	1,966	2,413
Past service pension costs	-	1,343
Interest Cost	5,738	5,403
Experience (gains)/losses:		
Changes in demographic assumptions	(5,638)	(1,403)
Changes in financial assumptions	25,954	(12,768)
Experience losses on liabilities	(6,398)	366
Employee contributions	480	525
Benefits paid	(10,043)	(9,788)
Balance at 31 December	214,936	202,877

Movements in the fair value of scheme assets were as follows:

	2019 £'000	2018 £'000
Balance at 1 January	208,408	220,396
Interest income	5,939	5,540
Return on scheme assets excluding interest income	22,467	(11,215)
Scheme administration expenses	(702)	(497)
Employer contributions	3,055	3,447
Employee contributions	480	525
Benefits paid	(10,043)	(9,788)
Balance at 31 December	229,604	208,408

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

20 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of the amounts recognised in profit or loss:

	2019	2018
	£'000	£'000
Current service pension costs	1,966	2,413
Past service pension costs	-	1,343
Net interest on pension scheme	(201)	(137)
Scheme administration costs	702	497
Net losses for the year in profit and loss account	2,467	4,116

Analysis of the amounts recognised as other comprehensive income:

	2019	2018
	£'000	£'000
Return on scheme assets excluding interest income	22,467	(11,215)
Gains on liabilities due to changes in demographic assumptions	5,638	1,403
(Losses)/gains due to changes in financial assumptions	(25,954)	12,768
Experience gains/(losses) on liabilities	6,398	(366)
Net gains for the year in other comprehensive income	8,549	2,590

21 DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges

The company enters into forward foreign exchange contracts to manage its exposure to foreign exchange rate risk which arises on the purchase of trucks and equipment, predominantly from Germany, which are payable in Euros. Forward foreign exchange contracts are measured at fair value as assets or liabilities.

It is the policy of the company to enter into forward foreign exchange contracts to cover 75% of the exposure resulting from specific planned foreign currency payments.

Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Losses of £4,381k (2018: losses of £754k) were recognised in other comprehensive income and losses of £1,914k (2018: losses of £1,625k) were transferred to the profit and loss account in the year. There was no material ineffectiveness of hedging measures during the year.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

21 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments at fair value

	Fair value 2019 £'000	Fair value 2018 £'000
Financial assets/(liabilities) at fair value:		
Financial assets held for trading	21	16
Financial assets with a hedging relationship	-	204
Financial liabilities held for trading	(774)	(137)
Financial liabilities with a hedging relationship	(2,327)	(65)
	<u>(3,080)</u>	<u>18</u>

The above financial assets and liabilities comprise forward exchange contracts, which were outstanding at the balance sheet date, as follows:

	Nominal value €'000	Nominal value £'000	Average contract rate
2019			
Purchase Euro currency	85,716	76,557	1.11963
2018			
Purchase Euro currency	<u>87,093</u>	<u>77,156</u>	<u>1.12879</u>

All of the forward exchange contracts outstanding at the balance sheet date are expected to affect profit and loss in the following financial year. Of the €85,716k (2018: €87,093k) nominal value outstanding at year end, €74,736k (2018: €75,161k) will mature in the following financial year and €10,980k (2018: 11,932k) matures within 2 years.

Changes in value of financial instruments at fair value

Profit for the year has been arrived at after charging the following:

	2019 £'000	2018 £'000
Financial instruments at fair value:		
Reduction in fair value arising on derivatives held for trading	<u>631</u>	<u>290</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019 (CONTINUED)

22 SHARE CAPITAL

	2019	2018
	£'000	£'000
Allotted, called up and fully paid		
34,000,000 (2018: 34,000,000) ordinary shares of £1 each	34,000	34,000
	<u>34,000</u>	<u>34,000</u>

23 OTHER COMMITMENTS AND GUARANTEES

The company continues to provide a guarantee against the liabilities of Jungheinrich Lift Truck Finance Limited, a fellow subsidiary undertaking of Jungheinrich UK Holdings Limited.

24 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The largest and smallest group of which Jungheinrich UK Limited is a member for which group financial statements are drawn up is that headed by Jungheinrich AG, which is controlled by the Jungheinrich family and is a company incorporated in Germany. The consolidated financial statements of this group are available to the public and may be obtained from Friedrich-Ebert-Damm 129 22047 Hamburg, Germany.

The company's immediate parent company is Jungheinrich UK Holdings Limited, a company registered in England and Wales.

In preparing these financial statements, the company has taken advantage of the provisions of FRS 101 and has not disclosed transactions with the ultimate parent company, Jungheinrich AG or other group undertakings. However, most purchases of stocks and fixed asset trucks are made from group companies.