

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**FOR**

**PALFINGER TAIL LIFTS LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	5
<b>Report of the Independent Auditors</b>	7
<b>Statement of Comprehensive Income</b>	10
<b>Balance Sheet</b>	11
<b>Statement of Changes in Equity</b>	12
<b>Notes to the Financial Statements</b>	13

**PALFINGER TAIL LIFTS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

<b>DIRECTORS:</b>	C N Raffi W Noone
<b>SECRETARY:</b>	C N Raffi
<b>REGISTERED OFFICE:</b>	2 Falcon Gate Shire Park Welwyn Garden City AL7 1TW
<b>REGISTERED NUMBER:</b>	01019643 (England and Wales)
<b>AUDITORS:</b>	Cook & Partners Limited Statutory Auditor Manufactory House Bell Lane Hertford Hertfordshire SG14 1BP
<b>BANKERS:</b>	Deutsche Bank AG London Winchester House 1 Great Winchester House London EC2N 2DB
<b>SOLICITORS:</b>	Gisby Harrison Goffs Oak House Goffs Lane Cheshunt Herts EN7 5HG

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

The directors present their strategic report for the year ended 31st December 2021.

**REVIEW OF BUSINESS**

Brexit constraints continue to present some challenges at UK borders despite the business operating on DDP shipping terms. Currency pressures, material price increases, ongoing component supply and global conflicts all play factors in making supply more challenging. The business is acutely aware of these challenges and are taking steps in each area to ensure our supply performance continues to be optimised.

2021 saw the tail lifts gain new business in the traffic management, fleet rental, and OEM fleet business as well as continued growth in Food & beverage, logistics and several other sectors

Palfinger continues to prepare for the future changes in market such as new IVA regulations as well as the highly anticipated transition from conventional file vehicles to Electrification

Palfinger Tail Lifts have continued to build up a significant customer base and have enjoyed an excellent start to 2022.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Key performance indicators assessed during this period were as follows:**

Turnover has decreased from £1,747,420 in 2020 to £1,479,709 in 2021 a fall of 15% which is viewed by the directors to be acceptable, considering the change in product portfolio and current business environment.

Gross profit margin stood at 56.52% (2020: -8.93%). This performance is considered acceptable and in line with the expectations of the management team after the previous year where the turnaround strategy took place.

Palfinger Tail Lifts Limited (PTL) continues to enjoy the benefits of being part of a large and successful multi-national group, Palfinger AG. The relationship and integration continue to result in greater levels of collaboration and transfer of expertise from the parent company into PTL, resulting in operational and strategic improvements across the business.

**Future Developments**

- Further simplifying and integration of the order processing between UK and Germany.
- Reinforcement of our sales force to optimize customer experience with our product and our service level.

**Financial risk management objectives and policies**

The company uses various financial instruments. These include inter-company loans, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below:

**Foreign Currency Risk**

The company is exposed to limited foreign currency exchange risk arising from currency exposure with respect to fluctuations of the GBP to EUR. Non sterling balances are managed to a minimum level limiting the company's exposure to movements in exchange rates.

**Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company policy throughout the year has been to ensure continuity of funding which is achieved through Palfinger AG resources which allows the company to meet medium and long-term funding requirements.

Short-term flexibility is achieved by overdraft facilities. Some flexibility has also been achieved through the government funded furlough scheme which mitigated the cost of some salaries.

**Interest rate risk**

The company finances its operations through a mixture of bank overdraft and inter-company loans. The company exposure to interest rate fluctuations on its borrowings is managed through floating inter-company facilities, which will remain the preferred option while interest rates remain stable.

**Credit risk**

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. The impact associated with trade debtor risk is reduced through a broad customer base and significant management focus on aged debt.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

**Exit from the European Union**

The United Kingdom left the European Union at the end of January 2020 and the transition period ended at the end of 2020. This has lead to additional tariffs and longer lead times throughout 2021 and further changes continue to be monitored.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

The company undertakes relatively low cross border trading between the UK and EU and has handled the transition period relatively smoothly. Consequently we do not expect Brexit to have a significant effect on company's results in future financial years.

