Jungheinrich UK Holdings Limited

Annual report and financial statements

for the year ended 31 December 2019

Company registration number: 04294074

Jungheinrich UK Holdings Limited

Contents

Jungheinrich UK Holdings Limited

Strategic Report for the year ended 31 December 2019

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

Principal activity

The principal activity of the Company is the holding of investments in group companies.

Business review and future developments

The Company will continue to manage its investments in subsidiary undertakings.

Key performance indicators

The Company's loss for the financial year is £61k (2018: loss of £53k).

The carrying amount of investments in subsidiaries at the balance sheet date was £55,258k (2018: £55,258k). Further information about investments in subsidiaries is disclosed in note 8 of the financial statements.

The overall financial position of the Company comprises net assets of £49,542k (2018: £49,603k).

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

A Abé
Director

1. October 2020

Jungheinrich UK Holdings Limited

Directors' Report for the year ended 31 December 2019

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

Going concern

These financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons, notwithstanding that the company had net current liabilities of £5.7m at 31 December 2019, which included a bank borrowing repayable on demand of £10.6m.

The directors have prepared forecasts covering a period of 12 months from the date of approval of these financial statements. These indicate that the company will be able to continue to meet its liabilities as they fall due and to continue in operational existence. Other than its bank overdraft, the company has no other significant forecast net cash outflows.

The company can, if required, fund its net current liabilities and bank overdraft (if called upon) from cash resources held by its subsidiary undertakings, which could be received by way of loan or dividend to the company.

In respect of the company's subsidiaries' ability to provide such funding, particularly in the context of the current Covid-19 pandemic, the directors have considered base cash flow forecasts and severe but plausible downside scenarios. The downside scenarios reflect a significant reduction in the subsidiaries' revenue and financing contracts for the period to 31 December 2020 followed by a phased return to the base reduced budget through the remainder of 2021. Under these downside scenarios the company's subsidiaries have sufficient cash and deposit resources to meet their own liabilities and the overdraft of the company. To date, the company's subsidiaries' trading and cash flows in 2020 have been significantly more positive than the severe but plausible downside scenarios and the customer finance lease receivable receipts has also not been impacted significantly.

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

Directors

The directors who held office during the year and up to the date of signing this report were:
A Abé
A Rinne

Auditor

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

Jungheinrich UK Holdings Limited

Directors' Report for the year ended 31 December 2019 (continued)

Directors' qualifying third party indemnity provision

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

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Financial risk management objectives and policies

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

Credit risk:
The Company's principal financial assets are bank balances and receivables from other group companies. The Company's credit risk is primarily attributable to its receivables from other group companies. The amounts presented in the balance sheet are net of loss allowances for expected credit losses.

The Company's receivables from other group companies are predominantly due from Elbe River Capital S.A, Luxembourg and the associated credit risk is inherently linked to the credit risk within that company.

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

Liquidity risk:
Liquidity risk arises as a result of liabilities to banks and other group companies. A loan facility is in place with the parent company to ensure the Company is able to meet liabilities as they fall due and the parent company has confirmed that funding will not be withdrawn such that it adversely affects the Company's ability to continue as a going concern.

Interest rate risk:
Interest is payable on bank loans and overdrafts at commercial rates.

In addition to the financial risks disclosed above, the carrying values of the Company's investments in subsidiary undertakings are subject to the risk of impairment losses should the performance of those subsidiaries deteriorate in the future.

Jungheinrich UK Holdings Limited

Directors' Report for the year ended 31 December 2019 (continued)

Disclosure of information to the Auditor

The directors, at the date of approval of this report, confirm that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the directors

A Abé
Director

1. October 2020

Registered office:
Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes MK7 8HX

Jungheinrich UK Holdings Limited

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Jungheinrich UK Holdings Limited

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

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

Strategic report and directors' report

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

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

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

Independent Auditor's Report to the Members of Jungheinrich UK Holdings Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

C. Anderson

Charlotte Anderson (Senior Statutory Auditor)

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

1 October 2020

Jungheinrich UK Holdings Limited

Profit and loss account for the year ended 31 December 2019

	Notes	2019	2018
Administrative expenses		**(8)**	(8)
Operating loss		**(8)**	(8)
Interest receivable on amounts due from group	3	**203**	187
Interest payable and similar charges	4	**(256)**	(232)
Loss on ordinary activities before tax		**(61)**	(53)
Tax	7	**-**	-
Loss for the financial year		**(61)**	(53)

There are no other items of comprehensive income or expense other than the loss on ordinary activities for the year. Accordingly, no separate Statement of Other Comprehensive Income has been presented.

All results shown above are derived from continuing operations.

