

## A HARTRODT (UK) LIMITED



### Directors' Report And Financial Statements

For the year ended 31 December 2011

Company Registration No 00951778 (England And Wales)

# A. HARTRODT (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A A K Wenzel A Russ
<b>Secretary</b>	N Woodward
<b>Company number</b>	00951778
<b>Registered office</b>	Unit 2 Pump Lane Industrial Estate Pump Lane Hayes Middlesex UB3 3NB
<b>Auditors</b>	Kingston Smith LLP Middlesex House 800 Uxbridge Road Hayes Middlesex UB4 0RS
<b>Bankers</b>	HSBC Bank Plc Hayes Branch 2 Station Road Hayes Middlesex UB3 4BY
<b>Solicitors</b>	Lightfoots The Old Red Lion 1-3 High Street Thame Oxon OX9 2BX

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# A. HARTRODT (UK) LIMITED

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# A HARTRODT (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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The directors present their report and financial statements for the year ended 31 December 2011

### **Principal activities**

The principal activity of the company continues to be that of shipping, forwarding and air cargo agents

### **Directors**

The following directors have held office since 1 January 2011

A A K Wenzel

A Russ

N G Jefferies

(Resigned 30 September 2011)

### **Auditors**

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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,
- 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.

# A HARTRODT (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

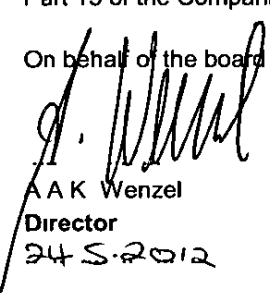
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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



A A K Wenzel

Director

24.5.2012

## A. HARTRODT (UK) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. HARTRODT (UK) LIMITED

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We have audited the financial statements of A Hartrodt (UK) Limited for the year ended 31 December 2011 set out on pages 5 to 24. 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).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## A. HARTRODT (UK) LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF A HARTRODT (UK) LIMITED

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#### **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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



**Maureen Penfold (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

25 5 2012

**Chartered Accountants**  
**Statutory Auditor**

Middlesex House  
800 Uxbridge Road  
Hayes  
Middlesex  
UB4 0RS

# A HARTRODT (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		13,374,263	9,916,291
Cost of sales		(11,054,290)	(8,116,969)
<b>Gross profit</b>		<b>2,319,973</b>	<b>1,799,322</b>
Administrative expenses		(1,898,449)	(1,679,168)
Other operating income		30,649	87,801
<b>Operating profit</b>	<b>2</b>	<b>452,173</b>	<b>207,955</b>
Investment income	<b>3</b>	15,674	12,371
Other interest receivable and similar income	<b>3</b>	78	223
Interest payable and similar charges	<b>4</b>	(40,852)	(45,375)
<b>Profit on ordinary activities before taxation</b>		<b>427,073</b>	<b>175,174</b>
Tax on profit on ordinary activities	<b>5</b>	(93,259)	(49,807)
<b>Profit for the year</b>	<b>14</b>	<b>333,814</b>	<b>125,367</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations



## A. HARTRODT (UK) LIMITED

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Profit for the financial year		333,814	125,367
Actuarial loss on pension scheme	12	(172,000)	(18,000)
Movement on deferred tax relating to pension asset	12	9,940	3,640
Total recognised gains and losses relating to the year		171,754	111,007

# A. HARTRODT (UK) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Tangible assets	7	49,130		26,715	
Investments	8	10		10	
		<u>49,140</u>		<u>26,725</u>	
<b>Current assets</b>					
Debtors	9	3,761,387		2,390,447	
Cash at bank and in hand		301,069		219,956	
		<u>4,062,456</u>		<u>2,610,403</u>	
<b>Creditors, amounts falling due within one year</b>	10	<u>(2,714,342)</u>		<u>(1,487,686)</u>	
<b>Net current assets</b>		<u>1,348,114</u>		<u>1,122,717</u>	
<b>Total assets less current liabilities</b>		<u>1,397,254</u>		<u>1,149,442</u>	
<b>Provisions for liabilities</b>	11	<u>(79,998)</u>		<u>(70,000)</u>	
		<u>1,317,256</u>		<u>1,079,442</u>	
<b>Retirement benefit obligations</b>	12	<u>(419,580)</u>		<u>(353,520)</u>	
<b>Net assets</b>		<u><u>897,676</u></u>		<u><u>725,922</u></u>	
<b>Capital and reserves</b>					
Called up share capital	13	115,000		115,000	
Profit and loss account	14	782,676		610,922	
<b>Shareholders' funds</b>	15	<u><u>897,676</u></u>		<u><u>725,922</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board and authorised for issue on 24.5.2012