The company continues to develop its business in the UK and to invest, both in terms of financial and human resources to ensure it remains competitive and innovative.

**Covid-19 risk**

The global economy had been significantly impacted by the outbreak of the COVID-19 pandemic during the previous year. However early 2021 the successful roll out of the vaccination program in the UK has meant that most restrictions were lifted by the middle of the year, with some restrictions still being applied to international travel. The economy and industry have since recovered.

Since the relaxation of COVID restrictions:

- > The company has made the conscious decision to maintain a remote operation.
- > Customer demand has returned to pre COVID levels.
- > Customers continue to adhere to standard payment terms.
- > Supply shortfalls are being closely monitored.

The risk of further significant impact of COVID-19 on the financial performance and operations of the company are considered to be relatively low.

**ON BEHALF OF THE BOARD:**

C N Raffi - Director

30th September 2022

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31st December 2021.

**DIVIDENDS**

Details of the results for the year are set out in the profit and loss account on page 9. The directors do not recommend the payment of a dividend.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2021 to the date of this report.

C N Raffi  
W Noone

**PEOPLE WITH DISABILITIES**

The company has a policy of providing equal opportunities for the employment of people with disabilities wherever practicable and endeavours to ensure that employees with disabilities benefit from training and career development programmes in common with all employees.

**RESEARCH AND DEVELOPMENT**

The company's future plans will include expenditure on research and development at a level judged to be sufficient to maintain future growth.

**EMPLOYEE INVOLVEMENT**

The group continues to place great importance on involving staff in all aspects of the business. The staff are regularly consulted and kept informed of major developments.

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The Company has net current liabilities of £4,132,000 as at 31 December 2020 (2020: £4,147,000)

The Director's forecast illustrates that subject to the continuing availability of intercompany facilities as required, the company will be able to continue to meet its liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

The ultimate parent company, Palfinger AG has confirmed its support to the company in order to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Director's have assessed the ability of Palfinger AG to support the company.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Cook & Partners Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

C N Raffi - Director

30th September 2022



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**PALFINGER TAIL LIFTS LIMITED**

**Opinion**

We have audited the financial statements of Palfinger Tail Lifts Limited (the 'company') for the year ended 31st December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its loss 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**PALFINGER TAIL LIFTS LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Ensured all in the audit team are aware of the risks identified and particular areas that were susceptible to misstatement and during the audit planning meeting.

Throughout the audit additional substantive testing was undertaken in areas where there was perceived to be a medium or high risk of misstatement.

Audit testing was undertaken in a manner that was unpredictable in nature, selection and timing when compared to previous years work.

The engagement Partners final review of the audit file and financial statements included a detailed review of all areas of medium or high risk identified at the planning stage of the audit.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above:

Financial Reporting Standard 101, Companies Act 2006 and UK General Data Protection Regulation. The audit team all have a good understanding of the requirements under these laws and regulations common to most trading businesses and were alert throughout the audit to any potential instances of non-compliance.

Further, at both the planning and completion stage of the audit enquiries were made of management regarding any known instances of fraud or non-compliance with laws and regulations

These representations were corroborated where possible through the review of board minutes/correspondence with HMRC and companies house / correspondence with other regulatory bodies. No contradictory evidence was noted.

We consider that the work detailed above has ensured that the likelihood of detection of irregularities including fraud is considered to be high both at management level and during our audit approach. It is however worth noting that there is an inherent difficulty in detecting irregularities and there is no guarantee that all irregularities have been identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**PALFINGER TAIL LIFTS LIMITED**

**Use of our report**

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 a Report of the Auditors 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.

