

Registered number: 01905213

## **Hendrickson United Kingdom Limited**

**Annual report and financial statements**

**for the year ended 31 December 2018**



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**Hendrickson United Kingdom Limited**

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**Company Information**

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<b>Directors</b>	G Gerstenslager M Page R Martin H Jelinek
<b>Company secretary</b>	T Pateman
<b>Registered number</b>	01905213
<b>Registered office</b>	1-9 Booth Drive Park Farm Industrial Estate Wellingborough Northamptonshire NN8 6GR United Kingdom
<b>Independent auditor</b>	Ernst & Young LLP 400 Capability Green Luton LU1 3LU
<b>Bankers</b>	HSBC plc 22 Abington Street Northampton NN1 2AJ

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**Hendrickson United Kingdom Limited**

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## Hendrickson United Kingdom Limited

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### Strategic report for the year ended 31 December 2018

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#### Introduction

The directors present their strategic report for the year ended 31 December 2018.

#### Business review

The company's principal activity during the year continued to be the design, manufacture and supply of suspension and axle systems for commercial vehicles.

A dividend of £nil was paid during the year (2017: £3,680,560).

Key financial and other performance indicators during the year were as follows:

	2018 £000	2017 £000	Change %
Turnover	23,690	24,570	-4%
Operating Profit	2,043	2,823	-28%
Profit after tax	1,538	2,198	-30%
Equity Shareholders' funds	14,604	12,568	16%
Current assets as a percentage of current liabilities	535%	463%	72%
Average number of employees	45	45	0%

Sales revenue, at £23,690k was below 2017. The decrease was due to a reduction in the OE market in Europe and Turkey partially offset by an increase in Aftermarket sales. Profit after tax, at £1,538k, was below 2017 due to the reduction in volume and unrealised foreign exchange losses (2017 had unrealised foreign exchange gains).

The business is reporting a strong balance sheet position at the end of 2018, with a positive cash position of £6,410,150 a reduction on 2017 as the business entered into a cash pooling arrangement with the other European entities in 2018.

Shareholders' funds have increased by 16% due to the profit and pension scheme movements for 2018.

The company's quick ratio (current assets as a percentage of current liabilities) has increased due to a decrease in trade creditors and a corporation tax creditor decrease.

The company is committed to good Health, Safety and Environmental practices, and the products manufactured and sold have minimal impact to the environment. We continue to work on designing and producing new lighter weight suspension systems that will help reduce the environmental burden on raw materials and fuel within our industry.

We recycle all waste cardboard, paper, plastic and wood that we generated from our production, supply chain and warehousing activities and are committed to excellent health and safety practices to safeguard our employees.

The company also continue to monitor our energy usage, disposable and non recyclable packaging, and strive to reduce further our environmental impacts.

In recognition of this we have achieved recertification to the revised OHSAS18001 & ISO14001 standards for good HS&E practice, and for the 8th successive year our parent company have awarded their VISION ZERO award to Hendrickson UK for having zero reportable H&S incidents during the year.

In recognition of the standard of management of the business and its processes, and the commitment to their continual improvement, Hendrickson UK Ltd were awarded certification to the esteemed IATF16949:2016

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**Hendrickson United Kingdom Limited**

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**Strategic report (continued)  
for the year ended 31 December 2018**

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standard.

Collectively, this demonstrates that the management team are committed to running a well organised, profitable and safe organisation that has minimal impact to the environment.

**Principal risks and uncertainties**

The principal risks and uncertainties facing the company are as follows:

**Legislative Risk**

Further European emissions legislation is being introduced from 2025 onwards (15% lower than 2019 levels), this far more aggressive legislation will provide high targets for the OEM to achieve. This will no doubt form a focus for the European truck manufacturers' technical development resources as they improve their power trains to meet these new targets. The consequential weight and potential cost increases of these unavoidable modifications represents product development opportunities for weight compensating, lighter Hendrickson axle & suspension products as well as cost down pressures for existing established system & component supply. Product development & commercial resources have been positioned to fully exploit these new product opportunities and to secure and extend existing contracts and long term supply agreements.

**Exposure to price, foreign exchange, credit and liquidity risk and cash-flow risk**

Price risk could arise on financial instruments because of changes in steel prices. The company manages its price risk by including steel clauses in contracts with suppliers and customers.

