

# MAN Truck and Bus UK Limited

## Annual Report and Financial Statements

for the year ended 31 December 2019



REGISTERED NUMBER: 02688514

# **MAN Truck and Bus UK Limited**

## **Annual report and financial statements for the year ended 31 December 2019**

### **Contents**

	<b>Page</b>
Strategic report for the year ended 31 December 2019	2
Directors' report for the year ended 31 December 2019	6
Independent auditors' report to the members of MAN Truck and Bus UK Limited	10
Statement of comprehensive income for the year ended 31 December 2019	13
Balance sheet as at 31 December 2019	14
Statement of changes in equity for the year ended 31 December 2019	15
Notes to the financial statements for the year ended 31 December 2019	16

# **MAN Truck and Bus UK Limited**

## **Strategic report for the year ended 31 December 2019 (continued)**

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

### **Principal activities and business review**

The directors consider revenue and market share to be the company's key financial performance indicators ("KPIs"). MAN Truck and Bus UK Limited ("the Company") imports and distributes trucks, buses, vans and related products, the company also provides vehicle related services within the UK.

As shown in the Company's statement of comprehensive income the Company's revenue has increased by 21%, primarily due to the development of Van business and the delivery of additional external contracts.

The truck market experienced an increase in size of 12.6% from 2018 (2019: 48,535) however MTBUK saw its absolute sales increase and its market share increase to 9.2% in 2019 (2018: 8.4%).

In addition the company has a number of operational KPIs that it monitors regularly. These principally include sales, order book, and workshop work in progress and efficiency.

MAN manages its operations on a divisional basis. The performance of the MAN division of MAN SE, which includes the Company, is discussed in MAN SE's annual report which does not form part of this directors' report or these financial statements.

### **Principal risks and uncertainties**

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers. This has been through initiatives such as the "Total Cost of Ownership (TCO)" and "MAN Customer First".

In spite of a solid level of order book at the beginning of 2020, there are still challenges facing all truck, bus and van manufacturers and retailers of new and used vehicles. To overcome these challenges the Company is continuing with the policy of heavily promoting its value added services through development of the dealer network, sales initiatives and after-sales relationship. Cost control continues to be managed effectively, through continual assessment of operations.

The Company may be affected by fluctuations in the price and supply of buses, trucks and parts, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Brexit is still an unknown risk overall, however in the event of a "no deal" for the UK import tariffs will apply to our imported parts and vehicles, this will also be the same for our competitors.

The Company is a member of MAN's multi-employer UK defined benefit pension plan, which is currently in surplus. The funding level of these pension plans are subject to change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including changing discount rates and increasing longevity of plan members, as well as changes in the market value of plan investments. The pension plans

# **MAN Truck and Bus UK Limited**

## **Strategic report for the year ended 31 December 2019 (continued)**

### **Principal risks and uncertainties (continued)**

are closed to new members. Pension increase exchange and Flexible retirement plan exercises were concluded during the year to mitigate the risk of deficits the plan.

The Company is financed, when necessary, by its parent company and pays interest on that financing.

The Group risks to which the Company is exposed are discussed in MAN SE's annual report, which does not form part of this directors' report or these financial statements.

### **Post balance sheet event**

COVID19 has obviously had an effect on the performance of the business. However the financial performance has been strong throughout 2020, the company has continued to be profitable and net working capital improved. We are also currently forecasting an increase in truck market share again despite the forecasted decrease in total market size for 2020.

Stock levels have been able to be kept under control despite a seen risk of early returned and cancelled buyback arrangements for financed vehicles with VWFS. This risk has not material with the number of repossessed vehicles being at a very low level.

### **Environment**

MAN recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with group policies, as noted in its sustainability annual report, which does not form part of this report. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

### **Results and dividends**

The trading results are set out in the statement of comprehensive income. During the year the company made a profit before tax of £10,672k (2018: profit of £7,948k) and profit after tax of £8,443k (2018: profit of £6,183k). During the year total equity increased to £104,701k (2018: £102,741k). No interim dividends (2018: nil) were paid. The directors do not propose a final dividend (2018: nil).

### **Future developments**

The market continues to be very competitive within the UK with the big suppliers all competing for market share. However, the directors believe that the company is well placed to grow its market share through a strong focus on customer service.

By putting the customer at the heart of all we do, and by focusing on making sure the trucks, buses, coaches, vans and aftersales support we supply are matched to the needs of our customers, both now and in the future, MTBUK believes it can grow the volume of its sales whilst achieving strong and sustainable earnings into the future.

The company is committed to providing a strong product base, strong customer focus and a strong brand all of which will continue to support and grow market share.

Research and development practice is performed out of Germany where all trucks and buses are purchased.

The Company has also undertaken numerous actions to counter act possible Brexit outcomes however until the conclusion of Brexit happens, the main and total effects on the truck market is unknown.

# **MAN Truck and Bus UK Limited**

## **Strategic report for the year ended 31 December 2019 (continued)**

In the directors' judgement, the long-term economic conditions are uncertain following the triggering of Article 50 on 29 March 2017, starting the process of the UK leaving the European Union. The company has credible plans and adequate resources in place to manage this uncertainty.