Jeffrey Oliver (Senior Statutory Auditor)  
for and on behalf of Cook & Partners Limited  
Statutory Auditor  
Manufactory House  
Bell Lane  
Hertford  
Hertfordshire  
SG14 1BP

30th September 2022

**STATEMENT OF COMPREHENSIVE**  
**INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
<b>TURNOVER</b>	3		1,479,709		1,747,420
Cost of sales			<u>643,434</u>		<u>1,903,525</u>
<b>GROSS PROFIT/(LOSS)</b>			836,275		(156,105)
Distribution costs		470,592		581,003	
Administrative expenses		<u>350,160</u>		<u>429,973</u>	
			<u>820,752</u>		<u>1,010,976</u>
			15,523		(1,167,081)
Other operating income			<u>-</u>		<u>45,664</u>
<b>OPERATING PROFIT/(LOSS)</b>			15,523		(1,121,417)
Interest payable and similar expenses	6		<u>45,963</u>		<u>71,723</u>
<b>LOSS BEFORE TAXATION</b>	7		(30,440)		(1,193,140)
Tax on loss	8		<u>5,508</u>		<u>35,166</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>			(35,948)		(1,228,306)
<b>OTHER COMPREHENSIVE INCOME</b>			<u>-</u>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>			<u>(35,948)</u>		<u>(1,228,306)</u>

The notes form part of these financial statements

**PALFINGER TAIL LIFTS LIMITED (REGISTERED NUMBER: 01019643)**

**BALANCE SHEET**  
**31ST DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
<b>FIXED ASSETS</b>					
Owned					
Intangible assets	9	-	-	-	-
Tangible assets	10	5,178	6,828		
Right-of-use					
Tangible assets	10, 16	14,415	61,829		
		19,593	68,657		
<b>CURRENT ASSETS</b>					
Stocks	11	-	3,516		
Debtors	12	138,999	418,097		
Cash at bank and in hand		88,084	174,051		
		227,083	595,664		
<b>CREDITORS</b>					
Amounts falling due within one year	13	4,378,579	4,742,800		
<b>NET CURRENT LIABILITIES</b>		(4,151,496)	(4,147,136)		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(4,131,903)	(4,078,479)		
<b>CREDITORS</b>					
Amounts falling due after more than one year	14	-	17,476		
<b>NET LIABILITIES</b>		(4,131,903)	(4,095,955)		
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18	300	300		
Share premium	19	4,499,800	4,499,800		
Retained earnings	19	(8,632,003)	(8,596,055)		
<b>SHAREHOLDERS' FUNDS</b>		(4,131,903)	(4,095,955)		

The financial statements were approved by the Board of Directors and authorised for issue on 30th September 2022 and were signed on its behalf by:

C N Raffi - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1st January 2020</b>	300	(7,367,749)	4,499,800	(2,867,649)
<b>Changes in equity</b>				
Total comprehensive income	-	(1,228,306)	-	(1,228,306)
<b>Balance at 31st December 2020</b>	300	(8,596,055)	4,499,800	(4,095,955)
<b>Changes in equity</b>				
Total comprehensive income	-	(35,948)	-	(35,948)
<b>Balance at 31st December 2021</b>	300	(8,632,003)	4,499,800	(4,131,903)

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**1. STATUTORY INFORMATION**

**AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101**

Palfinger Tail Lifts Limited is a private company limited by shares and incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost convention and in accordance with Companies Act 2006. The company has used a true and fair view override in respect of the non amortisation of goodwill.

The company's financial statements are presented in Sterling except when otherwise indicated.

The results of Palfinger Tail Lifts Limited are included in the consolidated financial statements of Palfinger AG which are available from Palfinger AG, Franz-Wolfram-Scherer-Strasse 24, A-5101 Bergheim/Salzburg, Austria.

The principal accounting policies adopted by the company are set out in note 2.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. These policies have been applied consistently to all years presented, unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 58 of IFRS 16 Leases;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

**Judgements and Key Sources of Estimation Uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates have had an effect on amounts recognised in the financial statements:

**Impairment of Goodwill**

Detailed in note 10 are the key assumptions that have been made when ascertaining the recoverable amount of the Goodwill.

Based on these assumptions management has concluded that the value in use of the goodwill is lower than its carrying value in the accounts and that an impairment is therefore required.

**Stock Valuation**

The stock balance of £Nil (2020: £3,516) recorded in the company's balance sheet comprise of a mix of raw materials, work in progress and finished goods. As a result of restructuring, calculation of the net realisable value of individual stock items has involved a greater degree of estimation than at previous reporting dates. A detailed review of slow moving and obsolete stock has been carried out.

