

**LINDE MATERIAL HANDLING SCOTLAND LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**

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**LINDE MATERIAL HANDLING SCOTLAND LIMITED**

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

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**LINDE MATERIAL HANDLING SCOTLAND LIMITED**

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

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

U Just  
E Parker  
C Blebta

**REGISTERED OFFICE**

Kingsclere Road  
Basingstoke  
Hampshire  
RG21 6XJ

**BANKERS**

HSBC Bank PLC

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **STRATEGIC REPORT**

The directors present the strategic report on the affairs of the Company for the year ended 31 December 2019.

### **BUSINESS REVIEW**

#### **Financial results and overview**

On 1 November 2020 the Company transferred its entire business, as a going concern, to a group sister company, Linde MH UK Limited. This transfer was part of a UK wide Group entity restructuring program, with the intention of further enhancing the performance and efficiencies of the UK Group operations as a whole. The net assets and ongoing business operations of the Company were transferred in accordance with the respective 'asset purchase agreement' dated 1 November 2020. The Company ceased trading effective 1 November 2020.

In order to facilitate the business transfer transaction, the Company's £2.5m of share capital was reduced in its entirety in order to create an additional £2.5m of distributable reserves.

The turnover for the ten months of trading was consistent with prior year performance in spite of highly competitive market conditions.

The results for the year are given in the statement of income and retained earnings on page 7. In the year turnover has decreased to £13.0 million from £21.6 million in 2019.

Operating profit was £0.4 million in 2020 compared to £1.2 million in the previous year.

The ten months performance in 2020 is in line with the expectations of the directors.

#### **Key performance indicators**

The directors monitor the performance of the Company and review various key performance indicators as part of this process.

Management has considered the most important key performance indicators for monitoring of the business which include revenue growth and operating profit as well as cash generation. The most significant revenue streams are truck sales and services revenue, and for both of these revenue streams the most important indicator is new truck units sold, which was 400 for the ten months in 2020 compared to 398 for the twelve months in the prior year.

The Company is managed by the UK management team along with other UK KION entities. The performance and results for all UK entities are analysed on a worldwide KION measurement basis, at a business unit and sector level. For this reason, the directors of the Company believe that analysis using key performance indicators is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements. The development, performance and position of KION Group AG, which includes the UK entities, is discussed in the KION Group's consolidated financial statements for the year ended 31 December 2020, which are available to the public and may be obtained from the KION Group's website (see note 20).

#### **Objectives and strategy**

The Company is the market leader in its territory for its products and aims to establish itself as a world class service provider and an employer of choice.

#### **Markets and regulatory**

The Company is part of a global organisation which sells a full range of material handling equipment to industry. The Group has full control of the service and rental network across mainland UK.

The 'Linde' brand is recognised throughout the world as a leading supplier of quality forklift trucks and material handling equipment.

### **SECTION 172(1) STATEMENT**

In performing their duties under section 172, the directors of Linde Material Handling Scotland Limited have had regard to the matters set out in section 172(1) as follows:

#### **The directors' approach**

The board has a duty to promote the success of the company for the benefit of its members and stakeholders as a whole.

In doing so, the Directors place great importance in the interest of the company's employees, its business relationships with suppliers and customers and the impact of its operations on communities and the environment when making decisions.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **Maintaining our licence to operate**

During the year the Company continued with its Employee Engagement programme. Twice a year all UK based employees are now encouraged to give their own feedback, anonymously, on a range of topics including communication & collaboration, strategy & direction, leadership and recognition & feedback. The results of various surveys have so far been analysed with direct actions already having been implemented with the intention to address topics where employees have highlighted a potential for improvement.

In terms of the Company's involvement in the community, there is a very positive staff initiative which organises a collection of vital items for donation to the local food bank charities at Christmas. This initiative is supported and facilitated by the management team.

The Company takes very seriously its environmental, quality and health & safety commitments. The Company is able to operate safely, with increasing focus on environmental issues, thereby ensuring that working practices are kept up to date to ensure compliance with the H&S work act and UK BS ISO Occupational Health and Safety, Environmental and Quality standards as appropriate.

