

JUNGHEINRICH UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Company Number: 00757192



JUNGHEINRICH UK LIMITED

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JUNGHEINRICH UK LIMITED DIRECTORS AND ADVISERS

Directors

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Tilbrook

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JUNGHEINRICH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

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

In a challenging year, the company has continued to perform strongly, taking into account the circumstances presented by the COVID-19 pandemic. From a financial standpoint, the economic environment has necessitated a keen focus on profitability and cash-flow.

Despite a 15% year on year fall in turnover, the company has returned operating profit on a level comparable to the prior year at £7,551k (2019: £8,116k) equating to a 4.0% return on sales (2019: 3.6%). The company has leveraged the continued profitable performance to ensure cash flows also remain on a healthy level.

Orders for new equipment have slowed considerably during the pandemic, with the market contracting substantially on the prior year, however this has been largely compensated for with strong turnover in the rental and aftersales business areas.

Key performance indicators

The company continues to place a strategic 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 £52,542k (2019: £43,672k). Accumulated cash and cash equivalents, together with amounts placed on short term deposits in group facilities amounted to £56,559k (2019: 45,781k).

Turnover for the year amounted to £189,945k (2019: £223,803k).

The valuation of the defined benefit pension scheme (Jungheinrich UK Limited Retirement Benefit Scheme) on an IAS 19 basis stood at £9,894k as at 31 December 2020 (2019: £14,668k). The key reason for the reduction in the balance sheet asset is a fall in the discount rate assumption affecting an increase in the value of the defined benefit obligation, partially offset by additional company contributions and asset returns exceeding prior year assumptions.

JUNGHEINRICH UK LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Key performance indicators (continued)

On 31 July 2020, the defined benefit scheme was closed to future accrual with no impact on past service liabilities, 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 with an estimated timeline of December 2024 for the recovery of the deficit.

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

Future developments

The economy continues to adjust to the impacts of the COVID-19 pandemic and also the end of the Brexit transition period, creating a relatively heightened level of uncertainty for the company.

However, the experience and performance of the company throughout 2020 into early 2021, coupled with the prospect of relaxed COVID-19 restrictions in the UK gives the directors a higher level of confidence in the adaptability of the business in the face of present economic challenges, enabling a renewed focus on growth and development of the customer base.

The company carries forward a healthy financial and commercial position, providing a secure platform from which the business will continue in its drive to grow competitive presence in a highly competitive market place.

Principal risks and uncertainties

The company is exposed to a number of commercial, operational, legal and financial risks as a result of its business activities.

The directors place a strong emphasis on the early identification and proactive management of risks and opportunities as part of the company's corporate governance framework. This has rarely been more of a critical factor for the company than in 2020 and looking forward, as the COVID-19 pandemic in particular has amplified the level of risk attached to the environment in which the company carries out its business activities.

JUNGHEINRICH UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

(CONTINUED)

Principal risks and uncertainties (continued)

In response to the COVID-19 pandemic, the company quickly established a crisis management team in order to identify upcoming risks at an early stage and minimise the impact of these risks as far as possible through timely, appropriate and coordinated measures. The focus has been to safeguard the continuity of business operations for customers, whilst protecting the health and safety of employees, customers and business partners in line with UK government advice.

The directors have intensified efforts to manage financial risk and secure access to liquidity in case of severe downside scenarios. Further information on the management of financial risks is included in the Directors' report.

The company operates in a mature market and, as such, faces significant pressure from competitors and this is expected to continue for the foreseeable future. This risk is countered by a range of measures including the product portfolio offered by the group, which is continually being enhanced for the benefit of customers, the expanding scope of services, a strong focus on price-relevant sales and the ability to offer attractive financing solutions, supported by fellow group financing entities. The company and the group is able to offer customers industry leading solutions to the challenges posed by Industry 4.0.

Corporate Governance – Section 172(1) Statement

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 highlights 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.

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

The directors of Jungheinrich UK Limited 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 2020, and in doing so have regard, among other matters, to the following:

Consideration	Response
The likely consequences of any decision in the long term	<p>The Board of Directors regularly reviews the company's long term strategy, which encompasses not only the current phase of 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>The directors have a strong mutual understanding of the business model and decisions are made always with the long term strategy in mind. The strategy set by the Executive Management Team is intended to strengthen the company's position as a leading supplier of materials handling equipment and intralogistics solutions while keeping safety and social responsibility fundamental to its business approach.</p> <p>In 2020 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 company and its stakeholders.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
<p>The interests of the company's employees</p>	<p>The directors recognise that a highly motivated and skilled workforce is critical for the success of the business in achieving its strategic ambitions.</p> <p>The health and wellbeing of the workforce is a high priority for the directors. Pay, benefits and other support provisions are kept under regular review by the directors to ensure employees have the support they need from the company.</p> <p>The workplace environment is considered key to maintaining a motivated workforce. The company has reviewed its portfolio of business premises in the year and a new Hub was opened in the north of England, with a number of smaller sites to be migrated into the new premises. The objectives of this reorganisation are to ensure the company's business premises are fit for purpose and optimised for business operations and employees, whilst supporting the interests of the existing workforce in these locations.</p> <p>A key issue in 2020 was the COVID-19 pandemic, which presented significant challenges to business continuity as well as the health and safety of the company's workforce, customers and business partners. In response, the company quickly established a crisis management team in order to identify upcoming risks at an early stage and minimise the impact of these risks as far as possible through timely, appropriate and coordinated measures.</p> <p>To ensure the safety of its workforce through the pandemic, the company has taken a number of measures, led by the advice of the UK Government and derived from risk assessments carried out across all business areas. The majority of business premises were closed and office-based employees moved to home working as far as possible, with very limited attendance at business premises. Where appropriate, additional personal protective equipment and testing kits have been provided to ensure employees can continue to work safely. The company has worked closely with suppliers and customers to ensure a safe working environment is provided in whichever locations employees and business partners are asked to work.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
The interests of the company's employees (continued)	<p>Where certain job roles were significantly disrupted as a result of COVID-19, the directors took the decision to accept the support afforded by the UK Government through the Coronavirus Job Retention Scheme, and a limited population of employees were placed on furlough at different points throughout the year. The key objectives were to keep as many employees in work as possible whilst protecting job security in the longer term and ensuring the company emerges from the pandemic in a stronger position to support customers and compete in the market place.</p> <p>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. 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>
The need to foster the company's business relationships with suppliers, customers and others	<p>The Jungheinrich ethos places customers firmly in the centre of the company's approach and decision making, supporting customers' needs with sustainable, energy-efficient intralogistics solutions.</p> <p>Strong, mutually beneficial relationships with customers, supply chain partners and other business partners are critical to the delivery of the company's strategy.</p> <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>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>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
<p>The impact of the company's operations on the community and the environment</p>	<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, the company has continued to focus heavily on improving the fuel efficiency of its vehicle fleet. Due to the pandemic a significant reduction in business mileage was achieved in 2020 and the company endeavours to exploit the learnings of the previous year and utilise remote meetings going forward to keep energy and fuel usage at a minimum.</p> <p>Additionally, due to site consolidation and the closure of sites during the COVID-19 pandemic, electricity and heating across the business has decreased. The decision to migrate various sites into one Hub in the North of England will serve to sustainably reduce energy cost and improve the carbon footprint of the company.</p>
<p>The desirability of the company maintaining a reputation for high standards of business conduct</p>	<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> <p>The company endeavours to work to the highest quality standards in all areas of the business. To enable and promote continual improvement, Jungheinrich complies with a high level of ISO certification and other standards as relevant to manage business risk. The company subjects itself to audits and re-assessments, in order to maintain and improve performance.</p>

JUNGHEINRICH UK LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Corporate Governance - Section 172(1) Statement (continued)

Consideration	Response
The need to act fairly as between members of the company	<p>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.</p> <p>As outlined above, during 2020 the company took the decision to accept the support afforded by the UK Government through the Coronavirus Job Retention Scheme in order to mitigate potential long term downside risk to the company and employees arising from a short term reduction in demand for material handling equipment. The company considered carefully the interest of all employees in order to determine a fair and consistent pay policy during this period.</p>

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

24 August 2021

JUNGHEINRICH UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Results and dividends

The company's profit for the financial year was £6,522k (2019: £6,545k). After the year end, the directors have declared a dividend of £6,000k payable to the sole shareholder in the company, Jungheinrich UK Limited (2019: £nil).

Future developments

Future developments are included within the Strategic report.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors. PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 1.4 to the financial statements.

JUNGHEINRICH UK LIMITED **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020** **(CONTINUED)**

Streamlined Energy and Carbon Reporting

Jungheinrich UK Ltd recognises that its operations have an environmental impact and the directors are committed to monitoring and reducing emissions year-on-year. The directors are also aware of the company's reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year the company has enhanced its energy and carbon reporting to meet these new requirements and increase the transparency with which the company's environment impact is communicated to stakeholders.