Foreign exchange risk arises due to a high proportion of the receivables and operating expenses being denominated in non Sterling currencies. The net exposure of each currency is monitored and managed "naturally hedging" currency transactions where possible so that revenue and asset exposures of one currency are matched by cost and liability exposures.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The company operates a local credit risk strategy in line with group policy aimed at minimising such losses where all customers with a credit account must be able to satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company has a very strong balance sheet including a high cash balance and operating cash generation targets are applied throughout the group each year.

This report was approved by the board on

**27 SEP 2019**

and signed on its behalf.

  
**M Page  
Director**

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## Hendrickson United Kingdom Limited

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### Directors' report for the year ended 31 December 2018

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

The Company's business review, together with factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposure to price, credit, liquidity and cash flow risk are described in the strategic report.

#### Foreign Branches

The company continues to operate a distribution centre in Turkey to supply the Turkish truck manufacturers. This business is structured as a branch of the UK operation.

#### Future developments

The business will continue to design and develop lighter axle & suspension products for commercial vehicles as the industry moves towards alternative powered trucks. We continue to improve R & D facilities especially our applications engineer capabilities as they are vital to develop our axle and suspension systems alongside our OEM customers.

#### Going concern

Having reviewed the financial position of the Company and its operating forecast, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They consider that the Company is adequately placed to manage any business or financial risk. The Directors accordingly continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Directors

The directors who served during the year were:

G Gerstenslager  
M Page  
R Martin  
H Jelinek

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Indemnity Provision to directors

The company has indemnified one or more directors of the company 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 provisions are in force as at the date of approving the Directors' report.

#### Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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Hendrickson United Kingdom Limited

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Directors' report (continued)  
for the year ended 31 December 2018

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This report was approved by the board on

and signed on its behalf.



27 SEP 2019

M Page  
Director

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## Hendrickson United Kingdom Limited

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### Directors' responsibilities statement for the year ended 31 December 2018

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The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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## **Independent auditor's report to the shareholders of Hendrickson United Kingdom Limited**

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### **Opinion**

We have audited the financial statements of Hendrickson United Kingdom Limited for the year ended 31 December 2018 which comprise Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

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**Independent auditor's report to the shareholders of Hendrickson United Kingdom Limited (continued)**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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**Independent auditor's report to the shareholders of Hendrickson United Kingdom Limited (continued)**

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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Farzin Radfar (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP, Statutory Auditor**

400 Capability Green

Luton

LU1 3LU

Date: *30 September 2019*

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Hendrickson United Kingdom Limited

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**Profit and loss account  
for the year ended 31 December 2018**

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	Note	2018 £	2017 £
Turnover	4	23,690,290	24,570,047
Cost of sales		(18,682,968)	(18,947,475)
<b>Gross profit</b>		<b>5,007,322</b>	<b>5,622,572</b>
Distribution costs		(1,130,067)	(466,386)
Administrative expenses		(1,833,794)	(2,333,140)
<b>Operating profit</b>	5	<b>2,043,461</b>	<b>2,823,046</b>
Interest receivable/payable	8	(78,842)	610
<b>Profit before tax</b>		<b>1,964,619</b>	<b>2,823,656</b>
Tax on profit	9	(426,395)	(625,440)
<b>Profit for the financial year</b>		<b>1,538,224</b>	<b>2,198,216</b>

The above results were derived from continued operations.

The notes on pages 15 to 36 form part of these financial statements.

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Hendrickson United Kingdom Limited

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Statement of comprehensive income  
for the year ended 31 December 2018

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	2018 £	2017 £
Profit for the financial year	1,538,224	2,198,216
<b>Other comprehensive income</b>		
Movement on deferred tax relating to pension gains	(101,830)	8,730
Remeasurement gain/(loss) of defined pension scheme	599,000	(745,000)
Current tax impact on net pension contributions	-	107,608
<b>Other comprehensive income/(expense) for the year</b>	<b>497,170</b>	<b>(628,662)</b>
<b>Total comprehensive income for the year</b>	<b>2,035,394</b>	<b>1,569,554</b>

The notes on pages 15 to 36 form part of these financial statements.

