

## A. HARTRODT (UK) LIMITED

Directors' Report And Financial Statements

For the year ended 31 December 2012

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11/05/2013  
COMPANIES HOUSE

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 2012

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The directors present their report and financial statements for the year ended 31 December 2012

### **Principal activities and review of the business**

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

The core business of the company continues to be international air and sea freight transport, operating from offices in London, Liverpool and Rugby

A Hartrodt (UK) Limited is currently focused mainly on the export market. However, the Directors are constantly pushing for more import business and for the year ended 31 December 2012 imports represented 40% of the jobs handled compared to 28% in 2011. Overall job numbers increased by over 8% and the turnover increased by 39% compared to 2011.

### **Principal risks and uncertainties**

The Directors consider the company's main commercial and financial risks to be

- Changes to worldwide security regulations and security checks and compliance rules imposed by international governments and in particular the United States authorities. Whilst these rules are designed to protect against international terrorism they make daily work practice and efficiencies more difficult for the freight forwarding industry
- Exchange rate fluctuations
- Clients going into administration

The company and its employees work hard to comply with the required standards imposed by Governments, Regulatory Authorities and relevant international and local codes. They are committed to minimising such business risks through internal controls and staff training, making use of training external to the group where necessary.

Claims for international freight forwarding activities are insured with an appropriate insurer to minimise the risk to the company together with employing appropriate internal controls.

The company maintains foreign currency bank accounts to minimise exposure to exchange risks and adequate credit lines are available to facilitate access to overdrafts, although these have not been required during 2012.

### **Results and dividends**

The results for the year are set out on page 5.

### **Future developments**

The Directors believe the company is maintaining a strong position and good level of recognition in its markets, however the competition is growing and generally driven by price.

In 2013 the Directors will try to hold the company's position in the export markets and to increase LCL import services from China. However, they anticipate continuing pressure on job volumes and profit margins.

### **Directors**

The following directors have held office since 1 January 2012:

A A K Wenzel  
A Russ

### **Auditors**

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

# A. HARTRODT (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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### 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.

### 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.

On behalf of the board

  
A.A.K. Wenzel

Director

15 April 2013

# 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 2012 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 2012 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

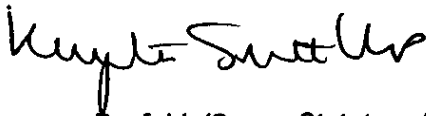
### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF A HARTRODT (UK) LIMITED

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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



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

3 May 2013

**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 2012

	Notes	2012 £	2011 £
<b>Turnover</b>	<b>2</b>	18,595,221	13,374,263
Cost of sales		(15,871,961)	(11,054,290)
<b>Gross profit</b>		2,723,260	2,319,973
Administrative expenses		(1,641,783)	(1,898,449)
Other operating income		25,118	30,649
<b>Operating profit</b>	<b>3</b>	1,106,595	452,173
Investment income	<b>4</b>	24,765	15,674
Other interest receivable and similar income	<b>4</b>	282	78
Interest payable and similar charges	<b>5</b>	(49,154)	(40,852)
<b>Profit on ordinary activities before taxation</b>		1,082,488	427,073
Tax on profit on ordinary activities	<b>6</b>	(237,057)	(93,259)
<b>Profit for the year</b>	<b>14</b>	845,431	333,814

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 2012

	Notes	2012 £	2011 £
Profit for the financial year		845,431	333,814
Actuarial loss on pension scheme		(269,000)	(172,000)
Movement on deferred tax relating to pension asset		(7,980)	9,940
<b>Total recognised gains and losses relating to the year</b>		<b>568,451</b>	<b>171,754</b>

# A. HARTRODT (UK) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	7		37,858		49,130
Investments	8		10		10
			<u>37,868</u>		<u>49,140</u>
<b>Current assets</b>					
Debtors	9	4,566,296		3,761,387	
Cash at bank and in hand		307,257		301,069	
		<u>4,873,553</u>		<u>4,062,456</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,200,473)</u>		<u>(2,714,342)</u>	
<b>Net current assets</b>			<u>1,673,080</u>		<u>1,348,114</u>
<b>Total assets less current liabilities</b>			<u>1,710,948</u>		<u>1,397,254</u>
<b>Provisions for liabilities</b>	11		<u>(100,643)</u>		<u>(79,998)</u>
<b>Retirement benefit obligations</b>			<u>1,610,305</u> <u>(144,178)</u>		<u>1,317,256</u> <u>(419,580)</u>
			<u>1,466,127</u>		<u>897,676</u>
<b>Capital and reserves</b>					
Called up share capital	13		115,000		115,000
Profit and loss account	14		1,351,127		782,676
<b>Shareholders' funds</b>	15		<u>1,466,127</u>		<u>897,676</u>