Whilst every attempt is made to ensure that the stock provisions are as accurate as possible there remains a risk that the provisions against stock ultimately do not accurately agree to the net realisable value of the stock.

**COVID 19**

The global economy had been significantly impacted by the outbreak of the COVID-19 pandemic during the previous year. However early 2021 the successful roll out of the vaccination program in the UK has meant that most restrictions were lifted by the middle of the year, with some restrictions still being applied to international travel. The economy and the industry has since recovered.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

Since the relaxation of COVID restrictions, the company has continued to make the decision to maintain a remote operation. Providing the additional flexibility to work remotely has proven to be a more effective use of employee's time. Meeting customers face to face remains a central focus for key meetings but the use of regular Teams meetings has provided more time to focus on a wider range of activities spending less wasteful time driving long distances.

The risk of further significant impact of COVID-19 on the financial performance and operations of the company are considered to be relatively low.

**Going Concern**

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The Company has net current liabilities of £4,132,000 as at 31 December 2021 (2020: £4,147,000)

The Director's forecast illustrates that subject to the continuing availability of intercompany facilities as required, the Company will be able to continue to meet its liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

The ultimate parent company, Palfinger AG has confirmed its support to the company in order to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Director's have assessed the ability of Palfinger AG to support the company.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Adoption of IFRS 16**

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in the 2019 accounting period which resulted in changes to the accounting policies.

The company transitioned to IFRS 16 using the modified retrospective approach. The prior period figures were not adjusted and there is no impact on retained earnings.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered or modified on or after 1 January 2019 have the definition of a lease per IFRS 16 applied.

The company also decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of a low value.

For leases classified as operating leases under IAS 17, these liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 1.87% as of 1 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- >Applied a single discount rate to a portfolio of leases with similar characteristics
- >Applied the exemption not to recognise assets and liabilities for leases with less than 12 month of lease term remaining
- >Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
- >Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- >Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous leases as at 1 January 2019.

Right-of-use assets are measured an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

No adjustments were required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

**Leases - accounting treatment from 1 January 2019**

**Definition**

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

**Initial recognition and measurement**

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

**Subsequent measurement**

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Tangible Assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy impairment.

**Short term leases**

The company has made an accounting policy election, by class of underlying asset, not to recognise lease asset and lease asset liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

Lease payments on short term leases are accounted for on a straight-line basis over the term of the lease or other systematic basis if considered more appropriate. Short term lease payments are included in operating expenses in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

2. **ACCOUNTING POLICIES - continued**  
**Leases - accounting treatment prior to 1 January 2019**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Revenue recognition**

The company earns revenue from the sale of tail lifts and spare parts to customers. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

**Fee arrangements**

Below are details of fee arrangements and how these are measured and recognised, for revenue from the sale of products:

Revenue is recognised when we transfer control and performance obligations are met, usually on delivery of product to customer. Terms of the fee arrangement are detailed in the terms and conditions attached to the invoice.

**Performance obligations**

Revenue from the sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the trade customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

**Transaction price**

The transaction price is the fair value of the consideration received for the product less discounts/ rebates and value added taxes.

Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery. It is the company's policy to sell its products to the end customer with a right to return of 28 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Foreign currency translation**

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Tangible assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write off their cost less residual value by equal annual instalments over their estimated useful lives, which are considered to be:

Plant and equipment - 3-8 years

Leasehold property - over period of lease

Motor vehicles - 4-5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

**Intangible fixed assets**

**Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 10 years would have been chosen as the useful life for goodwill. The profit for the year would not have changed as the goodwill would have been fully amortised at 31st December 2020.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Research and Development**

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

**Patents**

Patents are initially recognised at cost on the date of purchase and at the purchase price. Internally generated patents are not recognised.

Following initial recognition the cost model is applied and the assets are amortised over the life of the Patent.

**Stocks and work-in-progress**

Stocks and work-in-progress consists of raw materials, bought out parts, manufactured parts, complete and semi-complete assemblies and finished products. Raw materials and bought out parts are valued at cost, computed on the first-in, first-out basis.