**Hendrickson United Kingdom Limited**  
Registered number: 01905213

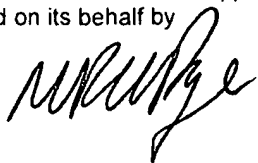
**Balance sheet**  
**as at 31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	11	525,617	786,040
Fixed asset investments	12	425,623	425,623
		<u>951,240</u>	<u>1,211,663</u>
<b>Current assets</b>			
Stocks	13	3,822,188	3,269,868
Debtors: amounts falling due within one year	14	9,670,152	3,984,201
Cash at bank and in hand	15	6,410,150	11,775,809
		<u>19,902,490</u>	<u>19,029,878</u>
Creditors: amounts falling due within one year	16	(3,719,085)	(4,114,290)
<b>Net current assets</b>		<u>16,183,405</u>	<u>14,915,588</u>
<b>Total assets less current liabilities</b>		<u>17,134,645</u>	<u>16,127,251</u>
<b>Provisions for liabilities</b>			
Provisions	18	(118,000)	(133,000)
		<u>(118,000)</u>	<u>(133,000)</u>
Pension liability	21	(2,413,000)	(3,426,000)
<b>Net assets</b>		<u>14,603,645</u>	<u>12,568,251</u>
<b>Capital and reserves</b>			
Called up share capital	19	583,389	583,389
Share premium account	20	3,818,385	3,818,385
Capital contribution	20	249,807	249,807
Profit and loss account		9,952,064	7,916,670
		<u>14,603,645</u>	<u>12,568,251</u>

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

**27 SEP 2019** and

**M Page**  
Director



The notes on pages 15 to 36 form part of these financial statements.

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Hendrickson United Kingdom Limited

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Statement of changes in equity  
for the year ended 31 December 2018

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	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	583,389	3,818,385	249,807	7,916,670	12,568,251
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,538,224	1,538,224
Other Comprehensive income	-	-	-	497,170	497,170
<b>Total comprehensive income for the year</b>	-	-	-	2,035,394	2,035,394
<b>At 31 December 2018</b>	<b>583,389</b>	<b>3,818,385</b>	<b>249,807</b>	<b>9,952,064</b>	<b>14,603,645</b>

The notes on pages 15 to 36 form part of these financial statements.

**Hendrickson United Kingdom Limited**

**Statement of changes in equity  
for the year ended 31 December 2017**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital contribution</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 January 2017	583,389	3,818,385	249,807	10,027,676	14,679,257
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	2,198,216	2,198,216
Other Comprehensive loss	-	-	-	(628,662)	(628,662)
<b>Total comprehensive income for the year</b>	-	-	-	1,569,554	1,569,554
Dividends: Equity capital	-	-	-	(3,680,560)	(3,680,560)
<b>Total transactions with owners</b>	-	-	-	(3,680,560)	(3,680,560)
<b>At 31 December 2017</b>	<b>583,389</b>	<b>3,818,385</b>	<b>249,807</b>	<b>7,916,670</b>	<b>12,568,251</b>

The notes on pages 15 to 36 form part of these financial statements.



**Hendrickson United Kingdom Limited**

**Statement of cash flows  
for the year ended 31 December 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,538,224	2,198,216
<b>Adjustments for:</b>		
Proceeds from iveco	18,299	-
Depreciation of tangible assets	338,921	385,266
Loss on disposal of tangible assets	-	16,627
Difference between pension charge and cash contributions	(414,000)	(559,000)
Tax on profit	426,395	625,440
Dividend in specie	-	(3,680,560)
(Increase)/decrease in stocks	(552,320)	639,199
(Increase)/decrease in debtors	(5,825,328)	3,511,430
(Decrease)/increase in creditors	(312,751)	38,538
(Decrease)/increase in provisions	(15,000)	40,979
Corporation tax (paid)	(471,301)	(527,287)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(5,268,861)</b>	<b>2,688,848</b>
<b>Cash flows from investing activities</b>		
Receipt from sale of tangible fixed assets	-	9,166
Payments to acquire tangible fixed assets	(96,798)	(242,486)
Interest received	-	763
<b>Net cash from investing activities</b>	<b>(96,798)</b>	<b>(232,557)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,365,659)</b>	<b>2,456,291</b>
Cash and cash equivalents at beginning of year	11,775,809	9,319,518
<b>Cash and cash equivalents at the end of year</b>	<b>6,410,150</b>	<b>11,775,809</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,410,150	11,775,809
	<b>6,410,150</b>	<b>11,775,809</b>

The notes on pages 15 to 36 form part of these financial statements.