The accompanying notes form part of these financial statements.

Jungheinrich UK Holdings Limited

Balance sheet as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments in subsidiaries	8	**55,258**	55,258
Current assets			
Debtors	10	**10,564**	10,480
Cash at bank and in hand		**269**	209
		10,833	10,689
Creditors: amounts falling due within one	11	**(16,549)**	(16,344)
Net current liabilities		**(5,716)**	(5,655)
Total assets less current liabilities		**49,542**	49,603
Capital and reserves			
Called up share capital	12	**54,942**	54,942
Capital contribution		**3,140**	3,140
Profit and loss account		**(8,540)**	(8,479)
Shareholders' funds		**49,542**	49,603

The accompanying notes form part of these financial statements.

The financial statements of the Company were approved by the directors and were signed on by:

A Abé
Director
1. October 2020

Registered Number 04294074

Jungheinrich UK Holdings Limited

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

	Called up share capital	Capital contribution	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2018	54,942	3,140	(8,426)	49,656
Loss for the year	-	-	(53)	(53)
Total comprehensive loss for the year	-	-	(53)	(53)
Balance at 31 December 2018	**54,942**	**3,140**	**(8,479)**	**49,603**
Balance at 1 January 2019	54,942	3,140	(8,479)	49,603
Loss for the year	-	-	(61)	(61)
Total comprehensive loss for the year	-	-	(61)	(61)
Balance at 31 December 2019	**54,942**	**3,140**	**(8,540)**	**49,542**

The profit and loss account reserve represents the accumulated deficit.

The capital contribution reserve represents assets received by the Company in exchange for a share in the total equity interest.

The accompanying notes form part of these financial statements.

Jungheinrich UK Holdings Limited

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

1 Accounting policies

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

1.1 General information

Jungheinrich UK Holdings Limited is a private Company incorporated, registered and domiciled in the United Kingdom under the Companies Act 2006. The registered number is 04294074 and the address of the registered office is Sherbourne House, Sherbourne Drive, Tilbrook, Milton Keynes, MK7 8HX. The nature of the Company's operations and its principal activity are set out in the Strategic Report on page 2.

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

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Jungheinrich AG. The group accounts of Jungheinrich AG are available to the public and can be obtained as set out in note 14.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Jungheinrich Aktiengesellschaft, which are available to the public and can be obtained as set out in note 14.

1.2 Changes in accounting policy

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

1.3 Basis of accounting

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

1 Accounting policies (continued)

1.4 Going concern

The company's business activities, together with the factors likely to affect its future development, financial performance and position are set out in the Strategic report and Directors' report on pages 2 to 5.

These financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons, notwithstanding that the company had net current liabilities of £5.7m at 31 December 2019, which included a bank borrowing repayable on demand of £10.6m.

The directors have prepared forecasts covering a period of 12 months from the date of approval of these financial statements. These indicate that the company will be able to continue to meet its liabilities as they fall due and to continue in operational existence. Other than its bank overdraft, the company has no other significant forecast net cash outflows.

The company can, if required, fund its net current liabilities and bank overdraft (if called upon) from cash resources held by its subsidiary undertakings, which could be received by way of loan or dividend to the company.

In respect of the company's subsidiaries' ability to provide such funding, particularly in the context of the current Covid-19 pandemic, the directors have considered base cash flow forecasts and severe but plausible downside scenarios. The downside scenarios reflect a significant reduction in the subsidiaries' revenue and financing contracts for the period to 31 December 2020 followed by a phased return to the base reduced budget through the remainder of 2021. Under these downside scenarios the company's subsidiaries have sufficient cash and deposit resources to meet their own liabilities and the overdraft of the company. To date, the company's subsidiaries' trading and cash flows in 2020 have been significantly more positive than the severe but plausible downside scenarios and the customer finance lease receivable receipts has also not been impacted significantly.

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

1.5 Investments in subsidiaries

Investments in subsidiaries are shown at cost, less provision for permanent diminution in value.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable

1.6 Taxation (continued)

(a) Current tax (continued)

or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

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

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

(c) Current tax and deferred tax for the year

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

1.7 Financial instruments policy applicable from 1 January 2019

(a) Recognition and initial measurement

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

Jungheinrich UK Holdings Limited

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

1 Accounting policies (continued)

1.7 Financial instruments policy applicable from 1 January 2019 (continued)

(a) Recognition and initial measurement (continued)

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

(b) Classification of financial assets

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Investments in subsidiaries are carried at cost less impairment and are accounted for in accordance with IFRS 9.