In terms of its environmental impact, the Company is part of a Group-wide sustainability programme which is consistently being implemented and reviewed. The KION Group aims to continuously improve its sustainability performance, and to this end, the programme includes fourteen fields of action which were derived from an initial materiality analysis. Underpinning each action field is a specific programme with aims, measures and, where appropriate, quantifiable performance measures. The resulting sustainability targets define a minimum standard that is binding for the entire KION Group. The development of the action fields is ongoing. They include a review of sustainability requirements with regard to incorporation into the product development process, and environmental protection measures such as the definition and management of an effective waste management system.

The Company upholds the shared KION Group values, which come under the four main headings of integrity, collaboration, courage and excellence. These shared values and leadership principles are designed to drive the individual actions of employees and their collaboration with colleagues, superiors, customers, suppliers and applicants.

Through its UK network operations, the KION Group in the UK organises various innovation days and product launches in order to engage proactively with its customers. The Company seeks to offer innovative solutions, especially in relation to environmental, automation and energy saving objectives, to support its customers with all their materials handling needs. The Company works very closely with its supply chain to ensure continuity of supply, with consideration of potential disruption due to Brexit and other external and international factors. The Company engages with suppliers at all levels of the business to ensure conformance with the Company's compliance standards so that operations are able to run smoothly throughout the business and its supply chain.

The Directors have always, both collectively and individually, taken decisions for the long term and consistently aim to uphold the highest standards of business conduct. In this regard the UK senior management team meet on a monthly basis and discuss and agree ways in which it can continue to uphold the highest values in its relationship with customers & suppliers, employees, the local community and the environment.

### **Key decisions in the year**

On 1 November 2020 the Company transferred its entire business, as a going concern, to a group sister company, Linde MH UK Limited. This transfer was part of a UK wide Group entity restructuring program, with the intention of further enhancing the performance and efficiencies of the UK Group operations as a whole. The net assets and ongoing business operations of the Company were transferred in accordance with the respective 'asset purchase agreement' dated 1 November 2020. The Company ceased trading effective 1 November 2020.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

There were no significant risks or uncertainties identified, following the transfer of the business as a going concern to another UK group entity, and following the subsequent decapitalisation and distribution of reserves up to the immediate parent undertaking.

### **FUTURE DEVELOPMENTS**

The directors do not anticipate any changes to the activities of the Company in the near/foreseeable future.

Details of significant events since the balance sheet date are contained in note 19 to the financial statements, where applicable.

**LINDE MATERIAL HANDLING SCOTLAND LIMITED**

**STRATEGIC REPORT (CONTINUED)**

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'C Blebta', written in a cursive style.

C Blebta  
Director  
30<sup>th</sup> March 2021

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Company, together with the financial statements, for the year ended 31 December 2020.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year was the sales, service and rental of materials handling equipment. This trading activity ceased from 1 November 2020, due to the transfer of the business as a going concern to another group entity (see Strategic Report on page 2 for further details).

### **FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE**

There are no future developments or events to report.

It is intended for the Company to remain as a dormant non-trading entity for the foreseeable future.

### **GOING CONCERN**

As required by accounting standards because the company has ceased to trade, the financial statements are prepared on a basis other than going concern. The financial statements do not include any adjustments that arose from ceasing to be prepared on a going concern basis.

Further details regarding the method of preparing the financial statements on a basis other than going concern, can be found in note 1 (accounting policies) of the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 (accounting policies) of the financial statements.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Following the cessation of the Company's trading activities, and subsequent transfer of business as a going concern to another group entity, there are no longer any identified risks in relation to the Company.

### **DIVIDENDS**

During the year the company did not pay a dividend (2019: £1,002,847) to Linde Material Handling (UK) Ltd, the Company's immediate parent undertaking. They do not propose a further dividend for the year ended 31 December 2020.

Following the transfer of the business to Linde MH UK Ltd at 1 November 2020, the Company made a final distribution in specie as distribution of the Company's net assets of £10.4m (2019: £nil). The net assets comprising of an inter-company loan agreement with Linde MH UK Limited.

