

**JUNGHEINRICH UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

Company Number: 00757192

TUESDAY



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## **JUNGHEINRICH UK LIMITED**

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## **JUNGHEINRICH UK LIMITED DIRECTORS AND ADVISERS**

### **Directors**

L Langrish-Smith (resigned 31 July 2015)  
D Schulz  
J Kiel  
K Gloystein  
J-M Lorenz  
S Brehm (appointed 1 April 2015)  
R Parker (appointed 1 August 2015)

### **Secretary and Registered Office**

R Parker  
Sherbourne House  
Sherbourne Drive  
Tilbrook  
Milton Keynes  
MK7 8HX

### **Statutory Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Deloitte House  
Station Place  
Cambridge  
CB1 2FP

### **Bankers**

Barclays Bank PLC  
Corporate Banking Centre  
P O Box 543  
51 Mosley Street  
Manchester  
M60 2BU

HSH NordBank  
Marstensdamm 6  
24103 Kiel  
Germany

Commerzbank  
Ness 7 – 9  
20457 Hamburg  
Germany

### **Solicitors**

Brabners Chaffe Street  
Brook House  
77 Fountain Street  
Manchester  
M2 2EE

# **JUNGHEINRICH UK LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their strategic report for the year ended 31 December 2015.

### **Principal activity**

The principal activity of the company continues to be the sale, hire and servicing of mechanical handling equipment.

### **Review of business**

During the year, the market in which the company operates increased substantially by around 15% from 2014. The company maintained its position in the market with a market share of 15.5% (2014: 15.9%). The volume of truck sales increased 12% on 2014 to 5,684 pieces, with turnover increasing by 10% on 2014. The business continued to work on improving its sales and service support functions and continuing to strengthen its relationships with major UK customers and their suppliers.

*(Market data source: WITS)*

### **Key performance indicators**

The company has reported an operating profit of £8,621k (2014: £6,410k), representing a return on sales of 5.0% (2014: 4.1%).

The company has reported a profit before tax of £7,538k (2014: £4,472k).

The company's defined benefit pension scheme (Jungheinrich UK Limited Retirement Benefit Scheme) reported a surplus of £16,749k at 31 December 2015 (2014: £13,514k). The company continues to pay additional contributions to reduce the underlying funding deficit. The company retains a strong balance sheet position underpinned by a focus on controls around stock and debtors.


### **Future developments**

Looking forward, 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. It offers high quality products and innovation to its customers, giving a strong competitive advantage.

### **Ethical code of conduct and Bribery Act**

The directors operate an ethical code of conduct and an Anti-Bribery policy that they take very seriously and expect all their employees, suppliers and customers to abide by and respect in all matters of business.

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



28 June 2016

**R Parker**  
**Director**

## **JUNGHEINRICH UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

#### **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.

#### **Appointment of auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

**JUNGHEINRICH UK LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED)**

**Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are 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/she ought to have taken as a director in order to make himself/herself 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.

**Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the newsletters and distribution of the annual report.

The company is still highly dedicated to its Apprentice scheme and the intake, in particular in the after sales area, grows year on year.

**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.

**JUNGHEINRICH UK LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED)**

**Going concern**

As highlighted in the Strategic Report on page 2, the economic conditions have improved in recent years and the market has returned to healthy levels which should enable the company to achieve its growth ambitions.

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK, which the directors believe would provide sufficient support in the absence of any other bank facilities.

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

**Financial risk management objectives and policies**

*Price Risk*

The company is exposed to price risk as a result of its operations. The company sources most supplies from other group companies at agreed prices. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

*Foreign exchange risk*

The company purchases the majority of its supplies from fellow group subsidiaries at prices denominated in Euros. As such, the company is exposed to foreign exchange risk on outstanding Euro balances as well as the risk of longer term exchange rate trends impacting the cost of goods purchased, and therefore profitability. The company seeks to mitigate foreign exchange risk by entering into forward exchange rate contracts with third party banks covering future forecast purchases.

*Credit Risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit which is assessed by the credit control function with reference to external credit management agencies.

*Liquidity risk*

The company's planning, forecasting and working capital management processes are designed to mitigate liquidity risk arising from ongoing trade and any planned growth. When required, the company has access to external loans secured by other companies within the Jungheinrich group. The liquidity of the company is discussed further in the going concern consideration in note 1 to the financial statements.

**JUNGHEINRICH UK LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**  
**(CONTINUED)**

**Financial risk management objectives and policies (continued)**

*Interest rate cash flow risk*

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

*Creditor payment policy*

Our policy is to pay suppliers within their agreed terms. All suppliers are informed of our policy on the establishment of a new supplier account.

**Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: £nil).

**Events after the balance sheet date**

On 20<sup>th</sup> June 2016, the company entered into a flexible apportionment arrangement with fellow group company Boss Manufacturing Limited, to transfer a defined benefit pension liability from Boss Manufacturing Limited to Jungheinrich UK Limited at carrying value, for zero consideration. The liability transferred relates to the Jungheinrich UK Limited Retirement Benefits Scheme, of which Jungheinrich UK Limited is the principal employer and Boss Manufacturing was also a participating employer.