Results

Streamlined Energy and Carbon Reporting in the UK for the year ended 31 December 2020	Consumption kWh	Emissions tCO_{2e}
Scope 1		
Stationary combustion	1,767,792	381
Mobile combustion	6,327,862	1,634
Total scope 1	8,095,654	2,015
Scope 2		
Purchased electricity – market based	925,691	216
Total scope 2	925,691	216
Scope 3		
Other indirect emissions from business travel and transportation	-	-
Total scope 3		-
Total energy consumption used to calculate emissions / total gross emissions	9,021,345	2,231
Intensity ratio: tCO_{2e} per full time employee		2.88

Methodology

The company reports on all material emissions in scope 1 and 2, plus selected scope 3 emissions, using an operational control approach. The methodology used to compile the GHG (Greenhouse Gas) emissions inventory is in accordance with the requirements of the following standards: the WRI GHG Protocol Corporate Standard (revised version) and Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Streamlined Energy and Carbon Reporting (continued)

Energy Efficiency Action

The company works hard to reduce its energy consumption and associated carbon emissions through the course of each year.

During 2020, the company has seen an overall reduction in energy consumption due to the impact of the COVID-19 pandemic. This was largely because of the "stay at home" policy resulting in a reduction in building occupation and vehicle use. In an effort to streamline business operations and reduce the carbon footprint of the business, the company has decided to not extend the leases of two buildings in its portfolio and incorporate the operation in its other sites.

Additionally, the company made the decision to combine four of its current premises that are situated in close proximity to one another into one operations hub in the North of the UK. The new building has photovoltaic technology and is expected to provide an energy saving of 20 kWh per square foot, equating to a minimum 10% energy saving on kWh per annum. In addition, the company is moving its vehicle fleet away from petrol and diesel to electric and hybrid powered vehicles.

The company continues to use its management systems (ISO 50001 & 14001) to identify energy efficiency actions and drive continuous improvement.

Relevance

During 2020 the company has ensured the GHG inventory appropriately reflects its material GHG emissions across its UK operations and serves the decision-making needs of the users.

Completeness

The company continues to use the operational control approach for defining the scope of its GHG emissions inventory and calculates total direct scope 1, 2 and major scope 3 emissions. Data on some emissions sources remains challenging to obtain, and therefore has been excluded from the overall GHG emissions summary for 2020 for example: emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel.

Accuracy

The directors consider that the data are accurate within the limits of the quality and completeness of the data provided.

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.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Labour

The company is committed to ensuring it conducts its business in an ethical and transparent manner. Through a number of internal policies and controls, the company has sought to ensure that its supply chain is free from unethical practices including slavery and human trafficking, and has continued to adhere to the principals and requirements of the Modern Slavery Act 2015 throughout the period.

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 2021 the directors approved the company's Modern Slavery Statement for the 2020 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.

Employees

Applications for employment by disabled persons are always fully considered with due regard to 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 support is provided. 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. During the COVID-19 pandemic, the importance of employee engagement has increased, whilst at the same time presenting more of a challenge as employees were asked to work from home where possible. The company has sought to meet this challenge through implementation of technological solutions to facilitate communication and engagement across the workforce.

The company's apprenticeship programme is well-established and continues to be a key source of talent for the business. The programme offers a broad variety of apprenticeships at different levels across the business, putting the apprentices at the heart of their development, building on an ethos of the highest quality and ensuring that through their training, they have the best start to their career with us.

Directors

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

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

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 was in force during the financial year and remains in force as at the date of approving the directors' report.

Going concern

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

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK Limited, which the directors believe would provide sufficient support in the absence of any other bank facilities. Additionally, Jungheinrich AG has committed to provide ongoing financial support for a minimum of 12 months from the date of approval of these financial statements, sufficient to enable the company to meet its obligations as they fall due.

The company has a resilient balance sheet position, with net assets of £62,436k as at 31 December 2020 (2019: £58,340k), having made a profit after tax of £6,522k for the year then ended (2019: £6,545k) and held a cash and cash equivalents balance of £23,059k as at 31 December 2020 (2019: £15,781k).

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £33,500k at 31 December 2020 (2019: £30,000k). This balance is included in the balance sheet as an amount owed by group undertakings 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.

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.

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.

Political contributions

No political donations were made during the year (2019: £nil).