### **DIRECTORS**

The directors who held office during the year and to the date of signing are set out on page 1 of these financial statements. There have been changes, as below:

M Sammartano (resigned 20 January 2021)

U Just (appointed 12 October 2020)

### **DIRECTORS' INDEMNITIES**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **ANTI-SLAVERY**

The Company has a zero-tolerance approach to modern slavery and human trafficking and takes all necessary steps to ensure that slavery and trafficking are not taking place in any of its supply chains, or in any part of its own business. The Company is committed to acting ethically and with integrity in all its business dealings and relationships and is committed to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere within the Company or those of its suppliers. The Company's anti-slavery policy is published and reviewed on an annual basis and is available in full on the Company's website.

### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company

## **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **CLIMATE CHANGE**

The Company is committed to a program of continual improvement in environmental performance, including protection of the environment and minimising its impact on climate change. This includes, where possible, preventing pollution at source, taking into consideration business objectives, employees, the local community and continual improvement of its Environmental Management System. The Company takes very seriously its responsibility to address climate change concerns, and to minimise waste through better utilisation of raw materials, including use of reusable and recyclable materials. Further it seeks to establish objectives and targets for the reduction of gas, electricity and water.

#### **EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and internal news publications prepared by both the Company and by the Group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

During the year the parent company, KION Group AG, again made available its employee equity programme to the UK employees. The name of the programme is KEEP, allowing eligible employees to purchase a limited number of share packages in KION. The scheme was originally introduced formally in the autumn of 2015.

#### **POLITICAL CONTRIBUTIONS**

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

#### **EXEMPTION FROM AUDIT**

For the year ending 31 December 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board and signed on its behalf by:



C Blebta  
Director  
30<sup>th</sup> March 2021



## **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

In preparing these financial statements, the directors are 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 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 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.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **STATEMENT OF INCOME AND RETAINED EARNINGS** **For the year ended 31 December 2020**

	<b>Note</b>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>TURNOVER</b>	3	13,027	21,614
Cost of sales		(10,981)	(18,252)
<b>GROSS PROFIT</b>		2,046	3,362
Administrative expenses		(760)	(839)
Distribution costs		(921)	(1,372)
Other operating income		25	63
<b>OPERATING PROFIT</b>		390	1,214
Finance costs (net)	4	(157)	(257)
<b>PROFIT BEFORE TAXATION</b>	5	233	957
Tax on profit	8	(50)	(121)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		183	836

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **BALANCE SHEET** **As at 31 December 2020**

	Note	2020 £000	2019 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	-	3,657
		-	3,657
<b>CURRENT ASSETS</b>			
Stocks	10	-	1,347
Debtors			
Due within one year	11	-	12,635
Due after one year	11	-	2
Cash at bank and in hand		-	1
		-	13,985
<b>CREDITORS: amounts falling due within one year</b>	12	-	(5,061)
<b>NET CURRENT ASSETS</b>		-	8,924
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		-	12,581
<b>CREDITORS: amounts falling due after more than one year</b>	13	-	(2,349)
<b>NET ASSETS</b>		-	10,232
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	2,500
Profit and loss account	16	-	7,732
<b>SHAREHOLDERS' FUNDS</b>		-	10,232

These financial statements of Linde Material Handling Scotland Limited, registered number 03446986 were approved by the Board of Directors and authorised on 30<sup>th</sup> March 2021.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

Signed on behalf of the Board of Directors



C Blebta  
Director

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **For the year ended 31 December 2020**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2019</b>	<b>2,500</b>	<b>7,899</b>	<b>10,399</b>
Profit for the financial year	-	836	<b>836</b>
Dividends paid	-	(1,003)	<b>(1,003)</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>2,500</b>	<b>7,732</b>	<b>10,232</b>
Profit for the financial year	-	183	<b>183</b>
Capital reduction December 2020	(2,500)	2,500	-
Distribution in specie at December 2020	-	(10,415)	<b>(10,415)</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2020**

### **1. ACCOUNTING POLICIES**

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

#### **General information and basis of accounting**

Linde Material Handling Scotland Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. 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 directors' report on page 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Linde Material Handling Scotland Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Linde Material Handling Scotland Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **Exemption from audit**

For the year ending 31 December 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

#### **Going concern**

As required by accounting standards, because the Company has ceased to trade as from 1 November 2020, the financial statements are prepared on a basis other than going concern. The financial statements do not include any adjustments that arose from ceasing to be prepared in a going concern basis.