### **General Confirmation Of Directors Duties in relation to the section 172 report**

The MTBUK Board understand their duties and responsibilities individually and collectively. They have acted in accordance with their duties codified in law, which include their duty to act in a way in which they consider would be most likely to promote the success of the company to the benefit of its members whilst considering the stakeholders of the company and matters set out in section 172 (1) of the Companies Act 2006.

#### **S172 (1) (A) "The likely consequences of any decision in the long term"**

The directors understand the business, strategic targets and ever changing market and environment that the company operates in. Strategic decisions are taken at board level and escalated to the parent company when required to do so. Such escalation requirements are defined in numerous internal company policies that all directors are aware of. The directors have taken decisions they believe are in the best interests of the company, members and stakeholders. The board meets every month to discuss current topics form all areas of the business. They receive an overview of the current financial performance and discuss matters of importance during the board meetings.

#### **S172 (1) (B) "The interests of the company's employees"**

The directors recognise that the MTBUK employees are fundamental and core to our business to deliver our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. We ensure we do our utmost to be a responsible employer considering pay, benefits, upkeep of health and safety requirements and workplace environments. When making decisions the directors factor the implication of decisions on our employees where it is relevant and possible to do so.

#### **S172 (1) (C) "The need to foster the company's business relationships with suppliers, customers and others"**

The directors recognise that in order to achieve its strategic objectives it must have strong relationships with its customers and suppliers. The directors receive regular information and feedback from business operations that inform them how current and emerging relationships are developing. The directors actively seek and receive third party information indicating our performance and engagement from a customer point of view. The directors also receive regular updates on supplier activities and contract management topics.

#### **S172 (1) (D) "The impact of the company's operations on the community and the environment"**

The directors will take into account the impact of the company's operations on the community and environment in any decision making process where it is necessary to do.

#### **S172 (1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"**

# **MAN Truck and Bus UK Limited**

## **Strategic report for the year ended 31 December 2019 (continued)**

The directors are fully aware of their legal responsibilities and obligations, they are also fully aware of our Group Policies and Code of conduct which are designed to uphold the core values of MAN and ensure all stakeholders conduct themselves as it would expect. By following these principles and guidelines, the business is conducted with the upmost integrity. Regular internal reviews take place, which help ensure that the guidelines are followed and identify any areas or processes that can be improved.

### **S172 (1) (F) “The need to act fairly as between members of the company”**

The directors consider the best possible action in its decision making process to deliver the strategy aligned with Group. When making these decisions the Directors act as fairly as they can for all members however this can mean that sometimes certain stakeholder interests may not be fully aligned.

### **Culture**

The directors recognises that it has an important role to play in embedding the values of the company and promoting these values themselves to create the envisaged culture of the company. The company's core values are published in our code of conduct, these have been established as integrity, respect, team spirit and determination.

### **Stakeholder engagement (including employee engagement)**

The directors recognise that the stakeholder engagement is key in its success and is therefore fully committed to stakeholder engagement. As an example, regular reviews and meetings take place with our partners where key issues and topics are discussed, the main purpose of these is to ensure that the standards of the network can to continue to be upheld, the result of this is ensuring the best possible service to our customers is delivered.

Employees are kept informed of performance and key topics through regular presentations and updates from the board and are encouraged to ask questions, give feedback and make suggestions. There are regular company surveys made to assess the overall feelings and views on the company e.g. Stiba (employee feedback survey), these are then used to decide any actions to be taken following the results.

### **Principal decisions**

During the year, the directors made principal decisions based on the targets and strategy defined at Group level. As well as the board there are also several internal committees steering the company towards the targets and strategy. Outcomes and topics of these internal committee groups are raised to the board for overall decisions and actions.

On behalf of the Board



T Hemmerich  
Director  
21<sup>st</sup> December 2020

# **MAN Truck and Bus UK Limited**

## **Directors' report for the year ended 31 December 2019**

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

### **Incorporation by Reference**

Certain Laws & Regulations require that specific information should be included in the Directors' Report, the following is incorporated into this Directors' report by reference:

- Principal activities and business review (page 2)
- Principal risks and uncertainties (pages 2 & 3)
- Results and dividends (page 3)
- Future developments (page 3)

### **Financial risk management**

MAN Truck and Bus UK Limited is integrated with the MAN SE's liquidity management system. The MAN SE's effective finance management system with ongoing monitoring and control of cash inflows and outflows and their due dates is an effective tool for liquidity risk management. The primary sources of funds are business operations and external finance. Finance management for business operations is substantially centralised and ensured through a cash-pooling system. By daily netting and pooling cash balances, cash available or required is managed as needed and appropriate. For external finance the sources of funds available on the financial market are routinely monitored in order to ensure financial flexibility and limit inappropriate re-financing risks. The directors of MAN Truck and Bus UK Limited are regularly briefed on the inflow and outflow of funds. Cash inflows and outflows are netted through MAN Truck and Bus UK Limited's integration with the MAN SE's central finance management system (see note 17).

### **Concentration of risk**

Due to the nature of the treasury arrangements with MAN SE the financial assets of MAN Truck and Bus UK Limited have similar characteristics and are similarly affected by changes in economic or other conditions. This risk is mitigated by MAN Truck and Bus UK Limited's financial risk management policies as described in the financial risk management section of this report.