The financial effect of this arrangement is to reduce the value of the net pension asset and also the equity of Jungheinrich UK Limited by an amount of £8,865k at the date of transfer. Going forward, Jungheinrich UK Limited will also bear future interest costs associated with this liability.

Prior to the above transaction, a redesignation of the preference share capital of £8,600k and the capital contribution reserve of £5,240k into ordinary share capital was carried out, followed by a capital reduction which reduced the ordinary share capital in the company by £35,212k to a balance of £34,000k, with an equivalent increase in distributable reserves.

No adjustment has been recognised in these financial statements in relation to these transactions.

**By order of the board**



28 June 2016

**R Parker**  
**Director**



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH UK LIMITED**

We have audited the financial statements of Jungheinrich UK Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 28. 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 directors; 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.

## **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 2015 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUNGHEINRICH UK LIMITED (Continued)**

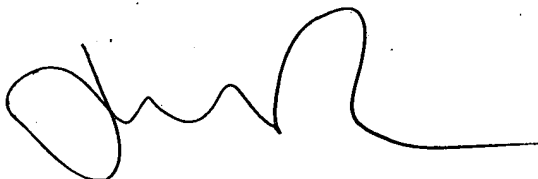
## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

## **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 directors' 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  
Chartered Accountants and Statutory Auditor  
Cambridge, UK

28/06/ 2016

**JUNGHEINRICH UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
Turnover	3	172,313	156,486
Cost of sales		(107,739)	(96,936)
Gross profit		64,574	59,550
Staff costs	5	(36,418)	(35,485)
Depreciation and amounts written off tangible and intangible fixed assets	10, 11	(4,522)	(4,271)
Other operating expenses		(15,013)	(13,384)
Gains/(losses) on derivative financial instruments	20	296	(160)
Operating profit		8,917	6,250
Interest receivable and similar income	6	29	10
Interest payable and similar charges	7	(1,408)	(1,788)
Profit on ordinary activities before taxation	8	7,538	4,472
Tax on profit on ordinary activities	9	(1,672)	(1,461)
Profit for the financial year	23	5,866	3,011

All results are derived from continuing operations.


**JUNGHEINRICH UK LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £'000	2014 £'000
<b>Profit for the year</b>		<b>5,866</b>	<b>3,011</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension scheme	19	1,812	7,207
Deferred tax charge attributable to actuarial gains and losses	9	(367)	(1,441)
Items that may be reclassified subsequently to profit and loss:			
Gains/(losses) from the measurement of financial instruments with a hedging relationship	20	1,290	(1,356)
Amounts transferred to profit and loss account	20	2,226	867
Deferred tax attributable to measurement of financial instruments with a hedging relationship	9	(663)	98
<b>Other comprehensive income</b>		<b>4,298</b>	<b>5,375</b>
<b>Total comprehensive income for the year attributable to shareholders</b>		<b>10,164</b>	<b>8,386</b>

**JUNGHEINRICH UK LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Intangible assets	10	51	78
Tangible assets	11	23,466	21,111
		<b>23,517</b>	<b>21,189</b>
<b>Current assets</b>			
Stocks	12	26,426	24,534
Debtors: amounts falling due within one year	13	45,189	37,635
Deferred tax assets	18	3,467	5,453
Cash at bank and in hand		1,471	3,504
Derivative financial assets held for trading	20	196	-
Derivative financial assets designated for hedging	20	2,883	-
		<b>79,632</b>	<b>71,126</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(50,031)</b>	<b>(47,256)</b>
Derivative financial liabilities held for trading	20	(170)	(270)
Derivative financial liabilities designated for hedging	20	-	(580)
<b>Net current assets</b>		<b>29,431</b>	<b>23,020</b>
<b>Total assets less current liabilities</b>		<b>52,948</b>	<b>44,209</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(19,145)</b>	<b>(18,426)</b>
Deferred tax liabilities	18	(3,415)	(2,703)
Financial liabilities designated for hedging	20	-	(53)
<b>Provisions for liabilities</b>	17	<b>(3,571)</b>	<b>(3,139)</b>
<b>Net assets excluding pension asset</b>		<b>26,817</b>	<b>19,888</b>
Net pension asset	19	16,749	13,514
<b>Net assets including pension asset</b>		<b>43,566</b>	<b>33,402</b>
<b>Capital and reserves</b>			
Called up share capital	21	63,972	63,972
Capital contribution		5,240	5,240
Hedging reserve	22	2,347	(506)
Profit and loss account	23	(27,993)	(35,304)
		<b>43,566</b>	<b>33,402</b>

The financial statements of the company (registration number 00757192) were approved by the board of directors and authorised for issue on 28/6/2016. They were signed on its behalf by:



**R Parker**  
**Director**

**JUNGHEINRICH UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

	Called up share capital £'000	Capital contribution £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
Balance at 1 January 2014 as previously stated	63,972	5,240	(43,993)	-	25,219
Effect of transition to FRS 101 (see note 27)	-	-	(88)	(115)	(203)
Restated balance at 1 January 2014	63,972	5,240	(44,081)	(115)	25,016
Profit for the year	-	-	3,011	-	3,011
Other comprehensive income for the year	-	-	5,766	(391)	5,375
Total comprehensive income for the year	-	-	8,777	(391)	8,386
<b>Balance at 31 December 2014</b>	<b>63,972</b>	<b>5,240</b>	<b>(35,304)</b>	<b>(506)</b>	<b>33,402</b>
Balance at 1 January 2015	63,972	5,240	(35,304)	(506)	33,402
Profit for the year	-	-	5,866	-	5,866
Other comprehensive income for the year	-	-	1,445	2,853	4,298
Total comprehensive income for the year	-	-	7,311	2,853	10,164
<b>Balance at 31 December 2015</b>	<b>63,972</b>	<b>5,240</b>	<b>(27,993)</b>	<b>2,347</b>	<b>43,566</b>

The profit and loss account reserve represents accumulated retained earnings.

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

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

**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**

Jungheinrich UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. 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).

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to 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. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see note 27.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, non-current assets held for sale, 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 26.

**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, and the measurement of the defined benefit pension obligation in accordance with IAS 19. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Basis of accounting (continued)**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

**Going concern**

As highlighted in the Strategic Report on page 2, the economic conditions have improved in recent years and the market has returned to healthy levels which should enable the company to achieve its growth ambitions.

Taking into account changes in trading performance, the company's forecast and projections enable the directors to be confident that the company can operate within its bank facilities currently in place. Jungheinrich AG, the ultimate parent company, has allocated group banking facilities for Jungheinrich UK, which the directors believe would provide sufficient support in the absence of any other bank facilities.

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



**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Intangible and tangible fixed assets**

Purchased intangible assets with a finite useful life are carried at acquisition cost less accumulated amortisation and impairments. Amortisation is recognised on a straight line basis over their useful economic life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

Tangible assets are carried at historical acquisition cost less accumulated depreciation and impairments. Land is not depreciated.

Depreciation is provided on all tangible assets other than freehold land. Trucks on hire are depreciated using the reducing balance method. All other fixed assets are depreciated at rates calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

The principal lives used for this purpose are:

Intangible assets:

Software	3 – 8 years
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Tangible assets:

Freehold buildings	25 years
Leasehold improvements	Over the remaining life of the lease
Motor vehicles	4 - 7 years
Fixtures, fittings, tools and equipment	3 - 10 years
Plant and machinery	5 - 8 years
Trucks on hire to customers (Product Group 1)	9 years
Trucks on hire to customer (Product Group 2)	6 years

**Impairment of intangible and tangible fixed assets**

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is calculated as the estimated discounted future cash flows. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in profit or loss.

If there is an indication that an impairment loss recognised in previous years may no longer exist or may have decreased, the recoverable amount of the asset is estimated and the previously recognised impairment is reversed if appropriate.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Leased assets**

***Finance leases***

Finance leases are leases which confer rights and obligations similar to those attached to owned assets. Certain trucks for hire are held under finance leases and hire purchase agreements. A sum equivalent to the cost of these assets is capitalised and is depreciated over the shorter of the lease term or the estimated economic lives of the assets. A corresponding amount is recorded as a creditor and is reduced by the capital element of the annual lease payments. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance.

***Operating leases***

Certain land and buildings and plant and machinery are held under operating leases, for which rentals are charged on a straight line basis over the lease term. The company also enters into operating lease transactions whereby it acts as lessors in respect of trucks. Rentals are charged on a straight line basis over the lease term.

***Residual interests on leased trucks***

A significant portion of the company's UK sales are through related party leasing companies whereby the company sells equipment to the leasing company which in turn enters into a lease agreement with the customer. Some leases contain a commitment from the company to repurchase the equipment from the customer at the end of the lease at a price specified in the lease agreement.

Consequently, the company has a liability to repurchase equipment at the end of the lease term which is matched by an equivalent asset, being the repurchased equipment, subject to the extent that the agreed repurchase price of the equipment does not exceed its realisable value at the time of repurchase.

Accordingly, the equipment to be repurchased is recorded as stock on the balance sheet at the lower of cost and net realisable value and the corresponding liability is recorded within creditors payable either within or after one year, according to the timing of the commitments.

The assets are not depreciated until repurchase.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Turnover**

Turnover is stated net of VAT and trade discounts.

Turnover on sale of goods is recognised upon dispatch.

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 value of the consideration due. For fixed term service contracts, turnover is recognised on a straight-line basis over the term of the contract. Turnover on short-term services rendered is recognised upon job completion.

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.

The company also operates certain installation contracts that may be partially completed at the balance sheet date. Turnover and profit on these contracts is recognised by reference to the stage of completion of the contract. Foreseeable losses are recognised immediately and in full in the profit and loss account.

Rental income received under operating leases are recognised as described in the company's accounting policy for leased assets above.

**Taxation**

Current 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 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

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 and deferred tax arising in the year 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.

**Foreign currency transactions**

Foreign currency transactions completed during the year are recorded at the rate of exchange when the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except where they arise on certain financial instruments entered into for the purpose of hedging foreign currency risk (see below accounting policy on financial instruments).