1 Accounting policies (continued)

(b) Classification of financial assets (continued)

Cash and cash equivalents

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

(c) Subsequent measurement of financial assets

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

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

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

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

(d) Impairment of financial assets

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

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

1 **Accounting policies (continued)**

1.7 Financial instruments policy applicable from 1 January 2019 (continued)

(e) Financial liabilities and equity

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

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

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

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

1.8 Financial instruments policy applicable for the prior year

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1 Accounting policies (continued)

1.8 Financial instruments policy applicable for the prior year (continued)

(a) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company did not have any financial assets that were classified as FVTPL, 'held-to-maturity' investments or 'available-for-sale' in either the current year or the preceding year.

(b) Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

1 Accounting policies (continued)

1.8 Financial instruments policy applicable for the prior year (continued)

(c) Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(d) Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

(e) De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

1 Accounting policies (continued)

(e) De-recognition of financial assets (continued)

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(f) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(g) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(h) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Company did not have any financial liabilities that were classified as FVTPL in either the current year or the preceding year.

(i) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(j) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Key sources of estimation uncertainty

Determining whether the Company's investments in subsidiaries have been impaired requires estimates of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £55,258k (2018: £55,258k).

In the event that either the actual cash flows are different to the forecast cash flows that were included in the value in use calculation, or the discount rate changes, this may result in a future impairment, or further reversal thereof.

3 Interest receivable

	2019	2018
	£'000	£'000
Interest receivable on amounts due from group	**203**	187

4 Interest payable and similar charges

	2019	2018
	£'000	£'000
Interest payable on bank loans and overdrafts	**171**	156
Interest payable to other group companies	**85**	76
Interest payable and similar charges	**256**	232

Jungheinrich UK Holdings Limited

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

5 Loss on ordinary activities before taxation

The loss on ordinary activities before tax is stated after charging:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**4**	4

6 Staff costs

There are no employees of the Company and no related payroll costs in either the current or prior year. The directors did not receive any remuneration relating to the Company in either the current or prior year as their time attributable to this Company is considered negligible.

7 Taxation

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below.

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	**(61)**	(53)
Loss on ordinary activities multiplied by standard rate in the UK 19%, (2018: 19%)	(12)	(10)
Effects of:		
Group relief surrendered	12	10
Tax charge for the year	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

8 Investments in subsidiaries

The Company has investments in the following principal subsidiary undertakings, incorporated and operated in the United Kingdom:

Name of Company	Holding	Ownership	Principal Activity
Jungheinrich UK Limited	Ordinary Shares	100%	Sale of lift trucks
Jungheinrich Financial Services Limited	Ordinary Shares	90%	Finance Leasing
Jungheinrich Lift Truck Finance Limited	Ordinary Shares	90%	Finance Leasing
Boss Manufacturing Limited	Ordinary Shares	100%	Non-trading

The registered office of all the above named companies is as follows:
Sherbourne House
Sherbourne Drive
Tilbrook
Milton Keynes
MK7 8HX

The Company owns 100% of the voting rights of Jungheinrich UK Limited and Boss Manufacturing Limited and 90% of the voting rights of Jungheinrich Financial Services Limited and Jungheinrich Lift Truck Finance Limited.

	2019 £'000	2018 £'000
Balance as at 1 January and 31 December	**55,258**	55,258

9 Deferred tax

The unrecognised deferred tax value is £78k for 2019 (2018: £78k) in respect of trading losses. No deferred tax asset has been recognised due to the uncertainty over the future utilisation of such losses.

10 Debtors – Amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due from group undertakings	**10,564**	10,480

11 Creditors – Amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	**10,585**	10,486
Amounts owed to group undertakings	**5,940**	5,841
Accruals and deferred income	**24**	17
	16,549	16,344

The bank loans are unsecured and repayable on demand. The interest rate on bank loans is variable. In 2019 the average nominal rate was 1.62%, (2018 1.51%).

12 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
54,942,001 ordinary shares of £1 each	**54,942**	54,942

13 Commitments and guarantees

The Company has no capital commitments at the year end (2018: £nil).

14 Ultimate parent Company

The Company is a wholly-owned subsidiary of Jungheinrich Beteiligungs GmbH, a Company incorporated in Germany, which is itself a wholly-owned subsidiary of Jungheinrich Aktiengesellschaft, a Company also registered in Germany.

The Company's ultimate parent Company is Jungheinrich Aktiengesellschaft, a Company incorporated in Germany.

The largest and smallest group into which the results of Jungheinrich UK Holdings Limited are consolidated is that headed by Jungheinrich Aktiengesellschaft, incorporated in Germany. The consolidated accounts of Jungheinrich Aktiengesellschaft are available from Friedrich-Ebert-Damm 129 22047 Hamburg, Germany.