

A HARTRODT (UK) LIMITED



Annual Report

For the year ended 31 December 2013

Company Registration No 00951778 (England And Wales)



A. HARTRODT (UK) LIMITED

COMPANY INFORMATION

Directors	A A K Wenzel A Russ
Secretary	N Woodward
Company number	00951778
Registered office	Unit 2 Pump Lane Industrial Estate Pump Lane Hayes Middlesex UB3 3NB
Auditors	Kingston Smith LLP Middlesex House 800 Uxbridge Road Hayes Middlesex UB4 0RS
Bankers	HSBC Bank Plc Hayes Branch 2 Station Road Hayes Middlesex UB3 4BY Commerzbank AG Valentinskamp 91 20354 Hamburg Germany
Solicitors	Lightfoots The Old Red Lion 1-3 High Street Thame Oxon OX9 2BX

A. HARTRODT (UK) LIMITED

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A HARTRODT (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013

Review of the business

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

60% of the files handled are related to export shipments, 40 % to import shipments

The job numbers increased slightly by 0.4% compared to 2012 however the turnover decreased by 5.2% to 17,616,337. The business was more or less on a similar level like in 2012, main contributors next to General Cargo were Project Shipments of big machineries and equipment

Principal risks and uncertainties

The company did not encounter any major claims in 2013, all reasonable business risks are attempted to be minimized through control mechanisms

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 minimizing such business risks through internal controls and staff training, making use of training external to the group where necessary

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 but in hindsight they make daily work practice and efficiencies more difficult for the freight forwarding industry
- Exchange rate fluctuations
- Clients going into administration

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

The company maintains foreign currency bank accounts to minimize exposure to exchange risks and adequate credit lines are available to facilitate access to overdrafts, although these facilities have not been utilised during 2013

Future developments

In 2014 the company will focus more on LCL (Less Than Container Load) shipments and aim to increase volumes of their export consol services to South East Asia and South America and also aim to increase LCL imports from China

It is expected that the turnover and profitability in 2014 will decrease as fewer project shipments are forecasted next to a reduced involvement in trucking business

On behalf of the board

A A K Wenzel

Director

14 3 2014

A HARTRODT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 January 2013

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

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

14 3 2014

A. HARTRODT (UK) LIMITED

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

We have audited the financial statements of A Hartrodt (UK) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. 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 so that we might state to the company's members those matters we are required to state to them in an auditors' 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 auditors

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 2013 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 Strategic Report and 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

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

20 3 2014

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 2013

	Notes	2013 £	2012 £
Turnover	2	17,622,338	18,595,221
Cost of sales		(14,985,211)	(15,871,961)
Gross profit		2,637,127	2,723,260
Administrative expenses		(1,791,356)	(1,641,783)
Other operating income		22,606	25,118
Operating profit	3	868,377	1,106,595
Investment income	4	58,477	24,765
Other interest receivable and similar income	4	187	282
Interest payable and similar charges	5	(34,099)	(49,154)
Profit on ordinary activities before taxation		892,942	1,082,488
Tax on profit on ordinary activities	6	(116,267)	(237,057)
Profit for the year	14	776,675	845,431

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 2013

	Notes	2013 £	2012 £
Profit for the financial year		776,675	845,431
Actuarial loss on pension scheme	12	(21,240)	(269,000)
Movement on deferred tax relating to pension asset	12	(139,440)	(7,980)
Total recognised gains and losses relating to the year		<u>615,995</u>	<u>568,451</u>

A HARTRODT (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	7		23,050		37,858
Investments	8		10		10
			<u>23,060</u>		<u>37,868</u>
Current assets					
Debtors	9	3,891,462		4,566,296	
Cash at bank and in hand		200,700		307,257	
		<u>4,092,162</u>		<u>4,873,553</u>	
Creditors: amounts falling due within one year	10	<u>(1,923,104)</u>		<u>(3,200,473)</u>	
Net current assets			<u>2,169,058</u>		<u>1,673,080</u>
Total assets less current liabilities			<u>2,192,118</u>		<u>1,710,948</u>
Provisions for liabilities	11		<u>(109,996)</u>		<u>(100,643)</u>
			<u>2,082,122</u>		<u>1,610,305</u>
Retirement benefit obligations	12		-		(144,178)
			<u>2,082,122</u>		<u>1,466,127</u>
Capital and reserves					
Called up share capital	13		115,000		115,000
Profit and loss account	14		1,967,122		1,351,127
Shareholders' funds	15		<u>2,082,122</u>		<u>1,466,127</u>