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Restatement of prior year balances

During the financial year, management has undertaken a review of the accounting and disclosure concerning customer contracts that contain buyback clauses. It has been determined that the expected value of future buybacks does not meet the definition of stock and has thus been reclassified from Stocks to Other debtors, thereby restating the prior year balance sheet. The impact on the balance sheet is shown in note 26.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

JUNGHEINRICH UK LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

On behalf of the board



A Rosenkranz
Director

24 August 2021

Sherbourne House
Sherbourne Drive
Tilbrook
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Buckinghamshire
MK7 8HX



Independent auditors' report to the members of Jungheinrich UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Jungheinrich UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of director's responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, taxation laws, health and safety regulations and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Detailed discussions with management and walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewed legal expenses to identify any inconsistencies with other information provided by management;
- Assessing significant judgements and estimates including those relating to revenue from long-term customer contracts, defined benefit obligations and the disclosures included on these balances within the financial statements;
- Incorporating elements of unpredictability; and
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

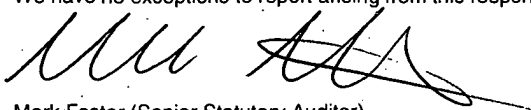
Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

Independent auditors' report to the members of Jungheinrich UK Limited (continued)

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
25 August 2021

JUNGHEINRICH UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	189,945	223,803
Cost of sales		(119,078)	(145,905)
Gross profit		70,867	77,898
Other operating income		429	-
Staff costs	5	(41,609)	(43,500)
Depreciation and amounts written off tangible and intangible fixed assets	10, 11	(7,332)	(8,510)
Other operating expenses		(15,597)	(17,141)
Gain / (losses) on derivative financial instruments	22	793	(631)
Operating profit		7,551	8,116
Interest receivable and similar income	6	502	350
Interest payable and similar expenses	7	(154)	(251)
Profit before taxation	8	7,899	8,215
Tax on profit	9	(1,377)	(1,670)
Profit for the financial year		6,522	6,545

All results are derived from continuing operations.

The notes on pages 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Profit for the financial year		6,522	6,545
Other comprehensive (expense) / income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses) / gains on defined benefit pension scheme	21	(4,998)	8,549
Deferred tax credit / (charge) on actuarial losses and gains	9	653	(1,453)
Items that may be reclassified subsequently to profit and loss:			
Gain / (losses) from the measurement of financial instruments with a hedging relationship	22	2,206	(4,381)
Amounts transferred to profit and loss account	22	105	1,914
Deferred tax attributable to measurement of financial instruments with a hedging relationship	9	(392)	419
Other comprehensive (expense) / income		(2,426)	5,048
Total comprehensive income for the year		4,096	11,593

The notes on pages 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £'000	Restated 2019 £'000
Fixed assets			
Intangible assets	10	8	18
Tangible assets	11	27,114	20,648
Total fixed assets		27,122	20,666
Current assets			
Deferred tax assets	20	1,911	2,263
Stocks	12	13,446	13,554
Debtors: amounts falling due within one year	13	87,409	67,931
Debtors: amounts falling due after more than one year	14	15,189	15,641
Derivative financial assets held for trading	22	133	21
Derivative financial assets designated for hedging	22	133	-
Cash and cash equivalents	15	23,059	15,781
Total current assets		141,280	115,191
Creditors: amounts falling due within one year	16	(68,669)	(54,558)
Derivative financial liabilities held for trading	22	(93)	(774)
Derivative financial liabilities designated for hedging	22	(149)	(2,327)
Total current liabilities		(68,911)	(57,659)
Net current assets		72,369	57,532
Total assets less current liabilities		99,491	78,198
Creditors: amounts falling due after more than one year	17	(31,568)	(22,869)
Deferred tax liabilities	20	(1,668)	(2,493)
Provisions for liabilities	19	(13,713)	(9,164)
Net assets excluding pension asset		52,542	43,672
Net pension asset	21	9,894	14,668
Net assets including pension asset		62,436	58,340
Capital and reserves			
Called up share capital	23	34,000	34,000
Hedging reserve		(13)	(1,932)
Profit and loss account		28,449	26,272
Total equity		62,436	58,340

The notes on pages 25 to 56 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 24 August 2021. They were signed on its behalf by:


A Rosenkranz
Director

JUNGHEINRICH UK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2020

	Called up share capital	Profit and loss account	Hedging reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	34,000	12,631	116	46,747
Profit for the year	-	6,545	-	6,545
Other comprehensive income / (expense) 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
Balance at 1 January 2020	34,000	26,272	(1,932)	58,340
Profit for the year	-	6,522	-	6,522
Other comprehensive income / (expense) for the year	-	(4,345)	1,919	(2,426)
Total comprehensive income for the year	-	2,177	1,919	4,096
Balance at 31 December 2020	34,000	28,449	(13)	62,436

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 25 to 56 form a part of these financial statements.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

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 limited by shares and incorporated, domiciled and registered in England and Wales. The registered number is 00757192 and the address of the registered office is Sherbourne House, Sherbourne Drive, Tilbrook, Milton Keynes, Buckinghamshire, MK7 8HX. 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 financial statements in accordance with The Companies Act 2006 as applicable to companies reporting under 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 financial statements of Jungheinrich Aktiengesellschaft, which are available to the public and can be obtained as set out in note 25.