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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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#### 1. General information

##### (i) Statement of compliance

Hendrickson UK Limited is a private company incorporated in England. The registered office is 1-9 Booth Drive, Park Farm Industrial Estate Wellingborough, Northamptonshire, NN8 6GR, United Kingdom.

The financial statements have been prepared in compliance with FRS102 as it applies to the statutory financial statements for the year ended 31 December 2018.

##### (ii) Basis of preparation and change in accounting policy

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

##### (iii) Basis of consolidation

The Company is exempt from the requirement to prepare group financial statements by virtue of section 402 of the Companies Act 2006. The Company has taken this exemption as under section 405 all of its subsidiary undertakings could be excluded from consolidation in Companies Act group financial statements on the basis that they are not material for the purpose of giving a true and fair view. Both subsidiaries are dormant and all balances held are intercompany within the UK group.

As such the financial statements present information about the Company as an individual undertaking and not about its group.

#### 2. Accounting policies

##### 2.1 Revenue

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

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;

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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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#### 2. Accounting policies (continued)

##### 2.1 Revenue (continued)

- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.2 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold improvements	- end of lease period
Plant and machinery	- 3 to 7 years
Fixtures, fittings and office equipment	- 5 to 7 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate their carrying value may not be recoverable.

##### 2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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## 2. Accounting policies (continued)

### 2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**2. Accounting policies (continued)**

**2.7 Financial instruments (continued)**

impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## **Hendrickson United Kingdom Limited**

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### **Notes to the financial statements for the year ended 31 December 2018**

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## **2. Accounting policies (continued)**

### **2.9 Foreign currency translation**

#### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

#### **Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

### **2.10 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### **2.11 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### **2.12 Operating leases**

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### **2.13 Pensions**

#### **Defined contribution pension plan**

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

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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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## 2. Accounting policies (continued)

### 2.13 Pensions (continued)

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

#### Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

### 2.14 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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## 2. Accounting policies (continued)

### 2.15 Provisions for liabilities

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

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

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

### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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



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## Hendrickson United Kingdom Limited

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### Notes to the financial statements for the year ended 31 December 2018

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The company engages suitably qualified actuaries to compile this information and engages investment managers to manage the assets of the scheme in the most effective manner.

##### *Warranties and guarantees*

The company offers warranty on its products to cover rectification costs and/or replacement parts. The provision in the accounts is estimated based on the likelihood of a claim using the company's experience over many years.

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**4. Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of VAT.

Turnover is attributable to one continuing activity, the design, manufacture and supply of suspension and axle systems for commercial vehicles.

	2018 £	2017 £
Design, manufacture & supply of suspension & axle systems	<u>23,690,290</u>	<u>24,570,047</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	9,642,840	8,929,482
Rest of Europe	13,424,555	15,485,449
Rest of the world	622,895	155,116
	<u>23,690,290</u>	<u>24,570,047</u>

**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Auditors remuneration - audit services	43,296	42,265
Auditors remuneration - non audit services	6,250	34,119
Depreciation of tangible fixed assets	338,921	385,266
Foreign exchange loss	230,790	(217,203)
Defined contribution pension cost	<u>183,998</u>	<u>77,775</u>

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**6. Employees**

	2018 £	2017 £
Wages and salaries	1,660,591	1,634,687
Social security costs	178,666	151,532
Cost of defined contribution scheme	183,998	77,775
	<u>2,023,255</u>	<u>1,863,994</u>

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

	2018 No.	2017 No.
Administration	9	8
Production	23	23
Selling and distribution	13	14
	<u>45</u>	<u>45</u>

**7. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	149,413	139,673
Directors pension costs	12,029	11,701
	<u>161,442</u>	<u>151,374</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

**8. Interest receivable/payable**

	2018 £	2017 £
Interest income on pension scheme assets	341,128	364,763
Interest on pension scheme liabilities	(419,970)	(446,000)
Other interest income	-	81,847
	<u>(78,842)</u>	<u>610</u>

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Hendrickson United Kingdom Limited

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Notes to the financial statements  
for the year ended 31 December 2018