**Pensions**

For the company's defined contribution scheme, the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable for the year on an accruals basis.

The company operates a defined benefit pension scheme, the Jungheinrich UK Limited Retirement Scheme (the scheme). The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of interest payable and similar charges. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Pensions (continued)**

The scheme is funded, with the assets held separately from those of the company, in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. The pension costs have been calculated under IAS 19 and assumptions used in the calculations are disclosed in note 19.

**Finance costs**

As explained below, where financial liabilities are measured at amortised cost, the associated finance costs are recognised in profit or loss using the effective interest method. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

**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 fair value through profit or loss' (FVTPL) 'held-to-maturity' investments or 'available-for-sale' in either the current year or the preceding year.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

*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.

*Impairment of financial assets*

Financial assets, other than those at FVTPL, 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.

For all other financial assets, 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.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

***Impairment of financial assets (continued)***

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

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.

***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.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

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

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.

***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.



**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

***De-recognition of financial liabilities***

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

***Derivative financial instruments***

The company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 20.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

***Hedge accounting***

The company designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 20 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in note 22.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

***Cash flow hedge***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the profit and loss account as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

***Warranties***

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant goods, at the directors' best estimate of the expenditure required to settle the company's obligation.

***Onerous contracts***

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The valuation of the company's liability in respect of the defined benefit pension scheme is a source of key estimation uncertainty. Further information around the sensitivity of the valuation to key assumptions is included within note 19.

Additionally, the measurement of provisions recognised in relation to loss making full services contracts is a source of key estimation uncertainty and further information is included within note 17.

**3 TURNOVER AND REVENUE**

The company's turnover and revenue is analysed as follows:

	2015 £'000	2014 £'000
Sale of goods	84,362	78,508
Rendering of services	56,662	52,286
Revenue from construction contracts	7,562	4,881
Equipment rental income	23,727	20,811
Turnover	172,313	156,486
Interest receivable and similar income (note 6)	29	10
<b>Total revenue</b>	<b>172,342</b>	<b>156,496</b>

Contributions to turnover by geographical area (by destination) were as follows:

	2015 £'000	2014 £'000
United Kingdom	168,024	152,334
Other European countries	4,202	3,957
Rest of the World	87	195
	172,313	156,486

Turnover includes £66,837k (2014: £59,386k) derived from other group undertakings. All turnover originates from the company's principal activity.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**4 DIRECTORS' REMUNERATION**

	2015 £'000	2014 £'000
Emoluments	380	396
Company contributions to pension scheme	27	42
Fees paid to third party	71	-
	<u>478</u>	<u>438</u>

One director is a member of a money purchase pension scheme. No directors have accrued retirement benefits under a defined benefit scheme (2014: £nil).

The emoluments of the highest paid director totalled £279k, which includes £15k pension contributions (2014: £252k, including £26k pension contributions).

**5 EMPLOYEE INFORMATION**

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

By activity	2015 Number	2014 Number
Service	539	503
Administration and sales	224	236
	<u>763</u>	<u>739</u>

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	30,195	29,729
Social security costs	3,176	3,311
Other pension costs	3,047	2,445
	<u>36,418</u>	<u>35,485</u>

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015 £'000	2014 £'000
Interest on deposits with other group companies	1	6
Bank interest	9	4
Net return on pension scheme (note 19)	19	-
	<u>29</u>	<u>10</u>

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £'000	2014 £'000
Bank interest payable	1	1
Interest payable to other group companies	1,407	1,601
Net return on pension scheme (note 19)	-	186
	<b>1,408</b>	<b>1,788</b>

**8 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	2015 £'000	2014 £'000
Amortisation of intangible fixed assets	28	49
Depreciation and amounts written off tangible fixed assets:		
Owned	2,979	2,156
Held under finance leases	1,515	2,066
Loss on disposal of tangible fixed assets	49	1
Cost of stock recognised as an expense	89,866	84,199
Auditor's remuneration for:		
Audit of the company's annual accounts	60	60
Foreign currency losses	2,038	828
Operating lease payments:		
Land and buildings	1,052	1,116
Motor vehicles	2,239	2,079
Trucks for hire	8,075	8,477
Other assets	159	259
Rentals receivable in respect of operating leases	(23,727)	(20,881)
Staff costs (note 5)	36,418	35,485

**9 TAXATION**

	2015 £'000	2014 £'000
Current tax - UK corporation tax	4	-
Deferred tax charge:		
- Origination and reversal of timing differences	1,393	1,461
- Effect of corporation tax rate change	275	-
Total tax charge on profit for the year	<b>1,672</b>	<b>1,461</b>

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**9 TAXATION (continued)**

<b>Tax charge reconciliation :</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Profit on ordinary activities before tax	<u>7,538</u>	<u>4,472</u>
Current tax at 20.25% (2014: 21.49%)	<b>1,526</b>	961
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>29</b>	149
Income not taxable	<b>(4)</b>	-
Other short term timing differences	<b>54</b>	-
Fixed asset ineligible depreciation	<b>94</b>	-
Group relief	-	461
Impact of rate difference between deferred and current tax	<b>(27)</b>	(110)
<b>Total tax charge for the year</b>	<u><b>1,672</b></u>	<u><b>1,461</b></u>

In addition to the above amounts charged to the profit and loss account, a deferred tax charge of £663k (2014: credit of £98k) has been recognised in other comprehensive income in relation to gains and losses from the measurement of financial instruments with a hedging relationship.