Approved by the Board and authorised for issue on 11 03 2014


A. Russ
Director

Company Registration No. 00951778

A. HARTRODT (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	£	2013 £	£	2012 £
Net cash inflow from operating activities		14,972		180,303
Returns on investments and servicing of finance				
Interest received	58,664		25,047	
Interest paid	(99)		(1,154)	
Net cash inflow for returns on investments and servicing of finance		58,565		23,893
Taxation		(179,229)		(193,178)
Capital expenditure				
Payments to acquire tangible assets	(865)		(4,830)	
Net cash outflow for capital expenditure		(865)		(4,830)
Net cash (outflow)/inflow before management of liquid resources and financing		(106,557)		6,188
(Decrease)/increase in cash in the year		(106,557)		6,188

A HARTRODT (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1 Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
	£	£
Operating profit	868,377	1,106,595
Depreciation of tangible assets	15,673	16,102
Decrease/(increase) in debtors	675,994	(841,323)
(Decrease)/Increase in creditors within one year	(1,216,210)	479,309
Other reserve movement	9,996	20,002
Pension scheme non-cash movement	(338,858)	(505,382)
Pension fund settlements	-	(95,000)
Net cash inflow from operating activities	14,972	180,303

2 Analysis of net funds	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Net cash				
Cash at bank and in hand	307,257	(106,557)	-	200,700
Bank deposits	-	-	-	-
Net funds	307,257	(106,557)	-	200,700

3 Reconciliation of net cash flow to movement in net funds	2013	2012
	£	£
(Decrease)/increase in cash in the year	(106,557)	6,188
Movement in net funds in the year	(106,557)	6,188
Opening net funds	307,257	301,069
Closing net funds	200,700	307,257

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

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

	2013 £	2012 £
Class of business		
Sea freight (including related services)	13,880,579	14,883,044
Air freight (including related services)	3,735,759	3,706,177
Management charge	6,000	6,000
	<u>17,622,338</u>	<u>18,595,221</u>

3 Operating profit

	2013 £	2012 £
Operating profit is stated after charging		
Depreciation of tangible assets	15,673	16,102
Operating lease rentals		
- Plant and machinery	32,706	28,932
- Other assets	92,471	101,320
Auditors' remuneration (including expenses and benefits in kind)	28,650	18,300
and after crediting		
Profit on foreign exchange transactions	<u>(20,102)</u>	<u>(26,631)</u>

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

4	Investment income	2013	2012
		£	£
	Income from shares in group undertakings	58,477	24,765
	Bank interest	187	282
		<u>58,664</u>	<u>25,047</u>

5	Interest payable	2013	2012
		£	£
	On amounts payable to group companies	-	462
	On bank loans and overdrafts	-	3
	On overdue tax	99	689
	Other finance cost	34,000	48,000
		<u>34,099</u>	<u>49,154</u>

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6 Taxation	2013	2012
	£	£
Domestic current year tax		
U K corporation tax	133,609	200,000
Adjustment for prior years	(15,539)	37,965
Total current tax	118,070	237,965
 Deferred tax		
Origination and reversal of timing differences	(1,696)	(908)
Movement in deferred tax resulting from changes in tax rate	(107)	-
	(1,803)	(908)
	116,267	237,057
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	892,942	1,082,488
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 24.50%)	205,377	265,210
Effects of		
Non deductible expenses	(844)	16,717
Differences between depreciation and capital allowances	1,949	805
Other tax adjustments	(88,412)	(44,767)
	(87,307)	(27,245)
 Current tax charge for the year	118,070	237,965

A HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2013	365,576
Additions	865
	<hr/>
At 31 December 2013	366,441
	<hr/>
Depreciation	
At 1 January 2013	327,718
Charge for the year	15,673
	<hr/>
At 31 December 2013	343,391
	<hr/>
Net book value	
At 31 December 2013	23,050
	<hr/>
At 31 December 2012	37,858
	<hr/>

A HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2013 & at 31 December 2013	10
Net book value	
At 31 December 2013	10
At 31 December 2012	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 %
Subsidiary undertakings			
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 2013 £	Profit/(loss) for the year 2013 £
	Principal activity		
A Hartrodt (Midlands) Limited	Dormant	10	-

9 Debtors

	2013 £	2012 £
Trade debtors	1,813,292	2,809,698
Amounts owed by subsidiary undertakings	1,899,650	1,411,472
Other debtors	58,023	50,212
Prepayments and accrued income	119,337	294,914
Deferred tax asset (see note 11)	1,160	-
	3,891,462	4,566,296

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

10 Creditors amounts falling due within one year	2013	2012
	£	£
Trade creditors	953,569	1,809,724
Amounts owed to parent and fellow subsidiary undertakings	140,022	397,348
Corporation tax	54,609	115,768
Other taxes and social security costs	64,139	57,367
Other creditors	28,738	46,749
Accruals and deferred income	682,027	773,517
	<u>1,923,104</u>	<u>3,200,473</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

	Other
	£
Balance at 1 January 2013	100,000
Profit and loss account	9,996
	<u>109,996</u>
Balance at 31 December 2013	<u>109,996</u>

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

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

	2013	2012
	£	£
Balance at 1 January 2013	643	
Profit and loss account	(1,803)	
	<u>(1,160)</u>	
Balance at 31 December 2013	<u>(1,160)</u>	
	2013	2012
	£	£
(Decelerated)/accelerated capital allowances	<u>(1,160)</u>	<u>643</u>

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Pension and other post-retirement benefit commitments

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

	2013	2012	2011	2010	2009
	£	£	£	£	£
Defined benefit pension plans					
Asset experience					
Asset gain/(loss) during year	210,000	115,000	(202,000)	(123,000)	(121,000)
Asset gain/(loss) expressed as a percentage of plan assets	6.00%	4.00%	(9.00%)	(5.00%)	(6.00%)
Liability experience					
Liability loss/(gain) during year	(1,000)	33,000	(19,000)	(71,000)	43,000
Liability loss/(gain) expressed as a percentage of scheme liabilities	(0.00%)	1.00%	(1.00%)	(3.00%)	2.00%
(Deficit)/Surplus					
Actuarial value of plan liabilities	(3,238,000)	(3,289,000)	(2,905,000)	(2,825,000)	(2,483,000)
Fair value of assets	3,407,240	3,005,382	2,338,000	2,334,000	2,005,000
Surplus/(Deficit) in the plan	169,240	(283,618)	(567,000)	(491,000)	(478,000)

A HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Pension and other post-retirement benefit commitments

(continued)

Change in plan liabilities

	2013	2012
	£	£
Defined benefit pension plans - wholly or partly funded		
Plan liabilities at 1 January	3,289,000	2,905,000
Current service cost	-	17,000
Interest cost	139,000	144,000
Contributions from scheme participants	-	11,000
Actuarial loss	62,000	384,000
Benefits paid from plan assets	(252,000)	(77,000)
Settlements or curtailments	-	(95,000)
Plan liabilities at 31 December	3,238,000	3,289,000

Change in plan assets:

	2013	2012
	£	£
Defined benefit pension plans		
Fair value of assets at 1 January	3,005,382	2,338,000
Expected return on assets	105,000	96,000
Actuarial assets gain	210,000	115,000
Employer contributions	338,858	522,000
Employee contributions	-	11,000
Benefits paid	(252,000)	(77,000)
Fair value of assets at 31 December	3,407,240	3,005,382
Actual return on assets	315,000	211,000

A HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Pension and other post-retirement benefit commitments

(continued)

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

	2013 £	2012 £
Current service cost	-	17,000
Interest cost	139,000	144,000
Expected return on pension scheme assets	(105,000)	(96,000)
Pension expense before special events	<u>34,000</u>	<u>65,000</u>

	2013 £	2012 £
Split between		
Charged to operating profit - administrative expenses	-	17,000
Charged to other finance costs	<u>34,000</u>	<u>48,000</u>
Net return	<u>34,000</u>	<u>65,000</u>