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9. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	339,376	596,769
Adjustments in respect of previous periods	(11,769)	26,670
	<u>327,607</u>	<u>623,439</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	61,246	11,211
	<u>61,246</u>	<u>11,211</u>
<b>Total current tax</b>	<u>388,853</u>	<u>634,650</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	34,295	66,944
Changes to tax rates	(3,610)	(68,000)
Adjustments to tax charge in respect of prior periods	6,857	(8,154)
<b>Total deferred tax</b>	<u>37,542</u>	<u>(9,210)</u>
<b>Taxation on profit on ordinary activities</b>	<u>426,395</u>	<u>625,440</u>

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,964,619</u>	<u>2,823,656</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	373,278	543,554
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,030	15,032
Adjustment relating to previous period	(4,912)	18,151
Non-taxable income	(11,637)	(2,158)
Tax rate changes	(3,610)	(68,000)
Effect of overseas tax rates	61,246	11,251
Roundings	-	2
Items charged elsewhere (equity/OCI)	-	107,608
<b>Total tax charge for the year</b>	<u><u>426,395</u></u>	<u><u>625,440</u></u>

**Factors that may affect future tax charges**

The Finance Act 2016 has been enacted that the main rate of corporation tax would reduce to 17% from 1 April 2020 and consequently deferred tax has been recognised at this rate.

**10. Dividends**

	2018 £	2017 £
Dividends paid	-	3,680,560
	<u>-</u>	<u>3,680,560</u>

The 2017 dividend was paid to the parent entity which offset an existing loan. The loan of €4,000,000 was issued in January 2016 to Hendrickson Holdings NL Cooperatief U.A. with an accrued interest rate of 2.4%. The interest was accrued up to the date of this dividend transaction. The amount of loan with this related party is nil at the year end (2017: £nil).

Hendrickson United Kingdom Limited

Notes to the financial statements  
for the year ended 31 December 2018

**11. Tangible fixed assets**

	Leasehold improvement £	Plant and machinery £	Fixtures, fittings and office equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	906,834	2,252,984	834,116	3,993,934
Additions	-	40,093	56,705	96,798
Disposals	-	(403,964)	-	(403,964)
Transfers between classes	15,823	(26,550)	10,727	-
At 31 December 2018	922,657	1,862,563	901,548	3,686,768
<b>Depreciation</b>				
At 1 January 2018	821,375	1,717,157	669,362	3,207,894
Charge for the year on owned assets	85,460	170,128	83,333	338,921
Disposals	-	(385,664)	-	(385,664)
Transfers between classes	15,822	20,928	(36,750)	-
At 31 December 2018	922,657	1,522,549	715,945	3,161,151
<b>Net book value</b>				
At 31 December 2018	-	340,014	185,603	525,617
At 31 December 2017	85,459	535,827	164,754	786,040

Following a change in ERP system during the year a review of the Fixed Asset Register indicated that a reallocation of cost and/or depreciation was required between asset classes.

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Hendrickson United Kingdom Limited

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Notes to the financial statements  
for the year ended 31 December 2018

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12. Investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	940,693
At 31 December 2018	<u>940,693</u>
<b>Impairment</b>	
At 1 January 2018	515,070
At 31 December 2018	<u>515,070</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>425,623</u></u>
At 31 December 2017	<u><u>425,623</u></u>
<b>Subsidiary undertakings</b>	

Name	Class of shares	Holding	Principal activity
Brooklands Machining and Fabrication Limited	Ordinary	100 %	Dormant
Norde Suspensions Limited	Ordinary	100 %	Dormant

The company owns the entire issued ordinary share capital of Brooklands Aviation Limited, a company registered in England and Wales. Brooklands Aviation Limited is dormant.

Brooklands Aviation Limited owns the entire issued share capital of the above companies registered in England and Wales.

The addresses of the Subsidiaries are the same as Hendrickson United Kingdom Limited which is listed on the Company Information page.

In the opinion of the directors, the market value of the investments at 31 December 2018 is not less than the balance sheet value.

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**13. Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Materials and goods for resale	<b>3,822,188</b>	<b>3,269,868</b>
	<b>3,822,188</b>	<b>3,269,868</b>

The difference between purchase price or production cost of stocks and their replacement cost is not material. Stock recognised as an expense in the period was £16,204,338 (2017: £16,307,066). The movements of stock provision in the year were £9,473 (2017 - £116,007).