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.

On 16 March 2016, a further planned reduction was announced to reduce the UK corporation tax rate to 17% from 1 April 2020. If this planned reduction is enacted, this will reduce the company's future current tax charge accordingly.

The net deferred tax asset at 31 December 2015 has been calculated based on the rate of 18% (2014: 20%) substantively enacted at the balance sheet date.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**10 INTANGIBLE FIXED ASSETS**

<b>Computer software</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January	794	926
Additions	1	82
Disposals	-	(214)
<b>At 31 December</b>	<b>795</b>	<b>794</b>
<b>Depreciation</b>		
At 1 January	716	881
Charge	28	49
Disposals	-	(214)
<b>At 31 December</b>	<b>744</b>	<b>716</b>
<b>Net book value at 31 December</b>	<b>51</b>	<b>78</b>

**11 TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings</b>	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Fixtures, fittings, tools and equipment</b>	<b>Trucks on hire</b>	<b>Plant and machinery</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>							
At 1 January 2015	5,860	295	1,072	1,434	21,698	1,065	31,424
Additions	149	-	105	247	13,401	1	13,903
Disposals	(79)	-	(250)	-	(9,730)	-	(10,059)
<b>At 31 December 2015</b>	<b>5,930</b>	<b>295</b>	<b>927</b>	<b>1,681</b>	<b>25,369</b>	<b>1,066</b>	<b>35,268</b>
<b>Depreciation</b>							
At 1 January 2015	2,160	279	815	1,085	5,010	964	10,313
Charge	206	4	114	228	3,905	37	4,494
Disposals	(30)	-	(250)	-	(2,725)	-	(3,005)
<b>At 31 December 2015</b>	<b>2,336</b>	<b>283</b>	<b>679</b>	<b>1,313</b>	<b>6,190</b>	<b>1,001</b>	<b>11,802</b>
<b>Net book value at 31 December 2015</b>	<b>3,594</b>	<b>12</b>	<b>248</b>	<b>368</b>	<b>19,179</b>	<b>65</b>	<b>23,466</b>
<b>Net book value At 31 December 2014</b>	<b>3,700</b>	<b>16</b>	<b>257</b>	<b>349</b>	<b>16,688</b>	<b>101</b>	<b>21,111</b>

Trucks on hire above include assets the company holds under finance leases and hire purchase agreements, and leases to customers under operating leases. The net book value of the assets held under finance lease amounts to £4,308k (2014: £7,358k).

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**12 STOCKS**

	2015 £'000	2014 £'000
Finished goods (including parts stock)	9,847	10,990
Residual interest in trucks	16,579	13,544
	<u>26,426</u>	<u>24,534</u>

There is no material difference between book value of stocks and replacement cost.

**13 DEBTORS**

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	25,673	22,778
Amounts owed by other group undertakings	17,086	13,158
Other debtors	57	53
Prepayments and accrued income	2,373	1,646
	<u>45,189</u>	<u>37,635</u>

The gross amount due from customers for contract work at 31 December 2015 was £241k (2014: 862k).  
Amounts owed by group undertakings are due on normal invoice terms.

**14 CREDITORS: amounts falling due within one year**

	2015 £'000	2014 £'000
Obligations under finance leases (note 16)	1,055	2,073
Liabilities in respect of sale and repurchase transactions (note 16)	3,973	3,845
Trade creditors	8,363	7,079
Value added tax payable	2,950	2,309
Amounts owed to other group undertakings	15,169	14,432
Corporation tax payable	4	-
Other taxation including social security	876	771
Accruals and deferred income	17,641	16,747
	<u>50,031</u>	<u>47,256</u>

Amounts owed to other group companies are due on normal invoice terms.



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**31 DECEMBER 2015 (CONTINUED)**

**15 CREDITORS: amounts falling due after more than one year**

	2015 £'000	2014 £'000
Obligations payable under finance leases:		
Due between two and five years	2,649	4,245
Due after five years	334	863
Liabilities in respect of sale and repurchase transactions:		
Due between two and five years	15,782	12,275
Due after five years	380	1,043
	<u>19,145</u>	<u>18,426</u>

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back equipment sold to leasing companies.