Statement of total recognised gains and losses (STRGL)

	2013 £	2012 £
Defined benefit pension plans		
Actuarial gain/(loss) arising during the year	148,000	(269,000)
Restriction on pension fund asset	<u>(169,240)</u>	<u>-</u>
Total loss recognised in the STRGL during the year	<u>(21,240)</u>	<u>(269,000)</u>
Cumulative actuarial loss recognised in the STRGL at the year end	<u>(1,010,240)</u>	<u>(989,000)</u>

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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 2014, 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 2013 was 11%. The expected rate of return on the Scheme's assets for the following year is 5.00% (2012: 3.80%).

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 2013 by a qualified independent actuary for purposes of FRS17.

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

	2013	2012	2011
	%	%	%
Rate of increase in salaries	-	-	4.00
Rate of pension increases (LPI 5%)	3.35	2.95	3.00
Discount rate	4.60	4.40	5.00
Retail price inflation	3.35	2.95	3.00
Consumer price inflation	2.65	2.25	2.30
Life expectancy at age 65			
- Male currently aged 45	23.50	23.50	23.40
- Male currently aged 65	22.20	22.10	22.10

A HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Pension and other post-retirement benefit commitments

(continued)

Defined benefit pension plans

	2013 £	2012 £
Actuarial value of plan liabilities	(3,238,000)	(3,289,000)
Fair value of assets	3,407,240	3,005,382
Asset/(Deficit) in the plan	169,240	(283,618)
Unrecognised pension fund asset	(169,240)	-
Pension liability recognised in the balance sheet	-	283,618

Reconciliation to the balance sheet:

Defined benefit pension plans	2013 £	2012 £
Net pension liability at 1 January as previously reported	(283,618)	(567,000)
Disclosed pension expense for year	(34,000)	(65,000)
Employer contributions	338,858	522,382
Curtailment	-	95,000
Loss recognised via the STRGL	(21,240)	(269,000)
Net pension liability at 31 December before deferred tax	-	(283,618)
Related deferred tax asset	-	139,440
Net pension liability at 31 December after deferred tax	-	(144,178)

Expected contributions for the year ended 31 December 2014

Defined benefit pension plans

Employer	60,000	60,000
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Plan asset information

Defined benefit pension plans	2013 £	2012 £
Other	3,407,240	3,005,382
Fair value of assets	3,407,240	3,005,382

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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

Defined contribution scheme

	2013 £	2012 £
Contributions payable by the company for the year	17,471	12,873

13 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
115,000 Ordinary Shares of £1 each	115,000	115,000

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2013	1,351,127
Profit for the year	776,675
Actuarial gains or losses on pension scheme assets	(21,240)
Movement on deferred tax relating to pension asset	(139,440)
Balance at 31 December 2013	1,967,122

15 Reconciliation of movements in shareholders' funds	2013 £	2012 £
Profit for the financial year	776,675	845,431
Other recognised gains and losses	(21,240)	(269,000)
Movement on deferred tax relating to pension asset	(139,440)	(7,980)
Net addition to shareholders' funds	615,995	568,451
Opening shareholders' funds	1,466,127	897,676
Closing shareholders' funds	2,082,122	1,466,127

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

16 Contingent liabilities

The company's bankers have given a guarantee of £120,000 to H M Revenue & Customs on behalf of the company

17 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire				
Within one year	31,250	31,250	319	9,625
Between two and five years	17,125	17,125	16,535	15,068
	<u>48,375</u>	<u>48,375</u>	<u>16,854</u>	<u>24,693</u>

18 Directors' remuneration

	2013	2012
	£	£
Remuneration for qualifying services	163,094	176,818
Company pension contributions to defined contribution schemes	14,675	12,873
	<u>177,769</u>	<u>189,691</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2012 - 1)

A. HARTRODT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

19 Employees

Number of employees

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

	2013 Number	2012 Number
Monthly number of employees	31	30

Employment costs

	2013 £	2012 £
Wages and salaries	1,087,049	1,092,000
Social security costs	119,374	132,586
Other pension costs	26,528	(169,489)
	1,232,951	1,055,097

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.