**14. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,863,442</b>	<b>3,272,708</b>
Amounts owed by group undertakings (Note 23)	<b>6,036,128</b>	<b>4,787</b>
Other debtors	<b>271,705</b>	<b>-</b>
Prepayments and accrued income	<b>79,994</b>	<b>148,451</b>
Deferred taxation (Note 17)	<b>418,883</b>	<b>558,255</b>
	<b>9,670,152</b>	<b>3,984,201</b>

**15. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>6,410,150</b>	<b>11,775,809</b>
	<b>6,410,150</b>	<b>11,775,809</b>



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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	1,496,914	1,787,149
Other payables	25,271	61,787
Amounts owed to group undertakings (Note 23)	1,640,797	1,516,251
Corporation tax	77,534	159,988
Other taxation and social security	-	63,323
Accruals and deferred income	478,569	525,792
	<u>3,719,085</u>	<u>4,114,290</u>

**17. Deferred taxation**

	2018 £	2017 £
At beginning of year	558,255	540,313
Charged to profit or loss	(37,542)	1,056
Charged to other comprehensive income	(101,830)	8,730
Utilised in year	-	8,156
<b>At end of year</b>	<u><b>418,883</b></u>	<u><b>558,255</b></u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Short term timing differences	455,114	613,724
Fixed asset timing differences	(36,231)	(55,469)
	<u><b>418,883</b></u>	<u><b>558,255</b></u>

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Hendrickson United Kingdom Limited

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Notes to the financial statements  
for the year ended 31 December 2018

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18. Provisions

	Product rectification costs £
At 1 January 2018	133,000
Credited to profit or loss	(15,000)
At 31 December 2018	<u>118,000</u>

19. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
583,389 (2017 - 583,389) Ordinary shares of £1.00 each	<u>583,389</u>	<u>583,389</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. Reserves

	2018 £	2017 £
Share premium account	<u>3,818,385</u>	<u>3,818,385</u>
Capital contribution	<u>249,807</u>	<u>249,807</u>

**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

**Capital contribution**

Capital contributions are contributions and subsidies which were made by the shareholders of the company.

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Hendrickson United Kingdom Limited

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Notes to the financial statements  
for the year ended 31 December 2018

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**21. Pension commitments**

**Defined contribution scheme**

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

**Defined benefit pension scheme**

The company operates a Defined benefit pension scheme called Hendrickson Europe Limited Pension and Life Assurance Scheme..

The related costs of the scheme are assessed in accordance with the advice of independent, professionally qualified actuaries.

The active members of the scheme were made deferred members as of 1 April 2006. The defined benefit pension scheme has effectively been frozen since that date.

The valuation used has been based on the most recent actuarial valuation at 10 January 2019 and was updated by Barnett and Waddington, to take account of the requirements of FRS 102 in order to assess the liabilities of the schemes at 31 December 2018 and 31 December 2017. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. The pension plans have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	16,786,000	16,637,000
Interest on liabilities	420,000	446,000
Past service costs	152,000	-
Benefits paid	(648,000)	(1,410,000)
Change in secured pensioners value	(191,000)	81,000
Losses/(gains) from changes to demographic assumptions	(371,000)	345,000
Losses/(gains) from changes to financial assumptions	(833,000)	687,000
<b>At the end of the year</b>	<b>15,315,000</b>	<b>16,786,000</b>

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**21. Pension commitments (continued)**

Reconciliation of present value of plan assets:

	2018 £	2017 £
At the beginning of the year	13,360,000	13,397,000
Interest cost	341,000	364,000
Contributions	726,000	726,000
Benefits paid	(648,000)	(1,410,000)
Administration costs	(81,000)	(85,000)
Change in secured pensioners value	(191,000)	81,000
Return on scheme assets less interest	(605,000)	287,000
<b>At the end of the year</b>	<b>12,902,000</b>	<b>13,360,000</b>

Composition of plan assets:

	2018 £	2017 £
Deposit administration contract (Target return)	6,003,000	6,236,000
Bonds & Gilts	3,370,000	3,326,000
Secured pensioners & cash	3,529,000	3,798,000
<b>Total plan assets</b>	<b>12,902,000</b>	<b>13,360,000</b>