Approved by the Board and authorised for issue on 15-4-2013



A Russ  
Director

Company Registration No. 00951778

## A. HARTRODT (UK) LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
<b>Net cash inflow from operating activities</b>	180,303	165,200
<b>Returns on investments and servicing of finance</b>		
Interest received	25,047	15,752
Interest paid	(1,154)	(3,852)
<b>Net cash inflow for returns on investments and servicing of finance</b>	23,893	11,900
<b>Taxation</b>	(193,178)	(62,861)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(4,830)	(33,126)
<b>Net cash outflow for capital expenditure</b>	(4,830)	(33,126)
<b>Net cash inflow before management of liquid resources and financing</b>	6,188	81,113
<b>Increase in cash in the year</b>	6,188	81,113

# A. HARTRODT (UK) LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

<b>1 Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating profit	1,106,595	452,173
Depreciation of tangible assets	16,102	10,711
Increase in debtors	(841,323)	(1,342,154)
Increase in creditors within one year	479,309	1,167,472
Other reserve movement	20,002	9,998
Pension scheme non-cash movement	(505,382)	(133,000)
Pension fund settlements	(95,000)	-
<b>Net cash inflow from operating activities</b>	<b>180,303</b>	<b>165,200</b>

<b>2 Analysis of net funds</b>	<b>1 January 2012</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash				
Cash at bank and in hand	301,069	6,188	-	307,257
Bank deposits	-	-	-	-
<b>Net funds</b>	<b>301,069</b>	<b>6,188</b>	<b>-</b>	<b>307,257</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	6,188	81,113
<b>Movement in net funds in the year</b>	<b>6,188</b>	<b>81,113</b>
Opening net funds	301,069	219,956
<b>Closing net funds</b>	<b>307,257</b>	<b>301,069</b>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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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 2012

### 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 Turnover and profit on ordinary activities before taxation

	Turnover	
	2012	2011
	£	£
<b>Class of business</b>		
Sea freight (including related services)	14,883,044	10,955,278
Air freight (including related services)	3,706,177	2,418,985
	<u>18,589,221</u>	<u>13,374,263</u>

### 3 Operating profit

	2012	2011
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	16,102	10,711
Operating lease rentals		
- Plant and machinery	28,932	33,778
- Other assets	101,320	99,236
Auditors' remuneration (including expenses and benefits in kind)	18,300	13,450
and after crediting		
Profit on foreign exchange transactions	<u>(26,631)</u>	<u>(16,152)</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Income from shares in group undertakings	24,765	15,674
	Bank interest	282	78
		<hr/>	<hr/>
		25,047	15,752
		<hr/>	<hr/>

<b>5</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	462	3,313
	On bank loans and overdrafts	3	51
	On overdue tax	689	488
	Other interest	48,000	37,000
		<hr/>	<hr/>
		49,154	40,852
		<hr/>	<hr/>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

<b>6 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U K corporation tax	200,000	108,946
Adjustment for prior years	37,965	13,099
<b>Total current tax</b>	<b>237,965</b>	<b>122,045</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(908)	(28,786)
	<b>237,057</b>	<b>93,259</b>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	1,082,488	427,073
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	265,210	113,174
Effects of		
Non deductible expenses	16,717	3,742
Differences between depreciation and capital allowances	805	15,687
Other tax adjustments	(44,767)	(10,558)
	<b>(27,245)</b>	<b>8,871</b>
<b>Current tax charge for the year</b>	<b>237,965</b>	<b>122,045</b>



## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 7 Tangible fixed assets

	<b>Fixtures, fittings &amp; equipment £</b>
<b>Cost</b>	
At 1 January 2012	415,553
Additions	4,830
Disposals	(54,807)
	<hr/>
At 31 December 2012	365,576
	<hr/>
<b>Depreciation</b>	
At 1 January 2012	366,423
On disposals	(54,807)
Charge for the year	16,102
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At 31 December 2012	327,718
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<b>Net book value</b>	
At 31 December 2012	37,858
	<hr/>
At 31 December 2011	49,130
	<hr/>

# A. HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2012 & at 31 December 2012	10
<b>Net book value</b>	
At 31 December 2012	10
At 31 December 2011	10

#### Holdings of 20% or more

The company holds 20% or more 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 2012 £	Profit/(loss) for the year 2012 £
A Hartrodt (Midlands) Limited	Principal activity Dormant	10	-