A Russ  
Director

Company Registration No 00951778

# A. HARTRODT (UK) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	£	2011 £	£	2010 £
<b>Net cash inflow/(outflow) from operating activities</b>		165,200		(24,806)
<b>Returns on investments and servicing of finance</b>				
Inter group interest	15,674		8,846	
Interest received	78		223	
Interest paid	(3,852)		(375)	
		11,900		8,694
<b>Net cash inflow for returns on investments and servicing of finance</b>				
<b>Taxation</b>		(62,861)		(60,047)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(33,126)		(1,801)	
		(33,126)		(1,801)
<b>Net cash outflow for capital expenditure</b>				
<b>Equity dividends paid</b>		-		(120,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		81,113		(197,960)
<b>Increase/(decrease) in cash in the year</b>		81,113		(197,960)

## A. HARTRODT (UK) LIMITED

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

<b>1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating profit	452,173	207,955
Depreciation of tangible assets	10,711	14,994
Loss on disposal of tangible assets	-	138
Increase in debtors	(1,342,154)	(290,326)
Increase in creditors within one year	1,167,472	77,433
Other reserve movement	9,998	15,000
Pension scheme non-cash movement	(133,000)	(50,000)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>165,200</b>	<b>(24,806)</b>

<b>2 Analysis of net funds</b>	<b>1 January 2011</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash				
Cash at bank and in hand	219,956	81,113	-	301,069
<b>Net funds</b>	<b>219,956</b>	<b>81,113</b>	<b>-</b>	<b>301,069</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash in the year	81,113	(197,960)
<b>Movement in net funds in the year</b>	<b>81,113</b>	<b>(197,960)</b>
Opening net funds	219,956	417,916
<b>Closing net funds</b>	<b>301,069</b>	<b>219,956</b>

# A HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

#### **1.2 Changes in accounting policies**

The accounting policies remain unchanged from the prior year

#### **1.3 Turnover**

Turnover consists of charges for shipping, forwarding and air cargo services. Imports sales are recognised when goods clear Customs at the destination port. Exports sales are recognised on the date items are shipped.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	over 4 to 8 years
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#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.7 Pensions**

The company operates both a defined benefit scheme which is closed to new employees and a defined contribution stakeholder pension scheme.

For defined benefit schemes 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 other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate 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.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-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.

# A HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 1 Accounting policies

(continued)

#### 1.8 Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date. Deferred tax assets have been recognised in respect of the deficit on the defined benefit pension scheme and the excess of depreciation over capital allowances. The deferred tax balance has not been discounted.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling as provided by the parent company and are not materially different to the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of A Hartrodt GmbH and Co., a company incorporated in Germany and is included in the consolidated accounts of that company.

### 2 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	10,711	14,994
Loss on disposal of tangible assets	-	138
Loss on foreign exchange transactions	-	24,990
Operating lease rentals		
- Plant and machinery	33,778	34,771
- Other assets	99,236	91,748
Auditors' remuneration	13,450	12,550
and after crediting		
Profit on foreign exchange transactions	(16,152)	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 1)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2010 - 1)