1.2 Changes in accounting policy

There have been no changes in applicable accounting standards which have a material impact on these financial statements. Accordingly, there have been no changes in accounting policy for the financial year.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.4 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons outlined below:

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK Limited, which the directors believe would provide sufficient support in the absence of any other bank facilities. Additionally, Jungheinrich AG has committed to provide ongoing financial support for a minimum of 12 months from the date of approval of these financial statements, sufficient to enable the company to meet its obligations as they fall due.

The company has a healthy balance sheet position, with net assets of £62,436k as at 31 December 2020 (2019: £58,340k), having made a profit after tax of £6,522k for the year then ended (2019: £6,545k) and held a cash and cash equivalents balance of £23,059k as at 31 December 2020 (2019: £15,781k).

The company participates in a group cash-deposit arrangement, under which the company held a positive balance of £33,500k at 31 December 2020 (2019: £30,000k). This balance is included in the balance sheet as an amount owed by group undertakings 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.

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.

1.5 Restatement of prior year balances

During the financial year, management has undertaken a review of the accounting and disclosure concerning customer contracts that contain buyback clauses for sold goods. It has been determined that the expected value of future buybacks does not meet the definition of stock and has thus been reclassified from Stocks to Debtors, thereby restating the prior year balance sheet. The impact on the balance sheet is shown in note 26.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 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 land and buildings	30 years
Leased land and buildings	Remaining lease term
Leased motor vehicles	Remaining lease term
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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Leases policy

The company accounts for leases under IFRS 16. 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Leases policy (continued)

As a lessee (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;
- the exercise price under a purchase option that the company is reasonably certain to exercise, and
- 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 Leases policy (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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. A provision is made for obsolete, slow-moving or defective items where appropriate.

1.9 Sale and repurchase transactions

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. As part of the sale, the company commits to repurchase the equipment in the future at a specified price.

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

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

1.10 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. No turnover is recognised in relation to goods expected to be returned under sale and repurchase transactions.

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. Expected 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.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.11 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.

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.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.12 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).

1.13 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 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, 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 21.

1.14 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 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 22 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.15 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.

1.16 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 2020 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.16 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 21.

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 19.

3 TURNOVER

The company's turnover is analysed as follows:

	2020 £'000	2019 £'000
Sale and installation of goods and equipment	89,226	126,663
Rendering of services	72,453	70,936
Equipment rental income	28,266	26,204
Turnover	<u>189,945</u>	<u>223,803</u>

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

3 TURNOVER (CONTINUED)

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

	2020	2019
	£'000	£'000
United Kingdom	184,890	219,017
Rest of the World	5,055	4,786
	<u>189,945</u>	<u>223,803</u>

Turnover includes £68,637k (2019: £89,646k) derived from other group undertakings. All turnover originates from the company's principal activity.

The company has recognised the following assets and liabilities in relation to contracts with customers:

	2020	2019
	£'000	£'000
Contract assets	886	999
Contract liabilities	(7,521)	(4,712)

Contract liabilities have increased year on year due to an increased volume of project work requiring advanced payments from customers.

Revenue of £4,086k has been recognised in the year that was included in the contract liability balance at the beginning of the period.

4 DIRECTORS' REMUNERATION

	2020	2019
	£'000	£'000
Salaries	490	463
Company contributions to pension scheme	15	31
	<u>505</u>	<u>494</u>

The directors are members of a money purchase pension scheme. No directors have accrued retirement benefits under a defined benefit scheme (2019: £nil).

The remuneration of the highest paid director totalled £327k, which includes £nil pension contributions (2019: £326k, including £18k pension contributions).

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

5 EMPLOYEE INFORMATION

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

	2020	2019
By activity		
Service	503	520
Administration and sales	257	273
	760	793

	2020 £'000	2019 £'000
Their aggregate remuneration comprised:		
Wages and salaries	32,978	35,483
Social security costs	3,709	4,232
Pension costs relating to defined contribution scheme	3,607	1,819
Current service costs - defined benefit pension scheme (note 21)	1,045	1,966
Past service pension costs (note 21)	270	-
Total staff costs	41,609	43,500

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Interest on deposits with other group companies	176	149
Interest on deposits with third party banks	10	-
Net return on pension scheme (note 21)	316	201
	502	350

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest payable to other group companies	62	204
Interest on lease liabilities under IFRS 16	92	47
	154	251