# **MAN Truck and Bus UK Limited**

## **Directors' report for the year ended 31 December 2019 (continued)**

### **Credit and liquidity risk**

Liquidity management and investment is handled by the central MAN SE Cash Management function. This carefully selects the financial institutions and investment forms when investing cash focusing on a conservative investment strategy. To reduce the default risk of derivatives, the group only enter into derivatives transactions with prominent, prime-rated banks. Liquidity risk describes the risk that difficulty will be encountered in meeting obligations associated with financial liabilities. To counter this risk, the MAN SE has an effective financial management system that continuously monitors and manages cash inflows and outflows and due dates. Cash funds are primarily generated by the operating business of the group and by external financing arrangements. Daily pooling of cash funds manages liquidity surpluses and requirements both at a company level and in the MAN SE to ensure that all needs are met.

For external financing purposes, the opportunities available on the financial market are tracked continuously to ensure the MAN SE's financial flexibility and limit inappropriate refinancing risks. Cash outflows result mainly from financing working capital, investments and cover for financing requirements in the leasing and sales financing business.

### **Directors**

The directors who held office during the year and up to the date of signing this report were as follows:

T Hemmerich

J Björnör

K Oellers (appointed 05/07/2019)

D Cussans (appointed 01/03/2020)

S Thyssen (resigned 19/03/2020)

P Cardillo (resigned 05/07/2019)

### **Company Secretary**

A Tanner (appointed 20/11/2020)

### **Employees**

Details of the number of employees and related costs can be found in notes 6 and 8 to the financial statements.

The Company participates in MAN SE's policies and practices to:

- keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters;



# **MAN Truck and Bus UK Limited**

## **Directors' report for the year ended 31 December 2019 (continued)**

- consult employees on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interest;
- achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

### **Disabled employees**

The company is an equal opportunities employer and also recognises its obligations towards disabled persons by giving full and fair consideration to applications for employment made by disabled persons.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

### **Political contributions**

The company made no political contributions during the current or preceding year.

### **Qualifying third party and pension scheme indemnity provisions**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 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 102, 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

## **MAN Truck and Bus UK Limited**

### **Directors' report for the year ended 31 December 2019 (continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

#### **Statement of directors' responsibilities (continued)**

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.

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.

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.

#### **Appointment of Auditors**

PwC LLP are auditors until the statutory financial accounts for to 31 December 2019 are completed and Ernst Young LLP will take over as company auditors for the financial statements going forward.

#### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



T Hemmerich  
Director

21<sup>st</sup> December 2020

# ***Independent auditors' report to the members of MAN Truck and Bus UK Limited***

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, MAN Truck and Bus UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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: Balance Sheet as at 31 December 2019; the Statement of comprehensive income, 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**

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

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

## **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 directors' responsibilities, 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 is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

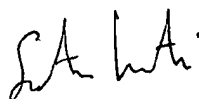
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not received 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.



Sotiris Kroustis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
21st December 2020

# MAN Truck and Bus UK Limited

## Statement of comprehensive income for the year ended 31 December 2019

		2019	2018
	Note	£'000	£'000
<b>Revenue</b>	<b>4</b>	<b>542,906</b>	453,939
Cost of sales		(490,929)	(413,118)
<b>Gross profit</b>		<b>51,977</b>	40,821
Distribution costs		(371)	(1,254)
Administrative expenses excluding exceptional items		(34,399)	(31,679)
Exceptional items	7	-	9,176
Administrative expenses including exceptional items		(34,399)	(22,503)
<b>Operating profit</b>	<b>8</b>	<b>17,207</b>	17,064
Finance income	9	334	448
Finance costs	10	(6,869)	(9,564)
<b>Profit before taxation</b>		<b>10,672</b>	7,948
Tax on profit	11	(2,229)	(1,765)
<b>Profit for the financial year</b>		<b>8,443</b>	6,183
<b>Other comprehensive income:</b>			
Re-measurement of net defined benefit obligation	23	8,113	18,744
Deferred tax on other comprehensive expense		(1,630)	(2,978)
<b>Total comprehensive income for the year</b>		<b>14,926</b>	21,949

All transactions relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

# MAN Truck and Bus UK Limited

## Balance Sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Intangible assets	12	1,375	1,471
Tangible assets	13	314,678	323,345
		<b>316,053</b>	324,816
<b>Non-current assets</b>			
Pensions	23	232	3,100
<b>Current assets</b>			
Inventories	15	86,113	65,350
Trade and other receivables	16	66,524	73,692
Funds held on deposit at MAN SE	17	55,825	65,945
Cash and cash equivalents		14	36
<b>Total current assets</b>		<b>208,476</b>	205,023
<b>Total assets</b>		<b>524,761</b>	532,939
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	(187,045)	(214,678)
Funds held on deposit at MAN SE EUR	17	(4,433)	(3,132)
		<b>(191,478)</b>	(217,810)
<b>Total assets less current liabilities</b>		<b>333,283</b>	315,129
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	19	(204,306)	(195,027)
Provisions for liabilities	20	(24,276)	(17,361)
<b>Total liabilities</b>		<b>(420,060)</b>	(430,198)
<b>Net assets</b>		<b>104,701</b>	102,741
<b>Equity</b>			
Called up share capital	24	34,500	34,500
Profit and loss account		70,201	68,241
<b>Total equity</b>		<b>104,701</b>	102,741

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 13 to 42 were authorised for issue by the board of directors on 21<sup>st</sup> December 2020 and were signed on its behalf by:



T Hemmerich  
Director  
21<sup>st</sup> December 2020

Registered no. 02688514

# MAN Truck and Bus UK Limited

## Statement of changes in equity for the year ended 31 December 2019

	Attributable to owners of the parent		
	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
<b>At 1 January 2018</b>	<b>34,500</b>	<b>46,292</b>	<b>80,792</b>
Profit for the financial year	-	6,183	6,183
Actuarial gains on pension liability	-	18,744	18,744
Deferred tax charge related to the actuarial gains	-	(2,978)	(2,978)
<b>At 31 December 2018</b>	<b>34,500</b>	<b>68,241</b>	<b>102,741</b>
Profit for the financial year	-	8,443	8,443
Actuarial losses on pension liability	-	(8,113)	(8,113)
Deferred tax credit related to the actuarial losses	-	1,630	1,630
<b>At 31 December 2019</b>	<b>34,500</b>	<b>70,201</b>	<b>104,701</b>



# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1 General information**

MAN Truck and Bus UK Limited ("the Company") imports and distributes trucks, buses and related products, the company also provides vehicle related services within the UK.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Frankland Road, Blagrove, Swindon, Wiltshire, SN5 8YU.

### **2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The financial statements of MAN Truck and Bus UK Limited have been prepared in accordance with the Companies Act 2006 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102").

#### **Basis of preparation**

These financial statements are prepared on a going concern basis and under the historical cost convention.

Despite the difficult circumstances in 2020, the business performance has been strong, the company has continued to be profitable and net working capital improved.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions – as long as:

- (a) its shareholders have been notified and have not objected to the use of the exemptions;
- (b) it otherwise applies the recognition, measurement and disclosure requirements of FRS 102; and
- (c) it discloses in the notes to its financial statements a brief summary of the disclosure exemptions adopted and the name of the parent of the group in whose consolidated financial statements its financial statements are adopted and from where those financial statements may be obtained.

MAN Truck and Bus UK Limited has complied with these conditions above and has therefore applied the following exemptions:

- (a) the requirements of Section 4 Statement of Financial Position paragraph 4.12 (a)(iv) to prepare a reconciliation of the number of equity shares outstanding at the beginning and at the end of the financial year;
- (b) the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d) to prepare a statement of cash flows;
- (c) the requirements of Section 11 paragraphs 11.41 to 11.48 (a) and Section 12 paragraphs 12.26 to 12.29 A, regarding disclosures for financial liabilities and assets, as the equivalent disclosures required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated;
- (d) from disclosing the Company key management personnel compensation, as required by paragraph 33.7; and
- (e) the requirement of Section 33 Related Party Disclosures paragraph 33.9 to disclose related party transactions within other members of the Volkswagen Aktiengesellschaft group;

#### **Consolidation**

The Company is a wholly-owned subsidiary of MAN Finance and Holding SA (previously MAN Truck & Bus SE) and is included in the consolidated financial statements of Volkswagen Aktiengesellschaft which are publicly available (note 25). Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Revenue**

Sales revenue is recorded net of trade discounts and Value Added Tax, and is recognised only once the goods are delivered, that is, when the risk has passed to the customer, the amount of sales revenue can be reliably determined and settlement of the amount can be assumed. Revenue is reported net of sales allowances (discounts, rebates, or customer bonuses).

Sales revenue from lease agreements is recognised using the effective interest method. Revenue from operating leases is recognised using the straight-line method over the term of the lease.

Sales in which the company incurs a buy-back obligation at a predetermined value are assessed to determine whether the risks and rewards of ownership transfer to the customer. Where risks and rewards do not transfer, revenue is deferred and recognised rateably over the period until the return of the items sold and are accounted for as operating leases.

Revenue from the sale of repair and maintenance contracts is recognised on a straight-line basis over the period the contract relates.

Revenue from a special contract for vehicle conversions is recognised on the acceptance by all conditions being met for work completed for the conversions as stated in the comprehensive contract details.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalisation in the period and amortisation of development costs are likewise carried under cost of sales.

#### **Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately in note 7 to provide further understanding of the financial performance of the company.

#### **Intangible assets**

##### *Computer software*

Computer software licences recognised as assets are stated at cost less accumulated amortisation and accumulated impairment losses. Licences are amortised over their estimated useful lives, which does not exceed three years.

##### *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is amortised over twenty years.

Carrying values of intangible assets are reviewed for impairment if there are indicators of impairment.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Tangible assets**

Tangible assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life as follows:

Long term leasehold	Over the life of the lease
Plant & machinery/ fixtures and fittings / vehicles	13-33% per annum

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

#### **Leases**

##### **Lessor:**

Vehicles leased out under operating leases are recognised at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with Section 20 of FRS 102 are recognised and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used trucks

##### **Lessee:**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price and all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price in the ordinary course of business, less further costs expected to be incurred to completion and disposal.

If the carrying amounts are no longer realisable due to a decrease in prices, inventories are written down accordingly.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Currency translation**

##### *Functional and presentation currency*

The Company's functional and presentation currency is British pounds.

##### *Transactions and balances*

Transactions in other currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Provision is made for the estimated liability, not recoverable from the manufacturer, on all products still under warranty, including claims already received, and for all unfulfilled service commitments, such as maintenance contracts, as at the balance sheet date.