### 9 Debtors

	2012 £	2011 £
Trade debtors	2,809,698	2,776,297
Amounts owed by subsidiary undertakings	1,411,472	796,877
Other debtors	50,212	46,911
Prepayments and accrued income	294,914	104,888
Deferred tax asset (see note 11)	-	36,414
	<u>4,566,296</u>	<u>3,761,387</u>

# A. HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

<b>10 Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,809,724	1,819,927
Amounts owed to parent and fellow subsidiary undertakings	397,348	244,160
Corporation tax	115,768	108,946
Other taxes and social security costs	57,367	36,765
Other creditors	46,749	46,747
Accruals and deferred income	773,517	457,797
	<u>3,200,473</u>	<u>2,714,342</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

### 11 Provisions for liabilities

	<b>Deferred tax liability</b>	<b>Other</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2012	(36,414)	79,998	43,584
Profit and loss account	37,057	20,002	57,059
	<u>643</u>	<u>100,000</u>	<u>100,643</u>

The provision is in respect of dilapidation costs for the property leased by the company at Hayes

#### The deferred tax liability is made up as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	643	1,551
Other timing differences	-	(37,965)
	<u>643</u>	<u>(36,414)</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

	2012	2011	2010	2009	2008
	£	£	£	£	£
<b>Defined benefit pension plans</b>					
<b>Asset experience</b>					
Asset loss/(gain) during year	115,000	(202,000)	(123,000)	(121,000)	571,000
Asset loss/(gain) expressed as a percentage of plan assets	4.00%	(9.00%)	(5.00%)	(6.00%)	34.00%
<b>Liability experience</b>					
Liability loss/(gain) during year	33,000	(19,000)	(71,000)	43,000	(20,000)
Liability loss/(gain) expressed as a percentage of scheme liabilities	1.00%	(1.00%)	(3.00%)	2.00%	(1.00%)
<b>(Deficit)/Surplus</b>					
Actuarial value of plan liabilities	(3,289,000)	(2,905,000)	(2,825,000)	(2,483,000)	(1,868,000)
Fair value of assets	3,005,000	2,338,000	2,334,000	2,005,000	1,706,000
Deficit in the plan	<u>(284,000)</u>	<u>(567,000)</u>	<u>(491,000)</u>	<u>(478,000)</u>	<u>(162,000)</u>

# A. HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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

(continued)

#### Change in plan liabilities:

	2012	2011
	£	£
<b>Defined benefit pension plans - wholly or partly funded</b>		
Plan liabilities at 1 January	2,905,000	2,825,000
Current service cost	17,000	37,000
Interest cost	144,000	161,000
Contributions from scheme participants	11,000	29,000
Actuarial loss/(gain)	384,000	(30,000)
Benefits paid from plan assets	(77,000)	(117,000)
Settlements or curtailments	(95,000)	-
Plan liabilities at 31 December	<u>3,289,000</u>	<u>2,905,000</u>

#### Change in plan assets:

	2012	2011
	£	£
<b>Defined benefit pension plans</b>		
Fair value of assets at 1 January	2,338,000	2,334,000
Expected return on assets	96,000	124,000
Actuarial assets gain/(loss)	115,000	(202,000)
Employer contributions	522,000	170,000
Employee contributions	11,000	29,000
Benefits paid	(77,000)	(117,000)
Fair value of assets at 31 December	<u>3,005,000</u>	<u>2,338,000</u>
<b>Actual return on assets</b>	<u>211,000</u>	<u>(78,000)</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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

(continued)

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

	2012 £	2011 £
Current service cost	17,000	37,000
Interest cost	144,000	161,000
Expected return on pension scheme assets	(96,000)	(124,000)
Pension expense before special events	65,000	74,000

Split between	2012 £	2011 £
Charged to operating profit - administrative expenses	17,000	37,000
Charged to other finance costs	48,000	37,000
Net return	65,000	74,000

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

	2012 £	2011 £
Defined benefit pension plans		
Actuarial loss arising during the year	(269,000)	(172,000)
Total loss recognised in the STRGL during the year	(269,000)	(172,000)
Cumulative actuarial loss recognised in the STRGL at the year end	(989,000)	(720,000)

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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

(continued)

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

A Hartrodt (UK) Limited ("the Company") operates a defined benefit pension arrangement called the A Hartrodt (UK) Limited Retirement Benefits Scheme ("the Scheme"). The Scheme provides benefits on a defined benefit basis. The assets of the Scheme 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 years service. The Scheme closed to further accrual on 30 June 2012 and, at this time, all remaining active members became deferred for the purposes of final salary accrual. 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 2012, showed that the market value of the plan assets was £2,613,000 and the deficiency of liabilities accrued up to 1 January 2012 over the actuarial valuation of the assets was £943,000, equivalent to a 73% funding level.

