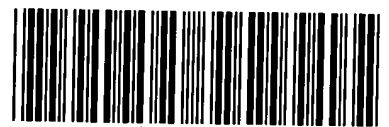


JUNGHEINRICH FINANCIAL SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Company registration number: 05836857

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JUNGHEINRICH FINANCIAL SERVICES LIMITED

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JUNGHEINRICH FINANCIAL SERVICES LIMITED DIRECTORS AND ADVISERS

Directors

R Siluk-Giusiano (appointed 1 August 2016)

R Parker (resigned 31 July 2016)

Bankers

Barclays Bank PLC

Ashton House

497 Silbury Boulevard

Milton Keynes

MK9 2LD

Statutory auditor

Deloitte LLP

Statutory Auditor

1 Station Square

Cambridge

CB1 2GA

Solicitors

Brabners Chaffe Street

Brook House

77 Fountain Street

Manchester

M2 2EE

Secretary and registered office

C Hanke

Sherbourne House

Sherbourne Drive

Tilbrook

Milton Keynes

MK7 8HX

JUNGHEINRICH FINANCIAL SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the provision of finance to industry by way of leasing fork lift trucks and other equipment. The company has traded successfully in its chosen market.

Review of business

The business directs its efforts to supporting fellow group company Jungheinrich UK Limited in the sales of materials handling equipment on a contract hire basis. As such, the performance of the company is intrinsically linked to the performance of Jungheinrich UK Limited.

During the year, the market in which the company operates has remained stable with marginal growth. Jungheinrich UK Limited have increased their share of the market to 16.8% for the year (2015: 15.5%). (Market data source: WITS).

Key performance indicators

Turnover for the year was £61,090k (2015: £63,596k). Although the contract additions for the year are slightly down on the prior year, the overall volume of equipment on contract has increased by 8% (2015: increase of 11%). The company made a profit before tax of £1,452k in 2016 (2015: profit £2,154k), the year on year reduction being mainly due to the reassessment of risk provisions in 2015. The company's financial position remains strong with net assets of £10,220k (2015: £9,064k).

Future developments

Looking forward, the environment in which the company operates may potentially become more challenging in light of the Brexit referendum result in June 2016, however the company is in a strong position to achieve growth over the future years and remains confident it can further improve its presence in the market.

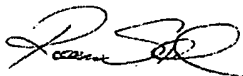
Ethical code of conduct and anti-bribery act

The director operates an ethical code of conduct and an anti-bribery policy that all employees, suppliers and customers are expected to abide by and respect in all matters of business.

Labour

The director is committed to ensuring that what is good for business is good for society. The company's approach to general labour rights is driven by its ethical code of conduct. During 2016 the company worked to evaluate its business and supply chain against the principles now embodied in the Modern Slavery Act 2015 to eliminate slavery in all its forms. In April 2017 the director approved the company's Modern Slavery Statement for the 2016 financial year which applies across its business and supply chain relationships and sets out the company's commitment to the abolition of slavery in all its forms.

The Strategic Report was approved by the sole director:



R Siluk-Giusiano

Director

24 July 2017

JUNGHEINRICH FINANCIAL SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his Annual Report and the audited financial statements for the year ended 31 December 2016.

Directors

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

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, Deloitte LLP, for the years of cooperation and oversight in carrying out their work.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. Financial risk is considered to have increased in light of the Brexit referendum result in June 2016. Further details on these risks and the company's approach to risk management are included below.

Cash flow risk

The principal risk for the company affecting cash flows is credit risk, discussed below. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade receivables and intercompany receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term finance in the form of equipment hire contracts with fellow group company Jungheinrich Lift Truck Finance Limited.

JUNGHEINRICH FINANCIAL SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (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.

Going concern

Taking into account changes in trading performance, the company's forecast and projections show that the company is expected to be able to operate within its bank facilities currently in place. The company meets its day-to-day working capital requirement through refinancing of the financial services business by third party banks and loan facilities from its parent company when required.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and accounts.

Dividends

There were no dividends paid during the year or payable at the year end (2015: £nil).

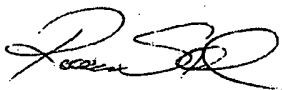
Disclosure of Information to Auditor

The director, at the date of approval of this report, confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that 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 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 sole director



R Siluk-Giusiano
Director

24 July 2017

JUNGHEINRICH FINANCIAL SERVICES LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH FINANCIAL SERVICES LIMITED

We have audited the financial statements of Jungheinrich Financial Services Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 (Reduced Disclosure Framework).

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.