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>3</b>	<b>Investment income</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Income from shares in group undertakings	15,674	8,846
	Income from other fixed asset investments	-	3,525
	Bank interest	78	223
		<u>15,752</u>	<u>12,594</u>
<b>4</b>	<b>Interest payable</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Included in interest payable is the following amount		
	On amounts payable to group companies	<u>3,313</u>	<u>-</u>
<b>5</b>	<b>Taxation</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	108,946	49,762
	Adjustment for prior years	13,099	-
	<b>Total current tax</b>	<u>122,045</u>	<u>49,762</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(28,786)	45
		<u>93,259</u>	<u>49,807</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>427,073</u>	<u>175,174</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	<u>113,174</u>	<u>49,049</u>
	Effects of		
	Non deductible expenses	3,742	15,257
	Differences between depreciation and capital allowances	15,687	(46)
	Other tax adjustments	(10,558)	(14,498)
		<u>8,871</u>	<u>713</u>
	<b>Current tax charge for the year</b>	<u>122,045</u>	<u>49,762</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

6	Dividends	2011 £	2010 £
	Ordinary interim paid	-	120,000

7	Tangible fixed assets	Plant and machinery etc £
	<b>Cost</b>	
	At 1 January 2011	382,427
	Additions	33,126
	At 31 December 2011	415,553
	<b>Depreciation</b>	
	At 1 January 2011	355,712
	Charge for the year	10,711
	At 31 December 2011	366,423
	<b>Net book value</b>	
	At 31 December 2011	49,130
	At 31 December 2010	26,715



## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 8 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 January 2011 & at 31 December 2011	10
<b>Net book value</b>	
At 31 December 2011	10
At 31 December 2010	10

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
A Hartrodt (Midlands) Limited	United Kingdom	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
A Hartrodt (Midlands) Limited	Principal activity Dormant	10	-

## A HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>9 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,776,297	1,372,718
Amounts owed by group undertakings and undertakings in which the company has a participating interest	796,877	760,121
Other debtors	151,799	249,980
Deferred tax asset (see note 11)	36,414	7,628
	<u>3,761,387</u>	<u>2,390,447</u>

<b>10 Creditors' amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,819,927	1,010,489
Amounts owed to group undertakings and undertakings in which the company has a participating interest	244,160	173,582
Taxation and social security	145,711	87,802
Other creditors	504,544	215,813
	<u>2,714,342</u>	<u>1,487,686</u>

Banking facilities are secured by a fixed charge over book and other debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets dated 10 February 1988

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 11 Provisions for liabilities

	Other £
Balance at 1 January 2011	70,000
Profit and loss account	9,998
	<hr/>
Balance at 31 December 2011	79,998
	<hr/>

The provision is in respect of dilapidation costs for the properties leased by the company at Hayes and Rugeley

The deferred tax asset (included in debtors, note 9) is made up as follows.

	2011 £	
Balance at 1 January 2011	(7,628)	
Profit and loss account	(28,786)	
	<hr/>	
Balance at 31 December 2011	(36,414)	
	<hr/>	

	2011 £	2010 £
Accelerated/(decelerated) capital allowances	1,551	(7,628)
Other timing differences	(37,965)	-
	<hr/>	<hr/>
	(36,414)	(7,628)
	<hr/>	<hr/>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 12 Pension and other post-retirement benefit commitments

##### Five year history of assets, liabilities and surplus or deficit in the plans

	2011	2010	2009	2008	2007
	£	£	£	£	£
<b>Defined benefit pension plans</b>					
<b>Asset experience</b>					
Asset (gain)/loss during year	(202,000)	(123,000)	(121,000)	571,000	224,000
Asset (gain)/loss expressed as a percentage of plan assets	(9.00%)	(5.00%)	(6.00%)	34.00%	9.00%
<b>Liability experience</b>					
Liability (gain)/loss during year	(19,000)	(71,000)	43,000	(20,000)	18,000
Liability (gain)/loss expressed as a percentage of scheme liabilities	(1.00%)	(3.00%)	2.00%	(1.00%)	1.00%
<b>(Deficit)/Surplus</b>					
Actuarial value of plan liabilities	(2,905,000)	(2,825,000)	(2,483,000)	(1,868,000)	(2,473,000)
Fair value of assets	2,338,000	2,334,000	2,005,000	1,706,000	2,255,000
Deficit in the plan	<u>(567,000)</u>	<u>(491,000)</u>	<u>(478,000)</u>	<u>(162,000)</u>	<u>(218,000)</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 12 Pension and other post-retirement benefit commitments (continued)