#### **Trade and other receivables**

Trade receivables, which generally have 30 to 180 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### **Financial liabilities**

The Company has adopted sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Vehicle financing arrangements**

The company enters into financing arrangements paying a fixed rate of interest over the duration of the financing arrangement. Interest payable on the gross amount payable, calculated using the actuarial method, is debited to the profit and loss account as an interest expense.

#### **Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **(ii) Defined benefit pension plan**

The company operates a defined benefit plan for deferred members. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The surplus recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the end of the reporting date.

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 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 're-measurement 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; the cost of plan introductions, benefit changes, curtailments and settlements.

# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

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

#### **Employee benefits (continued)**

##### **(ii) Defined benefit pension plan (continued)**

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 'Finance costs'.

The scheme ceased future accrual with effect from 1 January 2017. During 2018 2 new options were introduced to members; a Pension Increase Exchange (PIE) and a Bridging Pension the introduction of these new options resulted in a credit of £9,176k as an exceptional item in 2018 (note 7).

##### **(iii) Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **(iv) Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Dividends to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.



# **MAN Truck and Bus UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **3 Critical accounting estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### *a) Buybacks*

The assessment of the future revenues and right of use costs of vehicles sold with repurchase options is one of the key estimates that the company performs. Indicators such as the Useful Economic Life (UEL) of vehicles and knowledge of the used vehicle market have been used in these calculations.

#### *b) Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The principle assumption used in determining the net cost of the pension is the discount rate. The discount rate is determined at the end of the year and all other key assumptions are based on current market conditions as considered appropriate by the actuary (note 23).

#### *c) Allowance for bad debts*

The general allowances/ provisions for bad debts are calculated on an aged debt basis in the event of any specific bad debt being known this would be provided for in full.

#### *d) Vehicle inventory provisions*

Assessments of inventory values are carried out on a regular basis using internal and external information on the market when considering and making any valuation adjustments.

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 4 Revenue

An analysis of turnover by class of business is as follows (all sales are made in the UK):

	2019	2018
	£'000	£'000
Sale of goods	459,780	384,645
Rendering of services	83,126	63,689
	542,906	448,334

### 5 Directors' emoluments

	2019	2018
	£'000	£'000
Aggregate emoluments	780	789
Pension contributions	-	-
	780	789

No directors (2018: none) were accruing benefits under the company's defined contribution pension scheme. No directors (2018: none) were accruing benefits under the company's defined benefit pension scheme. There were no pension contributions attributable to the highest paid director (2018: none). The total emoluments of the highest paid director were £484k (2018: £478k). Aggregate emoluments include no compensation for loss of office past directors (2018: none).

Three (2018: three) of the statutory directors who were in office for all or part of the year were not remunerated by the company. The emoluments of these directors are borne by other group companies. The directors' service to the company does not occupy a significant amount of their time. As such these directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2019 (2018: none).

### 6 Employee information

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

	2019	2018
By activity	No.	No.
Sales and distribution	701	648
Administration	135	146
	836	794

We consider key management to be directors of the company. The compensation paid or payable to key management for employee services is shown in note 5.

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 7 Exceptional items

	2019	2018
	£'000	£'000
Exceptional items	-	9,176

The exceptional item recognised in 2018 relates to the Defined Benefit pension scheme. The scheme reviewed its retirement options to offer to new options; a Bridging Pension Option (BPO) and a Pension Increase Exchange (PIE) which increase flexibility to members. The resulting past service credit has been recognised in 2018. The pension details are shown in note 23.

### 8 Operating profit

	2019	2018
	£'000	£'000
<b>Operating profit is stated after charging/(crediting):</b>		
Wages and salaries	<b>36,014</b>	32,353
Social security costs	<b>3,171</b>	2,987
Other pension costs	<b>1,452</b>	(8,093)
<b>Staff costs</b>	<b>40,637</b>	27,247

#### Operating lease charges:

- Land and buildings	<b>2,759</b>	2,602
- Other	<b>1,607</b>	1,407

#### Services provided by the company's auditors

- Fees payable for the audit	<b>62</b>	57
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(Profit) / Loss on sale of fixed assets	<b>(350)</b>	432
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Depreciation of tangible assets	<b>85,021</b>	88,707
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Amortisation of intangible assets other than goodwill	<b>89</b>	49
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Amortisation of goodwill	<b>107</b>	107
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There are no impairments based on Trade Receivables

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 9 Finance income

	2019	2018
	£'000	£'000
Receivable from group undertakings	301	444
Income on Foreign Exchange movement	30	4
Other	3	
	<b>334</b>	<b>448</b>

### 10 Finance costs

	2019	2018
	£'000	£'000
Finance charge on creditors falling due after more than one year		
- External	1,854	1,054
- Internal	24	61
Interest payable on vehicle financing arrangements	4,813	7,643
Net interest expense on pension scheme liabilities	178	771
Expense on Foreign Exchange movement	-	34
Other	-	1
	<b>6,869</b>	<b>9,564</b>