**16 OBLIGATIONS UNDER FINANCE LEASES**

**Finance leases**  
**2015**

Future minimum payments under finance leases at 31 December 2015 are as follows:

	Total payments £'000	Present value of total payments £'000
Within one year	1,165	1,165
Between two and five years	2,835	2,608
After five years	343	283
	<u>4,343</u>	<u>4,056</u>

Discounting of future minimum lease payments

(287)

Present value of lease obligations

4,056

**2014**

Future minimum payments under finance leases at 31 December 2014 are as follows:

	Total payments £'000	Present value of total payments £'000
Within one year	2,263	2,263
Between two and five years	4,587	4,210
After five years	892	734
	<u>7,742</u>	<u>7,207</u>

Discounting of future minimum lease payments

(535)

7,207

Liabilities in respect of finance lease transactions are secured against the underlying assets subject to those arrangements. The average effective borrowing rate for the year was 3.0% (2014: 3.3%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**JUNGHEINRICH UK LIMITED**  
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**31 DECEMBER 2015 (CONTINUED)**

**17 PROVISIONS FOR LIABILITIES**

<b>2015</b>	<b>Product warranty £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 January 2015	1,454	1,685	3,139
Utilisation of provision	(3,076)	(603)	(3,679)
Charge for the year	3,244	867	4,111
<b>At 31 December 2015</b>	<b>1,622</b>	<b>1,949</b>	<b>3,571</b>

<b>2014</b>	<b>Product warranty £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 January 2014	1,144	3,917	5,061
Utilisation of provision	(2,599)	(2,478)	(5,077)
Release of provision	-	(286)	(286)
Charge for the year	2,909	532	3,441
<b>At 31 December 2014</b>	<b>1,454</b>	<b>1,685</b>	<b>3,139</b>

The warranty provision has been calculated to cover the anticipated future labour and parts costs expected to be incurred in the year for warranty claims on trucks sold in the prior year.

Other provisions include provisions for dilapidations costs, loss making service contracts and provisions for employees accrued holiday entitlement.

The measurement of the provision for loss making service contracts is a key source of estimation uncertainty. The carrying amount of this provision at 31 December 2015 is £568k (2014: £772k). The amount provided is estimated based on historical experience, however the future costs of servicing and repairing equipment under service contracts may differ from estimates.

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**31 DECEMBER 2015 (CONTINUED)**

**18 DEFERRED TAXATION**

The deferred tax balance comprises the following:

	2015 Cumulative provided £'000	2014 Cumulative provided £'000
<b>Deferred tax assets:</b>		
Fixed asset timing differences	3,420	4,769
Losses and other deductions	47	503
Short term timing differences	-	181
<b>Total deferred tax asset</b>	<b>3,467</b>	<b>5,453</b>
<b>Deferred tax liabilities:</b>		
Short term timing differences	(3,415)	(2,703)
<b>Total deferred tax liabilities</b>	<b>(3,415)</b>	<b>(2,703)</b>
<b>Net deferred tax balance at 31 December</b>	<b>52</b>	<b>2,750</b>

The movements in the deferred tax balance during the year are recognised as follows:

	2015 £'000	2014 £'000
Net deferred tax asset at 1 January	2,750	5,554
Charge to profit and loss account for the year	(1,668)	(1,461)
Charge to other comprehensive income	(1,030)	(1,343)
<b>Net deferred tax asset at 31 December</b>	<b>52</b>	<b>2,750</b>

As at 31 December 2015, deferred tax amounts totalling £78k (2014: £78k) were not recognised on the balance sheet due to uncertainties over the future recoverability of those assets.

**19 PENSION AND SIMILAR OBLIGATIONS**

The Jungheinrich UK Limited Retirement Benefits Scheme (the scheme) is a funded defined benefit pension scheme. Contributions to the Scheme are determined by the Trustees of the scheme, acting on the advice of the qualified Scheme Actuary.

The scheme operates under UK trust law and the trust is a separate legal entity from the company.

The most recent triennial valuation of the Scheme was as at 6 April 2013. The market value of the scheme's assets at 6 April 2013 was £147.0m, representing 86% of the benefits accrued by members (also known as the scheme's Technical Provisions) as at the valuation date, calculated on the basis of the projected accrued benefit method.

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**19 PENSION AND SIMILAR OBLIGATIONS (continued)**

The principal financial assumptions adopted for this valuation were as follows:

	6 April 2013
Discount rate (pre and post retirement)	3.95%
Salary growth	3.55%
Inflation	3.55%
Pension increases:	
RPI max 2.5%	2.20%
RPI max 5%	3.35%
RPI min 3% max 5%	3.80%
RPI min 3.5% max 5%	4.05%

The discount rate assumption reflects the long-term investment strategy adopted by the Trustees in early 2011 to invest 70% of the scheme's assets in gilts, 20% in equities and 10% in corporate bonds.

Jungheinrich UK Limited have agreed to pay additional contributions of £150,000 per month to the scheme from 6 January 2014, with the expectation that the scheme's funding shortfall will be eliminated by 6 April 2022.