At the year end the Company had net amounts receivable from related companies of £nil (2019: £5,151,000) and has net current assets of £nil (2019: £8,924,000).

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	25 years
Plant, machinery and office equipment	3 to 10 years
Hire Fleet	2 to 10 years

# LINDE MATERIAL HANDLING SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2020

### 1. ACCOUNTING POLICIES (Continued)

#### **Tangible fixed assets (continued)**

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current year or prior years.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

## **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Financial instruments (continued)**

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *(ii) Investments*

In the balance sheet, investments in subsidiaries and associates are measured at cost less impairment. Any premium is ignored.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is the estimated selling price less further costs for completion and disposal. Raw materials and consumable goods are valued on a moving average cost basis. Work-in-progress and finished goods are valued at direct cost of production plus attributable overheads. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

##### *Financial assets*

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### **Employee benefits**

The Company contributes to two defined contribution pension schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting year.

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### **Interest and other operating income**

Interest income and other operating income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

#### **Leases**

##### *As Lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

##### *As Lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Where assets are leased to customers under a non-disclosed agency arrangement, without risk to the Company, only agency commission is reflected in the income statement, with balances due from the customer or payable to the lessor reflected in the balance sheet.



## **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## LINDE MATERIAL HANDLING SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

#### 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 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

##### Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### Classification of Leases

A judgement is made to determine whether trucks leased to customers should be accounted for as an operating or finance lease, and hence the extent of transfer of risks and rewards. This takes into consideration the length of the lease, the nature of the contract and the terms within the contract. If the lease is deemed to be an operating lease, the asset remains on the balance sheet and the revenue is deemed to be rental income and recognised over the lease term. If, however the risks and rewards of ownership are deemed to have been transferred, the asset is derecognised and revenue is recognised from initial sale of the goods, together with ongoing recognition over the period of the lease for the elements of consideration representing servicing revenue.

##### Key source of estimation uncertainty – Impairment

The main area within the accounts where estimation uncertainty is involved is in considering potential impairment triggers relating to the fleet asset base. In order to assess for potential impairment of the fleet asset base, management take into consideration utilisation rates, the age portfolio and prior application of the fleet.

#### 3. TURNOVER

The turnover is wholly attributable to the principal activity of the Company and arose in the United Kingdom. Turnover by destination is no different to turnover by origin.

An analysis of the turnover is as follows:

	2020 £000	2019 £000
Sale of goods	5,707	11,993
Supply of services	7,320	9,621
	<u>13,027</u>	<u>21,614</u>

#### 4. FINANCE COSTS (NET)

	2020 £000	2019 £000
Interest payable and similar charges	177	321
Other finance income	(20)	(64)
	<u>157</u>	<u>257</u>

# LINDE MATERIAL HANDLING SCOTLAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2020

### 4. FINANCE COSTS (NET) (CONTINUED)

#### *Interest payable and similar charges*

	2020 £000	2019 £000
Finance leases and hire purchase contracts	177	321

#### *Other finance income*

	2020 £000	2019 £000
Other interest receivable and similar income	(20)	(64)

### 5. PROFIT BEFORE TAXATION

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

	2020 £000	2019 £000
Depreciation on tangible fixed assets (see note 9)	65	80
Depreciation on leased assets (see note 9)	844	1,190
Operating lease rentals	365	451

Auditor remuneration costs relating to the audit of the financial statements are borne by the immediate parent undertaking, Linde Material Handling (UK) Limited.

The amount of inventories recognised as an expense during the year amounted to £6,473,812 (2019: £12,569,000).

### 6. STAFF NUMBERS AND COSTS

The average monthly number of employees (including executive directors) was:

	Number of employees	
	2020 No.	2019 No.
Office and management	23	29
Service and production	51	65
	74	94

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	2,371	3,176
Social security costs	250	381
Other pension costs (see note 18)	245	341
	2,866	3,898

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2020**

### **7. DIRECTORS' REMUNERATION AND TRANSACTIONS**

The directors receive remuneration from other group companies in respect of their services to the Group. Their allocation to this Company is £nil (2019: £ nil).