##### Change in plan liabilities:

	2011	2010
	£	£
<b>Defined benefit pension plans - wholly or partly funded</b>		
Plan liabilities at 1 January	2,825,000	2,483,000
Current service cost	37,000	50,000
Interest cost	161,000	153,000
Contributions from scheme participants	29,000	28,000
Actuarial (gain)/loss	(30,000)	(141,000)
Benefits paid from plan assets	(117,000)	(30,000)
Plan liabilities at 31 December	<u>2,905,000</u>	<u>2,825,000</u>

##### Change in plan assets.

	2011	2010
	£	£
<b>Defined benefit pension plans</b>		
Fair value of assets at 1 January	2,334,000	2,005,000
Expected return on assets	124,000	108,000
Actuarial assets (loss)/gain	(202,000)	123,000
Employer contributions	170,000	100,000
Employee contributions	29,000	28,000
Benefits paid	(117,000)	(30,000)
Fair value of assets at 31 December	<u>2,338,000</u>	<u>2,334,000</u>
<b>Actual return on assets</b>	<u>(78,000)</u>	<u>231,000</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 12 Pension and other post-retirement benefit commitments

(continued)

The amounts recognised in the profit and loss account are as follows:

	2011 £	2010 £
Current service cost	37,000	50,000
Interest cost	161,000	153,000
Expected return on pension scheme assets	(124,000)	(108,000)
Pension expense before special events	<u>74,000</u>	<u>95,000</u>

Split between	2011 £	2010 £
Charged to operating profit - administrative expenses	37,000	50,000
Charged to other finance costs	<u>37,000</u>	<u>45,000</u>
Net return	<u>74,000</u>	<u>95,000</u>

#### Statement of total recognised gains and losses (STRGL):

	2011 £	2010 £
Defined benefit pension plans		
Actuarial loss arising during the year	<u>(172,000)</u>	<u>(18,000)</u>
Total loss recognised in the STRGL during the year	<u>(172,000)</u>	<u>(18,000)</u>
Cumulative actuarial loss recognised in the STRGL at the year end	<u>(720,000)</u>	<u>(548,000)</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 12 Pension and other post-retirement benefit commitments

(continued)

##### Defined benefit - A. Hartrodt (UK) Benefits Pension Scheme

The company operates a pension plan providing benefits based on final pensionable salary, the assets of the plan are held separately from those of the company being invested in a managed fund. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. The scheme was closed to new employees on 19 December 2001, although existing employees would continue to be eligible to join on completion of one year's service. As the scheme is closed to new employees, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

The most recent actuarial valuation as at 1 January 2006, showed that the market value of the plan assets was £1,935,000 and that the actuarial valuation of the assets represented 111% of the value of the benefits that had accrued to members, after allowing for assumed future increases in earnings. The assets are held under a Scottish Life branded insurance contract with Royal London Mutual Insurance Society Limited. The contract is administered on unit linked principles and allows access to a wide range of available funds.

The assumption which has the most significant effect on the results of the valuation is the discount rate. The 2010 valuation used a discount rate of 5.76% and this has decreased to 5.00% in the current year. The pension charge for the year was £37,000 (31 December 2010: £50,000).

A full valuation of the company's final salary scheme was undertaken as at 1 January 2006 and updated to 31 December 2011 by a qualified independent actuary for purposes of FRS17.