The most recent actuarial valuation of the scheme has been updated to 31 December 2015 by a qualified actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used by the actuary were:

	2015 %	2014 %
Expected rate of salary increases	3.25	3.10
Future pension increases	3.10	3.00
Discount rate	3.90	3.70
Inflation	3.25	3.10
	2015 years	2014 years
Assumed life expectancy on retirement at age 65:		
Current pensioners:		
Males	22.1	22.3
Females	24.1	24.3
Future pensioners:		
Males	23.3	24.0
Females	25.5	26.2

**JUNGHEINRICH UK LIMITED**  
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**31 DECEMBER 2015 (CONTINUED)**

**19 PENSION AND SIMILAR OBLIGATIONS (continued)**

These assumptions are based on historical experience and other factors that are considered relevant, however actual results may differ from these estimates. If different assumptions were used, this could have a material effect on the reported obligation. The sensitivities of the results to these assumptions are as follows:

Change in key assumption	Change in pension asset at 31 December 2015 £000	Change in pension asset at 31 December 2014 £000
Discount rate +/- 0.5%	+/- 15,100	+/- 2,000
Inflation +/- 0.5%	+/- 1,250	+/- 1,500
Life expectancy +/- 1 year	+/- 550	+/- 625
Members commute nil pension for cash	+/- 625	+/- 650

The expected long-term rate of return and fair value of the scheme's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, are set out in the table below.

At the balance sheet date the scheme assets were analysed as follows:

Market values of assets at 31 December	2015 £'000	2014 £'000
Equities	29,718	27,890
Government bonds	119,562	119,056
Corporate bonds	15,155	15,016
Cash and net current assets	309	2,732
Total market value of scheme assets	164,744	164,694
Present value of scheme liabilities	(147,995)	(151,180)
Net pension asset	16,749	13,514

Movements in the present value of defined benefit obligations were as follows:

	2015 £'000	2014 £'000
As at 1 January	151,180	128,338
Current service cost	2,120	1,464
Interest Cost	5,472	5,846
Experience (gains)/losses:		
Changes in demographic assumptions	(1,040)	(741)
Changes in financial assumptions	(3,908)	20,054
Contributions paid by scheme participants	693	700
Benefits paid	(6,522)	(4,481)
As at 31 December	147,995	151,180

**JUNGHEINRICH UK LIMITED**  
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**31 DECEMBER 2015 (CONTINUED)**

**19 PENSION AND SIMILAR OBLIGATIONS (continued)**

Movements in the fair value of scheme assets were as follows:

	2015 £'000	2014 £'000
As at 1 January	164,694	132,742
Interest income	6,029	6,120
Return on scheme assets excluding interest income	(3,136)	26,520
Scheme administration expenses	(538)	(460)
Employer contributions	3,524	3,553
Employee contributions	693	700
Benefits paid	(6,522)	(4,481)
<b>As at 31 December</b>	<b>164,744</b>	<b>164,694</b>

Analysis of the amounts recognised in profit or loss:

	2015 £'000	2014 £'000
Current service cost	2,120	1,464
Net interest income on the defined benefit asset	(557)	(274)
Scheme administration expenses	538	460
<b>Total</b>	<b>2,101</b>	<b>1,650</b>

Analysis of the amounts recognised as other comprehensive income:

	2015 £'000	2014 £'000
Return on scheme assets excluding interest income	(3,136)	26,520
Gains on liabilities due to changes in demographic assumptions	1,040	741
Gains / (losses) on liabilities due to changes in financial assumptions	3,908	(20,054)
<b>Total</b>	<b>1,812</b>	<b>7,207</b>

**20 DERIVATIVE FINANCIAL INSTRUMENTS**

***Cash flow hedges***

The company enters into forward foreign exchange contracts to manage its exposure to foreign exchange rate risk which arises on the purchase of trucks and equipment, predominantly from Germany, which are payable in Euros. Forward foreign exchange contracts are measured at fair value as assets or liabilities.

It is the policy of the company to enter into forward foreign exchange contracts to cover 75% of the exposure resulting from specific planned foreign currency payments.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

*Cash flow hedges (continued)*

Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Gains of £1,290k (2014: losses of £1,356) were recognised in other comprehensive income and losses of £2,226k (2014: losses of £867k) were transferred to the profit and loss account in the period. There was no material ineffectiveness of hedging measures during the period.

*Categories of financial instruments at fair value*

	Fair value 2015 £'000	Fair value 2014 £'000
<b>Financial assets/(liabilities) at fair value:</b>		
Financial assets held for trading	196	-
Financial assets with a hedging relationship	2,883	-
Financial liabilities held for trading	(170)	(270)
Financial liabilities with a hedging relationship	-	(633)
	<u>2,909</u>	<u>(903)</u>

The above financial assets and liabilities comprise forward exchange contracts which were outstanding at the balance sheet date, as follows:

	Nominal value €'000	Nominal value £'000	Average contract rate
<b>2015</b>			
Purchase Euro currency	105,228	74,759	1.40756
<b>2014</b>			
Purchase Euro currency	38,387	30,889	1.24274

*Changes in value of financial instruments at fair value*

Profit for the year has been arrived at after crediting/(charging) the following:

	2015 £'000	2014 £'000
<b>Financial instruments at fair value:</b>		
Changes in fair value arising on derivatives held for trading	<u>296</u>	<u>(160)</u>

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**21 SHARE CAPITAL**

	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid</b>		
55,372,000 ordinary shares of £1 each	55,372	55,372
8,600,000 redeemable preference shares of £1 each	8,600	8,600
	<u>63,972</u>	<u>63,972</u>

The redeemable preference shares rank pari passu in all respects with the ordinary shares.