### **8. TAX ON PROFIT**

The tax charge comprises:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax on profit</i>		
UK corporation tax	164	(19)
Adjustment in respect of prior years	(28)	275
	<hr/>	<hr/>
Total current tax	136	256
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(86)	(135)
	<hr/>	<hr/>
Total deferred taxation (see note 14)	(86)	(135)
	<hr/>	<hr/>
Total tax on profit	<u>50</u>	<u>121</u>

The standard rate of tax applied to reported profit is 19% (2019: 19%). The applicable tax rate is aligned with the substantive enactment of the Finance Act 2017. Deferred tax has been calculated at 19% (2019: 17%), being the future corporation tax rates announced.

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Profit before tax</b>	<u>233</u>	<u>957</u>
Current tax at 19% (2019: 19%)	44	182
Effects of:		
Expenses not deductible for tax purposes	12	6
Depreciation for year lower than capital allowance	108	(207)
Adjustment in respect of prior years	(28)	275
Changes in deferred tax assets	(86)	(135)
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<u>50</u>	<u>121</u>

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

### **9. TANGIBLE ASSETS**

	Freehold property £000	Plant, machinery and office equipment £000	Hire fleet £000	Total £000
<b>Cost</b>				
At 1 January 2020	1,770	618	7,889	10,277
Additions	28	13	1,344	1,385
Disposals	-	-	(1,601)	(1,601)
Transfer of business as going concern 1 November 2020	(1,798)	(631)	(7,632)	(10,061)
At 31 December 2020	-	-	-	-
<b>Depreciation</b>				
At 1 January 2020	1,419	537	4,664	6,620
Charge for the year	50	15	844	909
Disposals	-	-	(711)	(711)
Transfer of business as going concern 1 November 2020	(1,469)	(552)	(4,797)	(6,818)
At 31 December 2020	-	-	-	-
<b>Net book value</b>				
At 31 December 2020	-	-	-	-
At 31 December 2019	351	81	3,225	3,657
Finance leased assets included above:				
<b>Net book value</b>				
At 31 December 2020	-	-	-	-
At 31 December 2019	-	-	3,225	3,225

### **10. STOCKS**

	2020 £000	2019 £000
Raw materials and consumables	-	118
Work in progress	-	239
Finished goods and goods for resale	-	990
	-	1,347

There is no material difference between the balance sheet value of the stocks and their replacement cost.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

### **11. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts falling due within one year:</i>		
Trade debtors	-	1,717
Amounts owed by entities with control over the entity	-	9,214
Amounts owed by group undertakings	-	654
Other debtors	-	4
Prepayments and accrued income	-	110
Deferred taxation (see note 14)	-	934
Amounts receivable under finance lease & hire purchase contracts to third parties	-	2
	<u>-</u>	<u>12,635</u>
<i>Amounts falling due after more than one year:</i>		
Amounts receivable under finance lease & hire purchase contracts to third parties	-	2
	<u>-</u>	<u>2</u>

Amounts owed by entities with control over the entity includes loans of £nil (2019: £9,119,035), repayable on demand. Interest is receivable on the loans at a variable rate of LIBOR + 0% on the principal amounts. The rates of interest applied are in line with current market rates. The remaining balance and amounts owed to group undertakings relates to trade receivables which are cleared via inter-company netting in the following month.

### **12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts to group undertakings (see note 13)	-	1,035
Trade creditors	-	367
Amounts owed to entities with control over the entity	-	986
Amounts owed to group undertakings	-	347
Corporation tax	-	367
VAT	-	96
Other taxation and social security	-	89
Other creditors	-	48
Accruals and deferred income	-	1,709
Defined contribution pension scheme accrual	-	17
	<u>-</u>	<u>5,061</u>

Amounts owed to entities with control over the entity includes loans of £nil (2019: £292,558). Interest is payable on the loans at a variable rate of LIBOR + 1.02% on the principal amounts. The rates of interest applied are in line with current market rates. The remaining balance and amounts owed to group undertakings relates to trade payables which are cleared via inter-company netting in the following month.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