##### The principal assumptions for the defined benefit plans used by the actuary were

	2011 %	2010 %	2009 %
Rate of increase in salaries	4.00	4.76	4.60
Rate of increase in pensions payment			
- GMP earned after 04/04/88	2.30	3.00	3.00
- Pension earned between 05/04/97 and 06/04/05	3.00	3.76	3.60
- Pension earned on or after 06/04/05	2.30	2.50	2.50
Discount rate	5.00	5.76	6.10
Retail price inflation	3.00	3.76	3.60
Consumer price inflation	2.30	-	-
Rate of early leavers revaluation			
- GMP	Fixed rates	Fixed rates	Fixed rates
- Pension in excess of GMP and earned			
- before 06/04/09	3.00	3.76	3.60
- after 05/04/09	2.30	2.50	2.50

The assets of the scheme are invested in a Scottish Life branded Crest Growth Plan, insured with Royal London (an insurance contract). Contributions towards retirement benefits are invested in a unit linked contract offering a choice of both equity and non-equity linked investment options and a switch facility within a range of investment options. The expected rate of return assumed on the scheme assets is 4.00% (2010: 5.25%).

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 12 Pension and other post-retirement benefit commitments (continued)

Defined benefit pension plans	2011 £	2010 £
Actuarial value of plan liabilities	(2,905,000)	(2,825,000)
Fair value of assets	2,338,000	2,334,000
Deficit in the plan	(567,000)	(491,000)
Pension liability recognised in the balance sheet	567,000	491,000

#### Reconciliation to the balance sheet:

Defined benefit pension plans	2011 £	2010 £
Net pension liability at 1 January as previously reported	(491,000)	(478,000)
Disclosed pension expense for year	(74,000)	(95,000)
Employer contributions	170,000	100,000
Loss recognised via the STRGL	(172,000)	(18,000)
Net pension liability at 31 December before deferred tax	(567,000)	(491,000)
Related deferred tax asset	147,420	137,480
Net pension liability at 31 December after deferred tax	(419,580)	(353,520)

#### Expected contributions for the year ended 31 December 2012

Defined benefit pension plans		
Employer	116,660	107,000

#### Plan asset information:

Defined benefit pension plans	2011 £	2010 £
Other	2,338,000	2,334,000
Fair value of assets	2,338,000	2,334,000



## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>13 Share capital</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
115,000 Ordinary Shares of £1 each	115,000	115,000

### 14 Statement of movements on profit and loss account

	<b>Profit and loss account £</b>
Balance at 1 January 2011	610,922
Profit for the year	333,814
Actuarial gains or losses on pension scheme assets	(172,000)
Movement on deferred tax relating to pension asset	9,940
Balance at 31 December 2011	782,676

### 15 Reconciliation of movements in shareholders' funds

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	333,814	125,367
Dividends	-	(120,000)
	333,814	5,367
Other recognised gains and losses	(172,000)	(18,000)
Movement on deferred tax relating to pension asset	9,940	3,640
Net addition to/(depletion in) shareholders' funds	171,754	(8,993)
Opening shareholders' funds	725,922	734,915
Closing shareholders' funds	897,676	725,922

### 16 Contingent liabilities

The company's bankers have given a guarantee of £40,000 to H M Revenue & Customs on behalf of the company

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 17 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
Within one year	31,250	-	2,172	10,654
Between two and five years	17,125	15,625	20,068	15,926
In over five years	-	17,125	-	-
	<u>48,375</u>	<u>32,750</u>	<u>22,240</u>	<u>26,580</u>

#### 18 Directors' emoluments

	2011	2010
	£	£
Emoluments for qualifying services	195,355	190,059
Company pension contributions to money purchase schemes	3,757	3,629
Directors' contribution on defined benefit scheme	8,309	9,900
	<u>207,421</u>	<u>203,588</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	133,331	119,661
Accrued pension at the end of the year	<u>3,757</u>	<u>3,629</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 19 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Monthly number of employees	32	31

##### Employment costs

	2011 £	2010 £
Wages and salaries	1,060,924	931,565
Social security costs	100,192	93,869
Other pension costs	158,802	119,271
	1,319,918	1,144,705

#### 20 Control

The company's immediate parent and ultimate controlling company is A Hartrodt GmbH and Co, a company incorporated in Germany. This is the parent undertaking of the only group which includes the company and for which group accounts are prepared. The financial statements of the ultimate parent company are available on application to 2000 Hamburg 1, Postfach 10 29 29 Hoegerdamm 35.

#### 21 Related party relationships and transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.