At the option of the company, the company has the power to redeem the shares at any time upon giving the shareholders not less than three months' notice in writing. Such redemption would be at par together with any dividend which may have accrued on it up to and including the redemption date.

**22 HEDGING RESERVE**

The cash flow reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss when the hedged transaction impacts profit or loss.

	2015 £'000	2014 £'000
Balance at 1 January	(506)	(115)
Gains/(losses) on derivatives with a hedging relationship	1,290	(1,356)
Amounts transferred to profit and loss account	2,226	867
Deferred tax (charge)/credit thereon	(663)	98
<b>Balance at 31 December</b>	<u>2,347</u>	<u>(506)</u>

**23 PROFIT AND LOSS ACCOUNT**

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

	2015 £'000	2014 £'000
Balance at 1 January	(35,304)	(43,993)
Effect of transition to FRS 101	-	(88)
Restated balance at 1 January	<u>(35,304)</u>	<u>(44,081)</u>
Profit for the year	5,866	3,011
Actuarial gain on pension scheme	1,812	7,207
Deferred tax attributable to actuarial gain on pension scheme	(367)	(1,441)
<b>Balance at 31 December</b>	<u>(27,993)</u>	<u>(35,304)</u>



**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**24 OPERATING LEASE COMMITMENTS**

The company leases certain land and buildings, motor vehicles and office equipment on operating leases, and has the following non-cancellable future commitments:

	2015		2014	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	541	1,351	545	1,872
Expiring between two and five years inclusive	1,263	2,921	1,804	2,667
	<b>1,804</b>	<b>4,272</b>	<b>2,349</b>	<b>4,539</b>

**25 OTHER COMMITMENTS AND GUARANTEES**

The company continues to provide a guarantee against the liabilities of Jungheinrich Lift Truck Finance Limited, a fellow subsidiary undertaking of Jungheinrich UK Holdings Limited.

**26 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

The largest and smallest group of which Jungheinrich UK Limited 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 company is Jungheinrich UK Holdings Limited, a company registered in England and Wales.

In preparing these financial statements, the company has taken advantage of the provisions of FRS 101 and has not disclosed transactions with the ultimate parent company, Jungheinrich AG or other group undertakings. However, most purchases of stocks and fixed asset trucks are made from group companies.

**JUNGHEINRICH UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

**27 EXPLANATION OF TRANSITION TO FRS 101**

This is the first year that the company has presented its financial statements under FRS issued by the Financial Reporting Council. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

As described in note 20, the company enters into forward foreign exchange contracts to manage its exposure to foreign exchange rate risk which arises on the purchase of trucks and equipment, predominantly from Germany, which are payable in Euros. As a consequence of the adoption of FRS 101, these forward foreign exchange contracts, which were not recognised on the balance sheet under previous GAAP, have been brought onto the balance sheet from the date of transition to FRS 101. These contracts are measured at fair value as assets or liabilities. Deferred tax has also been recognised on these amounts.

Total comprehensive income for 2014 has also been restated under FRS 101 to include the movements in the fair value of these forward foreign exchange contracts, and deferred tax thereon.

Reconciliations of previously reported equity and total comprehensive income to the restated amounts reported under FRS 101 are included below.

***Reconciliation of equity***

	At 31 December 2014 £'000	At 1 January 2014 £'000
Equity reported under previous UK GAAP	34,124	25,219
<b>Adjustments to equity on transition to FRS 101</b>		
Recognition of derivative financial instruments	(903)	(254)
Deferred tax on derivative financial instruments	181	51
Equity reported under FRS 101	33,402	25,016

***Reconciliation of total comprehensive income for the year ended 31 December 2014***

	£'000
<b>Total comprehensive income for the financial year under UK GAAP</b>	8,905
Recognition of losses on derivatives held for trading	(160)
Recognition of losses on derivatives with a hedging relationship	(489)
Deferred tax on losses on derivatives	130
<b>Total comprehensive income for the financial year under FRS 101</b>	8,386

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**31 DECEMBER 2015 (CONTINUED)**

**28 EVENTS AFTER THE BALANCE SHEET DATE**

On 20<sup>th</sup> June 2016, the company entered into a flexible apportionment arrangement with fellow group company Boss Manufacturing Limited, to transfer a defined benefit pension liability from Boss Manufacturing Limited to Jungheinrich UK Limited at carrying value, for zero consideration. The liability transferred relates to the Jungheinrich UK Limited Retirement Benefits Scheme, of which Jungheinrich UK Limited is the principal employer and Boss Manufacturing was also a participating employer.

The financial effect of this arrangement is to reduce the value of the net pension asset and also the equity of Jungheinrich UK Limited by an amount of £8,865k at the date of transfer. Going forward, Jungheinrich UK Limited will also bear future interest costs associated with this liability.

Prior to the above transaction, a redesignation of the preference share capital of £8,600k and the capital contribution reserve of £5,240k into ordinary share capital was carried out, followed by a capital reduction which reduced the ordinary share capital in the company by £35,212k to a balance of £34,000k, with an equivalent increase in distributable reserves.

No adjustment has been recognised in these financial statements in relation to these transactions.