Respective responsibilities of the sole director and auditor

As explained more fully in the Statement director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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



Julian Rae (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, UK

24 July 2017

JUNGHEINRICH FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	61,090	63,596
Costs of sales		(61,292)	(63,644)
Gross loss		(202)	(48)
Interest receivable and similar income	4	6,175	6,125
Interest expense and similar charges	5	(4,002)	(4,022)
Staff costs	6	(323)	(332)
Other operating (expenses)/income		(196)	431
Profit on ordinary activities before tax		1,452	2,154
Tax on profit on ordinary activities	8	(296)	(409)
Profit for the financial year		1,156	1,745

There are no other items of comprehensive income or expense other than the profit 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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Debtors: amounts falling due within one year	9	32,652	30,783
Debtors: amount falling due after more than one year	9	66,766	62,795
Cash and cash equivalents		7,717	7,514
		<u>107,135</u>	<u>101,092</u>
Creditors: amounts falling due within one year	10	(31,159)	(29,402)
Net current assets		<u>75,976</u>	<u>71,690</u>
Creditors: amounts falling due after more than one year	11	(65,387)	(62,137)
Provisions for liabilities	13	(369)	(489)
Net assets		<u>10,220</u>	<u>9,064</u>
Capital and reserves			
Called up share capital	14	700	700
Profit and loss account		9,520	8,364
		<u>10,220</u>	<u>9,064</u>

Company registration number: 05836857

These financial statements were approved by the director on²⁴ July..... 2017 and were signed by:



R Siluk-Giusiano
Sole Director

JUNGHEINRICH FINANCIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2016

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2015	700	6,619	7,319
Profit for the year	-	1,745	1,745
Total comprehensive income for the year	-	1,745	1,745
Balance at 31 December 2015	700	8,364	9,064
Balance at 1 January 2016	700	8,364	9,064
Profit for the year	-	1,156	1,156
Total comprehensive income for the year	-	1,156	1,156
Balance at 31 December 2016	700	9,520	10,220

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016

1 PRINCIPAL ACCOUNTING POLICIES

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

General information

The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

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

Jungheinrich Financial Services Limited is a company incorporated in the United Kingdom under the Companies Act 2006. 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.

The company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

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 15.

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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

Taking into account changes in trading performance, the company's forecast and projections show that the company is expected to be able to operate within its bank facilities currently in place. The company meets its day-to-day working capital requirement through refinancing of the financial services business by third party banks and loan facilities from its parent company when required.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and accounts.

Revenue

Turnover represents the value of customer contracts under finance leases and rentals receivable from customers under operating leases, after deducting returns, allowances and sales taxes. Other turnover represents the service element of all contracts. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of goods and services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Other operating income is recognised in the profit and loss account in the period in which it is earned.

Leases

The company provides lease finance to third party customers. The company acquires equipment from fellow group subsidiaries through leasing arrangements.

Leases have been classified as either finance leases or operating leases in accordance with IAS 17.

Assets that are leased under finance leases are recorded as debtors in the balance sheet. Future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease.

Rentals receivable under operating leases are recognised in the profit and loss account on a straight-line basis over the lease term. Equipment leased out under operating lease is subleased under operating lease from fellow group subsidiary, Jungheinrich Lift Truck Finance Limited and rentals payable are recognised on a straight-line basis over the lease term.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation

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

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 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.

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.

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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments

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.

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.

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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 difference 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.

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.

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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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. 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.

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.

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.

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.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

De-recognition of financial liabilities

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Related parties

Jungheinrich Financial Services Limited enters into financial service contracts with customers of the Jungheinrich group. The company sub hires equipment from Jungheinrich Lift Truck Finance Limited who retains ownership of the equipment. Jungheinrich Lift Truck Finance Limited, in turn, acquires the equipment from Jungheinrich UK Limited.

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, the directors are sometimes 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 classification of leases as either finance leases or operating leases represents a critical accounting judgement on the basis that this classification drives recognition of revenue.

The measurement of provisions for potential losses flowing from defaults on the existing base of customer contracts is a key source of estimation uncertainty. Further information is included in note 13.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

3 REVENUE

	2016 £'000	2015 £'000
Turnover from finance lease sales	35,608	41,152
Operating lease rentals receivable	11,156	9,651
Service and other income	14,326	12,793
Turnover	61,090	63,596
Other operating (expenses) / income	(196)	431
Interest receivable and similar income	6,175	6,125
Total revenue	67,069	70,152

Turnover arises solely from the United Kingdom and from the company's principal activity.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest from finance leases	6,152	6,102
Interest from group companies	23	23
	6,175	6,125