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

8 PROFIT BEFORE TAXATION

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

	2020 £'000	2019 £'000
Amortisation of intangible assets	14	20
Depreciation:		
Owned assets	2,738	3,187
Right-of-use assets	4,580	5,303
Loss on disposal of tangible assets	34	118
Cost of stock recognised as an expense	96,351	123,197
Impairment of stock	1,450	1,236
Short term leases	38	57
Bad and doubtful debt expense	360	31
Auditors' remuneration for:		
Audit of the company's annual financial statements	69	62
Foreign currency (gains) / losses	(131)	1,706
Staff costs (note 5)	41,609	43,500

9 TAX ON PROFIT

	2020 £'000	2019 £'000
Current tax charge:		
- Current tax on profits for the year	1,445	1,354
- Adjustments in respect of prior years	144	20
Total current tax	1,589	1,374
Deferred tax charge:		
- Origination and reversal of timing differences	148	351
- Adjustments in respect of prior years	(122)	(18)
- Effect of corporation tax rate change	(238)	(37)
Total deferred tax	(212)	296
Total tax charge on profit for the year	1,377	1,670

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

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

9 TAX ON PROFIT (CONTINUED)

	2020	2019
	£'000	£'000
Deferred tax (credit) / charge on actuarial gains and losses	(653)	1,453
Deferred tax charge / (credit) attributable to measurement of financial instruments with a hedging relationship	392	(419)
Net deferred tax credit through other comprehensive income	261	602
Tax charge reconciliation :	2020	2019
	£'000	£'000
Profit before tax	7,899	8,215
Current tax at 19% (2019: 19%)	1,500	1,561
<i>Effects of :</i>		
Adjustments in respect of prior years	22	2
Expenses not deductible for tax purposes	92	144
Impact of rate difference between deferred and current tax	(237)	(37)
Total tax charge for the year	1,377	1,670

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the group's deferred tax balances.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

10 INTANGIBLE ASSETS

	Computer software
	2020 £'000
Cost	
At 1 January 2020	40
Additions	4
Disposals	-
At 31 December 2020	44
Accumulated amortisation	
At 1 January 2020	22
Charge	14
Disposals	-
At 31 December 2020	36
Net book value at 31 December 2020	8
Net book value at 31 December 2019	18

11 TANGIBLE 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 2020	5,955	1,660	4,140	3,197	26,701	1,875	43,528
Additions	123	10,336	2,110	142	3,341	150	16,202
Disposals	-	(85)	(652)	(754)	(6,469)	(176)	(8,136)
At 31 December 2020	6,078	11,911	5,598	2,585	23,573	1,849	51,594
Accumulated depreciation							
At 1 January 2020	2,925	437	1,588	2,270	14,396	1,264	22,880
Charge	186	1,053	1,750	365	3,755	209	7,318
Disposals	-	(82)	(652)	(728)	(4,085)	(171)	(5,718)
At 31 December 2020	3,111	1,408	2,686	1,907	14,066	1,302	24,480
Net book value at 31 December 2020	2,967	10,503	2,912	678	9,507	547	27,114
Net book value at 31 December 2019	3,030	1,223	2,552	927	12,305	611	20,648

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

12 STOCKS

	2020	*Restated
	£'000	2019
		£'000
Finished goods and spare parts	13,446	13,554

* Amounts receivable in respect of sale and repurchase transactions of £20,160k as at 31 December 2019 have been reclassified from Stocks to Other debtors. Further information on the restatement is presented in note 26.

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

13 DEBTORS: Amounts falling due within one year

	2020	*Restated
	£'000	2019
		£'000
Trade debtors	25,354	23,759
Amounts owed by other group companies	54,011	37,948
Other debtors	6,440	4,549
Prepayments and accrued income	1,604	1,675
	87,409	67,931

Amounts owed by other group undertakings include £33,500k (2019: £30,000k) placed on short term deposit in a group facility. These amounts are unsecured and are due to mature between one and three months, with a fixed interest rate of 0.05% (2019: 0.6%).

* Receivables in respect of sale and repurchase transactions of £4,519k as at 31 December 2019 have been reclassified from Stocks to Other debtors falling due within one year. Further information on the restatement is presented in note 26.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

14 DEBTORS: Amounts falling due after more than one year

	2020 £'000	*Restated 2019 £'000
Other debtors		
Due between two and five years	13,779	14,075
Due after five years	1,410	1,566
	15,189	15,641

* Receivables in respect of sale and repurchase transactions of £15,641k as at 31 December 2019 have been reclassified from Stocks to Other debtors falling due after more than one year. Further information on the restatement is presented in note 26.