During the year to 31 December 2013, the Company expects to contribute £60,000 to the Scheme plus, if appropriate, a profit related contribution. This is in accordance with the current Recovery Plan in place to remove the shortfall at the 1 January 2009 funding valuation. The Company will also pay additional amounts to cover Scheme expenses.

The assets of the Scheme 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 assets do not include any direct investment in the Company. The actual return on the Scheme's invested assets over the year to 31 December 2012 was 9.2%. The expected rate of return on the Scheme's assets for the following year is 3.80% (2011: 4.00%).

From April 2010, the Government changed the basis of statutory pension payments from the Retail Prices Index ("RPI") to the Consumer Price Index ("CPI"). Historically, the rates of RPI increases have been higher than those of CPI. The revaluation of Scheme benefits in the period up to retirement and pension increases for benefits accrued after 5 April 2005 now reference CPI. A full valuation of the company's final salary scheme was undertaken as at 1 January 2012 and updated to 31 December 2012 by a qualified independent actuary for purposes of FRS17.

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

	2012	2011	2010
	%	%	%
Rate of increase in salaries	-	4.00	4.76
Rate of pension increases (LPI 5%)	2.95	3.00	3.76
Discount rate	4.40	5.00	5.76
Retail price inflation	2.95	3.00	3.76
Consumer price inflation	2.25	2.30	-
Life expectancy at age 65			
- Male currently aged 45	23.50	23.40	23.40
- Male currently aged 65	22.10	22.10	22.00

As the link to salary was broken for all scheme benefits at 30 June 2012, no assumption for future salary increase is needed.

# A. HARTRODT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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

(continued)

#### Defined benefit pension plans

	2012 £	2011 £
Actuarial value of plan liabilities	(3,289,000)	(2,905,000)
Fair value of assets	3,005,000	2,338,000
Deficit in the plan	(284,000)	(567,000)
Pension liability recognised in the balance sheet	284,000	567,000

#### Reconciliation to the balance sheet.

##### Defined benefit pension plans

	2012 £	2011 £
Net pension liability at 1 January as previously reported	(567,000)	(491,000)
Disclosed pension expense for year	(65,000)	(74,000)
Employer contributions	522,382	170,000
Curtailment	95,000	-
Loss recognised via the STRGL	(269,000)	(172,000)
Net pension liability at 31 December before deferred tax	(283,618)	(567,000)
Related deferred tax asset	139,440	147,420
Net pension liability at 31 December after deferred tax	(144,178)	(419,580)

#### Expected contributions for the year ended 31 December 2013

##### Defined benefit pension plans

Employer	60,000	116,660
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#### Plan asset information:

	2012 £	2011 £
Defined benefit pension plans		
Other	3,005,000	2,338,000
Fair value of assets	3,005,000	2,338,000



## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

<b>13 Share capital</b>	<b>2012</b>	<b>2011</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 2012	782,676
Profit for the year	845,431
Actuarial gains or losses on pension scheme assets	(269,000)
Movement on deferred tax relating to pension asset	(7,980)
Balance at 31 December 2012	1,351,127

<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	845,431	333,814
Other recognised gains and losses	(269,000)	(172,000)
Movement on deferred tax relating to pension asset	(7,980)	9,940
Net addition to shareholders' funds	568,451	171,754
Opening shareholders' funds	897,676	725,922
Closing shareholders' funds	1,466,127	897,676

### 16 Contingent liabilities

The company's bankers have given a guarantee of £60,000 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 2012

#### 17 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
Within one year	31,250	31,250	9,625	2,172
Between two and five years	17,125	17,125	15,068	20,068
	<u>48,375</u>	<u>48,375</u>	<u>24,693</u>	<u>22,240</u>

#### 18 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	189,960	195,355
Company pension contributions to defined contribution schemes	12,873	3,757
	<u>202,833</u>	<u>199,112</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2011 - 1)

#### 19 Employees

##### Number of employees

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

	2012	2011
	Number	Number
Monthly number of employees	<u>30</u>	<u>32</u>

##### Employment costs

	2012	2011
	£	£
Wages and salaries	1,105,142	1,060,924
Social security costs	119,444	100,192
Other pension costs	(169,489)	158,802
	<u>1,055,097</u>	<u>1,319,918</u>

## A. HARTRODT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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#### **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 Hoegerdamn 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