### **13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2019</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts to group undertakings	-	2,349
<b>Finance leases</b>		
Between one and two years	-	699
Between two and five years	-	1,373
After five years	-	277
	-	2,349
On demand or within one year (see note 12)	-	1,035
	-	3,384

### **14. DEFERRED TAXATION**

	<b>Deferred taxation 2020 £000</b>
<b>Deferred tax asset:</b>	
At beginning of year	934
Credit to the income statement for the year	86
Transfer of business as going concern at 1 November 2020	(1,020)
At end of year	-

The elements of deferred taxation are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Difference between accumulated depreciation and amortisation and capital allowances (undiscounted)	-	934

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

# **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2020**

### **15. FINANCIAL INSTRUMENTS**

The carrying values of the Company and Company's financial assets and liabilities are summarised by category below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 11)	-	1,721
Amounts due from group companies (see note 11)	-	9,868
	<u>-</u>	<u>11,589</u>
<b>Financial liabilities</b>		
Measured at amortised cost		
Obligations under finance leases (see note 13)	-	3,384
Measured at undiscounted amount payable		
Trade and other creditors (see note 12)	-	415
Amounts owed to group companies (see note 12)	-	1,333
	<u>-</u>	<u>5,132</u>
<b>Interest income and expense</b>		
Total interest income for financial assets at amortised cost	(20)	(64)
Total interest expense for financial liabilities at amortised cost	<u>177</u>	<u>321</u>

### **16. CALLED UP SHARE CAPITAL AND RESERVES**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
2,500,000 ordinary shares of £1 each	<u>-</u>	<u>2,500</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses.

### **17. FINANCIAL COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Land and</b>	<b>Other</b>	<b>Land and</b>	<b>Other</b>
	<b>buildings</b>		<b>buildings</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	-	-	56	290
Between one and five years	-	-	291	362
After 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>347</u>	<u>652</u>



## **LINDE MATERIAL HANDLING SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2020**

#### **18. EMPLOYEE BENEFITS**

##### ***Defined contribution schemes***

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2020 was £245,445 (2019: £341,180). As at 31 December 2020 the company had an accrual in respect of unpaid contributions of £nil (2019: £17,297).

#### **19. SUBSEQUENT EVENTS**

There are no subsequent events to report.

#### **20. CONTROLLING PARTY**

The ultimate parent undertaking and ultimate controlling party is KION Group AG which is incorporated in Germany and listed on the Frankfurt Stock Exchange. The registered office address is Thea-Rasche-Strasse 8, 60549 Frankfurt, Germany. The financial statements of the Company are consolidated only into the financial statements of KION Group AG.

The consolidated financial statements of KION Group AG are available to the public on their website [www.kiongroup.com](http://www.kiongroup.com) or copies can be obtained from Linde Holdings Limited, Kingsclere Road, Basingstoke, Hampshire, RG21 6XJ.

The immediate parent undertaking is Linde Material Handling (UK) Limited, a Company registered in England and Wales. Copies of the immediate parent's financial statements may be obtained from Linde Holdings Limited, Kingsclere Road, Basingstoke, Hampshire, RG21 6XJ.

#### **21. TRANSFER OF BUSINESS AS A GOING CONCERN**

On 1 November 2020 the Company transferred its entire business, as a going concern, to a group sister company, Linde MH UK Limited, a company registered in England and Wales. This transfer is part an ongoing Group entity restructuring program, which is intended to further enhance the performance and efficiencies of the UK Group operations as a whole. The net assets and ongoing business operations of the Company were transferred in accordance with the respective 'asset purchase agreement' dated 1 November 2020. The Company ceased trading effective 1 November 2020.

The value of net assets transferred to Linde MH UK Limited, at 1 November 2019, was £10.4m.

In order to facilitate the business transfer transaction, £2,500,000 of the Company's share capital was reduced in its entirety in order to create additional distributable reserves on 01 November 2020. The Company has distributed the full amount of the resulting distributable reserves, via a dividend in specie, to its immediate parent undertaking, Linde Material Handling (UK) Limited. The value of this distribution was £10.4m.