5 INTEREST EXPENSE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
Interest due on finance leases	4,002	4,022

6 EMPLOYEE INFORMATION

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

By activity:	2016 No.	2015 No.
Administration and sales	7	7
	£'000	£'000
Wages and salaries	283	291
Social security costs	27	26
Pension costs	13	15
	323	332

There were no payments made to the director in either the current or prior years. All director's emoluments are borne by another group company.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration – Audit fees payable to the company's auditor for the audit of the annual accounts	9	9

8 TAXATION

	2016 £'000	2015 £'000
UK corporation tax	296	409
Total tax	296	409
Tax reconciliation :		
Profit on ordinary activities before tax	1,452	2,154
Current tax at 20.00% (2015: 20.25%)	290	436
<i>Effects of:</i>		
Other timing differences	8	-
Group relief received	(10)	(27)
Impact of rate difference between deferred tax and current tax	-	1
Deferred tax not recognised	8	(1)
	296	409

A deferred tax asset amounting to £20k for 2016 (2015: £12k) in respect of short term timing differences has not been recognised as there is insufficient evidence that they will be utilised.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and then to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and a reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The net deferred tax asset at 31 December 2016 has been calculated based on the rate of 17% (2015: 18%) substantively enacted at the balance sheet date.

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

9 DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year		
Amounts receivable under finance leases	27,249	25,982
Trade debtors	3,961	3,595
Prepaid expenses	1,436	1,206
Amounts owed by other group undertakings	6	-
	32,652	30,783

Amounts falling due after more than one year		
Finance lease receivables	64,804	61,191
Prepaid expenses	1,962	1,604
	66,766	62,795

	2016 £'000	2015 £'000
Maturity analysis – amounts receivable under finance leases		
Within one year	27,249	25,982
Between two and five years	62,328	58,040
After five years	2,476	3,151
	92,053	87,173

10 CREDITORS: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts payable under finance leases to other group companies	27,644	26,195
Amounts owed to other group undertakings	468	377
Value added tax liability	2,334	2,075
Corporation tax payable	705	409
Accruals and deferred income	8	346
	31,159	29,402

11 CREDITORS: amounts falling due after more than one year

	2016 £'000	2015 £'000
Amounts payable under finance leases to other group companies	64,983	61,638
Accrual and deferred income	404	499
	65,387	62,137

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

11 CREDITORS: amounts falling due after more than one year (continued)

	2016 £'000	2015 £'000
Maturity analysis – amounts payable under finance leases		
Within one year	27,644	26,195
Between two and five years	62,515	58,440
After five years	2,468	3,198
	<u>92,627</u>	<u>87,833</u>

Amounts payable under finance leases to other group companies are secured against the right to the receivables due under the respective customer contract agreement.

12 OBLIGATIONS UNDER FINANCE LEASES

2016	Minimum lease payments £'000	Present value of minimum lease payments £'000
Future minimum payments under finance leases at 31 December 2016 are as follows:		
Within one year	31,004	31,004
Between two and five years	67,037	62,725
After five years	2,543	2,154
Total future minimum payments under finance leases	<u>100,584</u>	<u>95,883</u>
Discounting of future minimum lease payments	(4,701)	
Present value of lease obligations	<u>95,883</u>	
 2015	 Minimum lease payments £'000	 Present value of minimum lease payments £'000
Future minimum payments under finance leases at 31 December 2015 are as follows:		
Within one year	29,654	29,654
Between two and five years	63,331	58,581
After five years	3,294	2,718
Total future minimum payments under finance leases	<u>96,279</u>	<u>90,953</u>
Discounting of future minimum lease payments	(5,326)	
Present value of lease obligations	<u>90,953</u>	

JUNGHEINRICH FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONTINUED)

13 PROVISIONS FOR LIABILITIES

	2016	2015
	£'000	£'000
Balance at 1 January	489	1,084
Utilisation of provision	(53)	(124)
Release of provision	(67)	(471)
Balance at 31 December	369	489

Provisions for liabilities comprise provisions for potential losses flowing from defaults on the existing base of customer contracts. The provision has been calculated based on past experience, although the exact timing and amounts of these losses is uncertain.

14 CALLED UP SHARE CAPITAL

	2016	2015
	£'000	£'000
Authorised, allotted, called up and fully paid 700,000 ordinary shares of £1 each	700	700

15 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

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

The company's immediate parent companies are Jungheinrich UK Holdings Limited, a company registered in England and Wales, which owns 90%, and Jungheinrich Financial Services International GmbH, a company registered in Germany, owning the remaining 10%.

In preparing these financial statements, the company has taken advantage of the provisions of FRS 101 and has not disclosed transactions and balances with Jungheinrich AG and its wholly owned subsidiary undertakings.