	2018 £	2017 £
Fair value of plan assets	12,902,000	13,360,000
Present value of plan liabilities	(15,315,000)	(16,786,000)
<b>Net pension scheme liability</b>	<b>(2,413,000)</b>	<b>(3,426,000)</b>

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Hendrickson United Kingdom Limited

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Notes to the financial statements  
for the year ended 31 December 2018

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**21. Pension commitments (continued)**

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Administration costs	81,000	85,000
Past service costs	152,000	-
Interest on liabilities	420,000	446,000
Gains on curtailments and settlements	(341,000)	(364,000)
<b>Total</b>	<b>312,000</b>	<b>167,000</b>

The company expects to contribute £726,000 to its Defined benefit pension scheme called Hendrickson Europe Limited Pension and Life Assurance Scheme. in 2019.

The amounts recognised in the Statement of comprehensive income for the year are analysed as follows:

	2018 £	2017 £
<b>Analysis of actuarial loss recognised in Other Comprehensive Income</b>		
Remeasurement gains and losses		
-Gain/(Loss) on scheme assets and excess of interest	605,000	(287,000)
Remeasurement gains and losses		
-actuarial gains and losses	(1,204,000)	1,032,000
	<b>(599,000)</b>	<b>745,000</b>

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**21. Pension commitments (continued)**

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

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>2.85</b>	<b>2.55</b>
Rate of increases for pensions in payment	<b>3.35</b>	<b>3.30</b>
Retail Prices Index ("RPI") inflation Future pension increases	<b>3.50</b>	<b>3.45</b>
Consumer Prices Index ("CPI") inflation	<b>2.50</b>	<b>2.45</b>
Future life expectancy is as follows:		
Male currently aged 65	<b>21.3</b>	<b>21.7</b>
Male currently aged 45	<b>22.4</b>	<b>23.0</b>
Female currently aged 65	<b>23.3</b>	<b>23.8</b>
Female currently aged 45	<b>24.6</b>	<b>25.3</b>

**22. Commitments under operating leases**

	<b>2018</b>		<b>2017</b>	
	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Within one year	<b>200,000</b>	<b>46,348</b>	<b>74,521</b>	<b>48,696</b>
In two to five years	<b>675,616</b>	<b>46,348</b>	<b>-</b>	<b>97,392</b>
More than 5 years	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>875,616</b>	<b>92,696</b>	<b>74,521</b>	<b>146,088</b>

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**Hendrickson United Kingdom Limited**

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**Notes to the financial statements  
for the year ended 31 December 2018**

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**23. Related party transactions**

**Key management personnel**

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Details of the remuneration is included in note 7.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Sales £	Purchases £	Due from £	Due to £
Hendrickson Truck Suspension USA	1,629	796,193	-	192,144
Hendrickson Trailer Commercial Vehicle Systems	-	81,408	-	72,245
Hendrickson Spring México, S. de R.L. de C.V.	-	298,434	-	51,442
Hendrickson Mexicana, S. de R.L. de C.V.	-	-	-	-
Hendrickson Poland	-	98,963	-	11,007
Hendrickson Australia GmbH	37,019	-	8,660	-
Hendrickson International Corporation	-	427,794	14,137	37,537
Hendrickson Commercial Vehicle Systems Europe GmbH	-	-	-	37,399
The Boler Company	-	-	35,900	-
Hendrickson Holdings NL Cooperatief U.A.	-	-	5,977,431	-
Watson & Chalin India Pvt. Ltd	38,191	5,334,778	-	723,190
Hendrickson France S.A.S	-	395,478	-	71,716
Hendrickson Spring Suspensions	-	766,347	-	18,494
<b>(B) Entities which have control</b>				
Brooklands Aviation Ltd	-	-	-	425,623

All amounts shown under related parties fall due for payment/receipt within one year.

**24. Controlling party**

At 31 December 2018 the Company's immediate parent undertaking is Hendrickson Holdings NL Cooperatief U.A, which is incorporated in the Netherlands.

In the directors' opinion, the Company's ultimate parent undertaking and controlling party is The Boler Company, which is incorporated in the USA.

Hendrickson Ventures Corporation is the smallest group and the Boler Company is the largest group of which the Company is a member and for which group financial statements are prepared.