### 11 Tax on profit

#### a) Tax expense included in profit or loss

	2019	2018
	£'000	£'000
Current tax:		
- Current tax on profits for the year	1,350	18
- Adjustments in respect of prior years	(4)	(11)
<b>Total current tax</b>	<b>1,346</b>	<b>7</b>
Deferred tax (note 21):		
- Charge for the year	998	1,705
- Adjustments in respect of prior years	(10)	25
- Change in tax rate	(105)	28
<b>Total deferred tax</b>	<b>883</b>	<b>1,758</b>
<b>Income tax charge</b>	<b>2,229</b>	<b>1,765</b>

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 11 Tax on profit (continued)

#### b) Tax expense included in other comprehensive income

	2019	2018
	£'000	£'000
Deferred tax:		
- Origination and reversal of timing differences	-	3,561
- Prior year	-	(583)
- Impact of change in tax rate	-	-
	-	2,978

#### c) Reconciliation of tax charge

The tax assessed in the year is at the standard rate (2018: Standard rate) of corporation tax in the UK for the year ended 31 December 2019 of 19.0% (2018: 19.0%). The differences are explained below:

	2019	2018
	£'000	£'000
<b>Profit before tax</b>	<b>10,672</b>	<b>7,948</b>
Profit multiplied by the standard tax rate of 19.0% (2018: 19.0%)	<b>2,028</b>	1,513
Factors affecting charge for the year		
- Expenses not deductible for tax purposes	<b>320</b>	210
- Adjustments in respect of prior years	<b>(14)</b>	14
- Change of tax rate	<b>(105)</b>	28
<b>Tax charge for the year</b>	<b>2,229</b>	1,765

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £117,583.

The Company has capital losses carried forward amounting to £779,737 (2018: £779,737) available to offset against capital gains. No deferred tax asset has been recognised in respect of these capital losses as the company does not foresee any Capital Gain in the near future.

## MAN Truck and Bus UK Limited

### Notes to the financial statements for the year ended 31 December 2019

#### 12 Intangible assets

	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	2,628	2,913	5,541
Additions	-	100	100
At 31 December 2019	2,628	3,013	5,641
<b>Accumulated Amortisation</b>			
At 1 January 2019	1,313	2,757	4,070
Charge for the year	107	89	196
At 31 December 2019	1,420	2,846	4,266
<b>Net book amount</b>			
At 31 December 2019	1,208	167	1,375
At 31 December 2018	1,315	156	1,471

Goodwill was created from the incorporation of the trade and assets of SA Trucks Limited, a subsidiary undertaking, into the Company as of 1 April 2011 (SA Trucks Limited was purchased in 2008).

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 13 Tangible assets

	Vehicles	Long term leasehold	Plant & machinery	Fixtures & fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
<b>At 1 January 2019</b>	493,842	19,536	3,027	10,583	<b>526,988</b>
Additions	113,357	161	605	536	<b>114,659</b>
Disposals	(129,384)	(22)	(1)	(104)	<b>(129,511)</b>
<b>At 31 December 2019</b>	<b>477,815</b>	<b>19,675</b>	<b>3,631</b>	<b>11,015</b>	<b>512,136</b>
<b>Accumulated Depreciation</b>					
<b>At 1 January 2019</b>	182,615	10,776	1,626	8,626	<b>203,643</b>
Charge for the year	83,270	574	543	634	<b>85,021</b>
Disposals	(91,101)	-	(1)	(104)	<b>(91,206)</b>
<b>At 31 December 2019</b>	<b>174,784</b>	<b>11,350</b>	<b>2,168</b>	<b>9,156</b>	<b>197,458</b>
<b>Net Book Amount</b>					
<b>At 31 December 2019</b>	<b>303,031</b>	<b>8,325</b>	<b>1,463</b>	<b>1,859</b>	<b>314,678</b>
<b>At 31 December 2018</b>	<b>311,227</b>	<b>8,760</b>	<b>1,401</b>	<b>1,957</b>	<b>323,345</b>

Vehicles and machinery include the following amounts which are recognised under a financing arrangement:

	2019 £'000	2018 £'000
<b>Cost</b>	<b>477,224</b>	493,377
<b>Accumulated depreciation</b>	<b>(174,572)</b>	(183,033)
<b>Net book value</b>	<b>302,652</b>	310,344

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 14 Investments

At 31 December 2019 the Company has the following subsidiary undertaking:

<b>Name of Company</b>	SA Trucks Limited
<b>Company address</b>	Frankland Road Blagrove Swindon Wiltshire SN5 8YU
<b>Country of registration (of Incorporation and operation)</b>	England and Wales
<b>Holding</b>	Ordinary shares
<b>Proportion of voting rights and shares held</b>	Wholly owned
<b>Nature of Business</b>	Non-trading

### 15 Inventories

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	<b>1,114</b>	3,291
Finished goods and goods for resale	<b>84,999</b>	62,059
	<b>86,113</b>	65,350

Inventories recognised as an expense in the year in cost of sales were £381,118k (2018: £275,384k).



# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 16 Trade and other receivables

	2019	2018
	£'000	£'000
Trade debtors	24,694	34,198
Amounts owed by group undertakings	25,093	22,509
Corporation tax	304	1,091
Deferred tax (see note 21)	999	1,140
Prepayments and accrued income	15,434	14,754
	66,524	73,692

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

No trade receivables (2018: Nil) fall due after more than one year.

Trade debtors are stated after provisions for impairment of £424k (2018: £425k).