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2020 totalling £23,059k (2019: £15,781k), include amounts placed on short term call deposit with third party banks of £15,000k (2019: £10,000k).

Amounts of £33,500k (2019: £30,000k) placed on short term deposit in a group facility are included within debtors, amounts falling due within one year (note 13).

16 CREDITORS: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	13,858	12,818
Amounts owed to other group companies	11,821	11,799
Other creditors	11,175	3,119
Corporation tax payable	32	948
Accruals and deferred income	20,064	16,194
Other taxation including social security	1,715	986
Lease liabilities	3,411	3,988
Liabilities in respect of sale and repurchase transactions	6,593	4,706
	68,669	54,558

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 2020 (CONTINUED)

17 CREDITORS: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Lease liabilities:		
Due between two and five years	9,424	6,687
Due after five years	6,227	96
Liabilities in respect of sale and repurchase transactions:		
Due between two and five years	14,492	14,498
Due after five years	1,425	1,588
	31,568	22,869

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

18 LEASES

As a lessee

Right-of-use 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 2020	1,660	4,140	18,237	24,037
Additions	10,336	2,110	-	12,446
Disposals	(85)	(652)	(4,315)	(5,052)
At 31 December 2020	11,911	5,598	13,922	31,431
Accumulated depreciation				
At 1 January 2020	437	1,588	11,116	13,141
Charge	1,053	1,750	1,777	4,580
Disposals	(82)	(652)	(3,160)	(3894)
At 31 December 2020	1,408	2,686	9,733	13,827
Net book value at 31 December 2020	10,503	2,912	4,189	17,604
Net book value at 31 December 2019	1,223	2,552	7,121	10,896

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

18 LEASES (CONTINUED)

As a lessee (continued)

Amounts recognised in profit or loss comprise the following:

	2020 £'000	2019 £'000
Interest on lease liabilities	92	47
Expenses relating to short term leases	38	57
	130	104

19 PROVISIONS FOR LIABILITIES

	Product warranty £'000	Loss making contracts £'000	Other £'000	Total £'000
At 1 January 2020	2,483	3,899	2,782	9,164
Utilisation of provision	(3,853)	(565)	(1,080)	(5,498)
Charge for the year	3,526	5,297	1,224	10,047
At 31 December 2020	2,156	8,631	2,926	13,713

The warranty provision has been calculated to cover the anticipated labour and parts costs for warranty claims on equipment sold to customers. The provision is expected to be fully utilised within one year.

The provision for loss making contracts relates to contracts for the servicing and maintenance of customer trucks, as well as contracts or binding offers where the associated future revenues are exceeded by expected future costs. Provisions for loss making contracts are expected to be utilised over the remaining period of the respective contracts which is typically up to 5 years.

The measurement of the provision for loss making contracts is a key source of estimation uncertainty. The amount provided for service and maintenance contracts is estimated based on historical experience, however the future costs 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 and are expected to be utilised within the 2 years.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

20 DEFERRED TAX

The deferred tax balance comprises the following:

	2020 Cumulative provided £'000	2019 Cumulative provided £'000
Deferred tax assets:		
Fixed asset timing differences	1,911	1,845
Short term timing differences	-	418
Total deferred tax asset	1,911	2,263
Deferred tax liabilities:		
Short term timing differences	(1,668)	(2,493)
Total deferred tax liabilities	(1,668)	(2,493)
Net deferred tax (liability) / asset at 31 December	243	(230)

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

	2020 £'000	2019 £'000
Net deferred tax asset/(liability) at 1 January	(230)	1,100
Charge to profit and loss account for the year	212	(296)
Charge to other comprehensive income	261	(1,034)
Net deferred tax (liability) / asset at 31 December	243	(230)

As at 31 December 2020, deferred tax amounts totalling £66k (2019: £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.

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

21 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 (2019: £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.

The principal assumptions used by the actuary were:

	2020 %	2019 %
Expected rate of salary increases	3.00	3.00
Pensions in payment increase rate	2.90	2.85
Discount rate	1.40	2.05
Price inflation rate (RPI)	3.00	3.00
	2020 years	2019 years
Assumed life expectancy on retirement at age 65:		
Current pensioners:		
Males	21.2	20.9
Females	23.5	23.5
Future pensioners:		
Males	22.6	22.3
Females	25.0	25.0

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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:

Change in key assumption sensitivities:	2020	2019
Increase/(decrease) in liabilities	£000	£000
Decrease discount rate by 0.5%	24,553	21,026
Increase discount rate by 0.5%	(21,552)	(18,536)
Price inflation rate decrease rate by 0.5%	(11,408)	(10,089)
Price inflation rate increase rate by 0.5%	12,634	10,791
Increase life expectancy by 1 year	9,492	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.

Risk exposure

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform against this yield, a deficit will be created. The scheme holds a significant proportion of government and corporate bonds in line with its investment strategy. Whilst longer term expected returns are expected to exceed corporate bond yields, their relative returns can be more volatile in the shorter term and may consequently lead to short term volatility in the funding position of the scheme.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this would be partially hedged by increases in the value of the scheme's bond holdings.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member and therefore increases in life expectancy will result in an increase to the scheme's defined benefit obligation.

Inflation risk

The scheme's pension obligations are linked to inflation, therefore increased inflation will lead to increased liabilities, subject to caps on inflationary increases to pension entitlement, which are unlikely to be matched by increases in the value of the scheme's assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

Market values of assets at 31 December	2020 £'000	2019 £'000
Equities	43,090	45,221
Government bonds	182,907	163,005
Corporate bonds	22,038	20,475
Cash and net current assets	939	903
Total market value of scheme assets	248,974	229,604
Present value of scheme liabilities	(239,080)	(214,936)
Net pension asset	9,894	14,668

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

	2020 £'000	2019 £'000
Balance at 1 January	214,936	202,877
Current service pension costs	1,045	1,966
Past service pension costs	270	-
Interest Cost	4,320	5,738
Experience (gains)/losses:		
Changes in demographic assumptions	(460)	(5,638)
Changes in financial assumptions	27,834	25,954
Experience gains on liabilities	(743)	(6,398)
Employee contributions	287	480
Benefits paid	(8,409)	(10,043)
Balance at 31 December	239,080	214,936

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

	2020 £'000	2019 £'000
Balance at 1 January	229,604	208,408
Interest income	4,636	5,939
Return on scheme assets excluding interest income	21,633	22,467
Scheme administration expenses	(664)	(702)
Employer contributions	1,887	3,055
Employee contributions	287	480
Benefits paid	(8,409)	(10,043)
Balance at 31 December	248,974	229,604

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

21 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of the amounts recognised in profit or loss:

	2020 £'000	2019 £'000
Current service pension costs	1,045	1,966
Past service pension costs	270	-
Net interest on pension scheme	(316)	(201)
Scheme administration costs	664	702
Net losses for the year in profit and loss account	1,663	2,467

Analysis of the amounts recognised as other comprehensive income:

	2020 £'000	2019 £'000
Return on scheme assets excluding interest income	21,633	22,467
Gains on liabilities due to changes in demographic assumptions	460	5,638
Losses due to changes in financial assumptions	(27,834)	(25,954)
Experience gains on liabilities	743	6,398
Net (losses) / gains for the year in other comprehensive income	(4,998)	8,549

22 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.

Gains of £2,206k (2019: losses of £4,381k) were recognised in other comprehensive income and losses of £105k (2019: losses of £1,914k) 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 2020 (CONTINUED)

22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments at fair value

	Fair value 2020 £'000	Fair value 2019 £'000
Financial assets/(liabilities) at fair value:		
Financial assets held for trading	133	21
Financial assets with a hedging relationship	133	-
Financial liabilities held for trading	(93)	(774)
Financial liabilities with a hedging relationship	(149)	(2,327)
	24	(3,080)

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
2020			
Purchase Euro currency	83,980	76,040	1.10442
2019			
Purchase Euro currency	85,716	76,557	1.11963

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 €83,980k (2019: €85,716) nominal value outstanding at year end, €73,051k (2019: €74,736k) will mature in the following financial year and €10,929k (2019: 10,980k) matures within 2 years.

Changes in value of financial instruments at fair value

Profit for the year has been arrived at after crediting / (charging) the following:

	2020 £'000	2019 £'000
Financial instruments at fair value:		
Increase / (reduction) in fair value arising on derivatives held for trading	793	(631)

JUNGHEINRICH UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (CONTINUED)

23 CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
34,000,000 (2019: 34,000,000) ordinary shares of £1 each	34,000	34,000
	34,000	34,000

24 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.

25 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.

26 RESTATEMENT OF PRIOR YEAR BALANCES

As described in note 1.5 of these financial statements, the prior year balance sheet has been restated following a reclassification of the expected value of future buy backs of sold goods from Stocks to Debtors.

The impact of the restatement is summarised below:

Balance sheet:

	As previously reported (£000)	Effect of restatement (£000)	Restated 2019 balance (£000)
Stocks	33,714	(20,160)	13,554
Debtors: Amounts falling due within one year	63,412	4,519	67,931
Debtors: Amounts falling due after more than one year	-	15,641	15,641

The restatement has no impact on the 2019 net assets or profit.