### 17 Funds held on deposit at MAN SE

Funds held on deposit at MAN SE represent cleared funds that have been swept to the parent company in accordance with MAN SE Financial Management Policy. Daily pooling of cash funds manages liquidity surpluses and requirements both at individual Group companies and in the MAN Group to ensure that all of their needs are met. MAN SE has cash funds and access to committed syndicated and bilateral credit lines with external regulated financial institutions in excess of the gross amount owed to fellow subsidiaries. GBP funds held on deposit at MAN SE are repayable on demand and accrue interest at a rate of 0.7% (2018: 0.7%). The balance of £55,825k (2018: £65,945k) is classified as 'Funds held on deposit at MAN SE' to fairly reflect the nature of the asset. Euro funds held on deposit at MAN SE are also repayable on demand and accrue interest at a rate of 0%. The overdrawn balance of £4,433k (2018: £3,132k overdrawn) is classified as an intercompany liability.

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 18 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	21,554	23,144
Amounts owed to group undertakings	14,623	21,600
Taxation and social security	18,201	12,310
Vehicle financing arrangements	30,569	51,824
Residual value liability	36,683	23,298
Accruals and deferred income	65,415	82,502
	<b>187,045</b>	<b>214,678</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 19 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Residual value liability	93,646	85,876
Vehicle financing arrangements	4,735	25,212
Deferred tax liability	-	704
Accruals and deferred income	105,925	83,235
	<b>204,306</b>	<b>195,027</b>

#### Vehicle financing arrangements

Future minimum payments under vehicle financing arrangements are as follows:

	2019 £'000	2018 £'000
Within one year	30,569	51,824
In two to five years	4,735	25,212
	<b>35,304</b>	<b>77,036</b>

The vehicle financing arrangements are secured on the assets to which they relate.

There are no debts due for repayment over 5 years.

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 20 Provisions for liabilities

	Warranty Provision	Provision for maintenance contracts	Other	Total
	£'000	£'000	£'000	£'000
At 1 January 2019	1,638	15,248	476	17,362
Charged in the year to the profit and loss account	2,881	22,292	90	25,263
Utilised in the year	2,347	(18,183)	(443)	(16,279)
Released in the year to the profit and loss account	(986)	-	-	(986)
Transfer of liability to accruals	(1,084)	-	-	(1,085)
<b>At 31 December 2019</b>	<b>4,796</b>	<b>19,357</b>	<b>123</b>	<b>24,276</b>

#### *Provision for warranty*

A provision is recognised for those costs which may be incurred as a result of customer claims for warranty. It is expected that the majority of these costs will be incurred within the next two financial years.

#### *Provision for maintenance contracts*

This relates to the expected future costs and anticipated losses on existing maintenance contracts and is expected to be utilised over the next five years.

#### *Other*

Other provisions comprise amounts provided for: various legal and administrative proceedings in which the Company becomes involved from time to time and which are considered normal to its business. The amount of the provision is derived from the value of expected future cash outflows based on outside advice, where appropriate. These are expected to be utilised within the next three years.

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 21 Deferred tax

The provision for deferred tax consists of the following deferred tax assets:

	2019	2018
	£'000	£'000
Accelerated capital allowances	710	-
Pension spreading	206	309
Other differences	83	831
<b>Deferred tax asset (included in Trade and other receivables)</b>	<b>999</b>	<b>1,140</b>
Pensions (included in Net Pension Asset in note 23)	(47)	(934)

There are no unused tax losses or unused tax credits.

### 22 Capital and financial commitments

At 31 December the company had the following capital commitments

	2019	2018
	£'000	£'000
Later than 1 year and no later than 5 years	19	170

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£'000	£'000
No later than 1 year	2,877	2,685
Later than 1 year and no later than 5 years	8,908	9,037
Later than 5 years	11,685	12,164
<b>Total</b>	<b>23,470</b>	<b>23,886</b>

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 23 Pensions

The company is a participating employer of the MAN UK Group Pension Scheme, a defined benefit pension plan (GPS) and the Motor Industry Pension Plan (MIPP), also a defined benefit pension plan. Sections "a" to "b" of this note relate to the defined benefit pension plans.

In addition the company participates in a defined contribution pension scheme (see section "c" of this note).

The last full actuarial valuation of MAN GPS pension scheme was on 5 April 2017 and MIPP was on 5 April 2016, both on a FRS102 basis by an independent actuary.

The following is an aggregated summary of the company's section of the GPS plus the MIPP scheme at 31 December 2019.

	2019	2018
	£'000	£'000
Total market value of assets	185,298	174,251
Present value of scheme liabilities	(184,004)	(168,756)
Asset ceiling	(1,015)	(1,461)
Pension asset	279	4,034
Related deferred tax liability	(47)	(934)
Net pension asset	232	3,100

The net pension asset (2018: asset) is analysed as follows:

	2019	2018
	£'000	£'000
MAN section (see section "a")	232	3,100
MIPP (see section "b")	-	-
	232	3,100

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 23 Pensions (continued)

#### (a) MAN Section

##### *Assumptions*

The major assumptions used in the assessment for valuing the liabilities as at 31 December 2019 used by the actuary were:

	2019	2018
Discount rate	1.95%	2.95%
Rate of inflation	2.90%	3.15%
Rate of increase in salaries	3.15%	3.40%
Rate of increase of pensions	2.00%	2.05%

The fair value of the assets in the scheme was:

	2019	2018
	£'000	£'000
Equities	29,078	23,655
Debt instruments	134,030	125,893
Real Estate	6,235	4,109
Other – active market	6,614	6,531
Other – no active market	119	118
Cash	653	709
Total	176,729	161,015

## **MAN Truck and Bus UK Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **23 Pensions (continued)**

##### **(a) MAN Section (continued)**

###### Reconciliation of present of value of section liabilities

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
1 January	<b>156,981</b>	195,341
Past service credit	-	(7,210)
Interest cost	<b>4,495</b>	4,539
Benefits Paid	<b>(9,066)</b>	(8,990)
Actuarial loss / (gain)	<b>24,040</b>	(26,699)
31 December	<b>176,450</b>	156,981

###### Reconciliation of fair value of section assets

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
1 January	<b>161,015</b>	170,916
Contributions paid by employer	<b>4,535</b>	3,979
Benefits paid	<b>(9,066)</b>	(8,990)
Interest Income on Plan assets	<b>4,332</b>	3,851
Actuarial gain / (loss)	<b>15,913</b>	(8,741)
31 December	<b>176,729</b>	161,015

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 23 Pensions (continued)

#### (a) MAN Section (continued)

Analysis of the amounts charged to profit and loss	2019	2018
	£'000	£'000
Past service credit	-	(7,210)
Net Interest cost	163	688
Net expense / (income)	163	(6,522)

#### (b) MIPP Section

##### *Assumptions*

The major assumptions used in the assessment for valuing the liabilities as at 31 December 2019 used by the actuary were:

	2019	2018
Discount rate	1.95%	2.95%
Rate of inflation	2.90%	3.15%
Rate of increase in salaries	3.15%	3.40%
Rate of increase of pensions in payment	2.15%	2.20%



# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 23 Pensions (continued)

#### (b) MIPP Section (continued)

The fair value of the assets in the scheme was:

	2019	2018
	£'000	£'000
Equities	-	3,784
Debt instrument	-	3,784
Other – insured annuities	8,569	-
Total	8,569	7,568

Reconciliation of present value of section liabilities

	2019	2018
	£'000	£'000
1 January	6,107	6,947
Past service charge	-	81
Interest cost	178	184
Benefits paid	(136)	(141)
Actuarial loss / (gain)	1,405	(964)
31 December	7,554	6,107

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019

### 23 Pensions (continued)

#### (b) MIPP Section (continued)

##### Reconciliation of fair value of section assets

	2019	2018
	£'000	£'000
1 January	7,568	7,736
Contributions paid by employer	45	50
Interest Income on Plan assets	163	101
Benefits paid	(136)	(141)
Actuarial gain / (loss)	929	(178)
31 December	8,569	7,568

##### Analysis of the amounts charged to profit and loss

	2019	2018
	£'000	£'000
Past service charge	-	81
Net Interest cost	15	83
Net expense	15	164

#### (c) Defined Contribution Scheme

The total pension cost for the company in the year represents contributions payable by the company to the scheme and amounted to £3,099k (2018: £2,309k). In 2017 the salary sacrifice scheme was introduced and therefore the 2019 cost includes £1,534k (2018: £1,139k) in relation to employee salary sacrifice payments to the scheme.

The amount outstanding to be paid into the scheme at the end of the year was £293k (2018: £205k).

# MAN Truck and Bus UK Limited

## Notes to the financial statements for the year ended 31 December 2019 (continued)

### 24 Called up share capital

	2019	2018
	£'000	£'000
<b>Issued and fully paid share capital</b>		
At 1 January 2019 and 31 December 2019 (34,500k ordinary shares of £1 each)	<b>34,500</b>	34,500

### 25 Ultimate parent company

The immediate parent undertaking as at year end was MAN Finance and Holding SA, a company incorporated in Luxembourg.

As at 2<sup>nd</sup> September 2019 the immediate parent undertaking has been transferred from MAN Truck and Bus SE to MAN SE, a company incorporated in Germany.

Further to this, as at 7<sup>th</sup> November 2019 the immediate parent undertaking has then transferred from MAN SE to MAN Finance and Holding SA, a company incorporated in Luxembourg.

The ultimate parent undertaking and controlling party is Volkswagen Aktiengesellschaft, a company incorporated in Germany.

MAN Finance and Holding SA is the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements can be obtained from MAN Finance and Holding SA, 19-21 route d'Arlon, L-8009 Strassen, Luxembourg.

Volkswagen Aktiengesellschaft is the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements are available from Berliner Ring 2, 38440, Wolfsburg, Germany and [www.volkswagenag.com](http://www.volkswagenag.com).

### 26 Contingent Liability

The company has a framework agreement in place with Volkswagen Financial Services plc (trading as MAN Financial Services). This superseded the agreement that was in place with MAN Financial Services plc with effect from 1 December 2016.

The agreement relates to sales made to them with no buyback contract in place. If they experience a non-amicable early termination of the finance agreement for that vehicle, MAN Truck and Bus UK Limited will purchase this vehicle back at the agreed rate. The maximum amount payable under this agreement would be £118m (2018: £120m). During the year £4,241k (2018: £3,813k) was paid under this agreement.

During the period from 1 January 2020 to the date of the signing of this report, the realisation of the stated contingent liability has been at a minimal level with early terminations being at a very low level.