Manufactured items, complete and semi-complete assemblies, and finished products are valued at the cost of materials plus labour and overheads directly attributable to their manufacture based on a normal level of activity.

Where the net realisable value of individual stock items is less than cost, the net realisable value has been adopted.

**Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

> Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

> Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

> Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Leases**

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

**Trade receivables**

The company's trade receivables for sales of stock are subject to IFRS 9's new expected credit loss model, and the company was required to revise its impairment methodology under IFRS 9 for this class of assets. The impact of the change in impairment methodology on the company's retained earnings and equity is not considered to be material.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was also considered to be immaterial.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial asset - recognition and measurement**

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

There are no instruments which have been classified under this category.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Impairment of financial assets**

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

**Financial liabilities - recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

The company's financial liabilities comprise of trade creditors, amounts owes to group undertakings and bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- a) Financial liabilities at fair value through profit or loss
- b) Loan and borrowings

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Pension costs**

On the 1 October 2008 the company set up a Group Personal Pension Plan for the benefit of all Palfinger Tail Lifts Limited employees. The assets of the scheme are held separately from those of the company. The monthly contributions payable are charged to the income statement.

**Government Grants**

During the previous year the company utilized the Corona Virus Job Retention scheme and received Grants of £Nil (2020: £45,664) on an accruals basis.

These are recognised as other income in the statement of profit and loss in the period that the company was entitled to receive the Grants.

These were used to pay furloughed staffs net salaries, PAYE, pensions and national insurance contributions as applicable and are therefore recognised as revenue grants.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business for the year ended 31st December 2020 is given below:

	£
Sale of goods	1,747,420
	<u>1,747,420</u>

This analysis is not considered to be applicable to the year ended 31st December 2021.

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	1,002,446	1,746,104
Overseas	<u>477,263</u>	<u>1,316</u>
	<u>1,479,709</u>	<u>1,747,420</u>

**4. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	527,943	588,314
Social security costs	51,692	61,693
Other pension costs	<u>32,481</u>	<u>29,948</u>
	<u>612,116</u>	<u>679,955</u>

The average number of employees during the year was as follows:

	2021	2020
Administration staff	<u>10</u>	<u>14</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**5. DIRECTORS**

Remuneration in respect of directors was as follows:

	2021	2020
£	£	
Director's emoluments	159,038	190,448
Value of company pension contributions to Group Personal Pension Plan	24,350	11,169
	<u>183,388</u>	<u>201,617</u>

**Highest paid director:**

Emoluments	82,580	110,474
Value of company pension contributions to money purchase schemes	14,428	6,311
	<u>97,008</u>	<u>116,785</u>

	2021	2020
	No.	No.
The number of directors who accrued benefits under company pension schemes was as follows:		
Money purchase schemes	<u>2</u>	<u>2</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
£	£	
Interest payable on loan from Palfinger AG	45,506	69,714
	<u>45,506</u>	<u>69,714</u>

**7. LOSS BEFORE TAXATION**

	2021	2020
£	£	
Operating profit is arrived at after charging/(crediting):		
Depreciation of owned assets	5,523	5,781
Depreciation of right-of-use assets	47,414	49,498
Impairment of goodwill	-	62,000
Research and development costs expensed	-	-
Auditor's remuneration:		
-audit fees	25,021	24,417
Cost of stocks recognised as an expense	652,839	1,923,977
(Profit)/loss on foreign exchange	<u>(225)</u>	<u>1,284</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**8. TAXATION**

**Analysis of tax expense**

	2021 £	2020 £
Current tax:		
Tax	-	38,244
R&D tax claim	-	(4,747)
Total current tax	-	33,497
Deferred tax	5,508	1,669
Total tax expense in statement of comprehensive income	<u>5,508</u>	<u>35,166</u>

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Loss before income tax	<u>(30,440)</u>	<u>(1,193,140)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(5,784)	(226,697)
Effects of:		
Expenses not deductible for tax purposes	594	258
R&D tax credit	-	(4,747)
year		
Losses in year not expected to reverse	10,698	229,641
Previous year under provision	-	38,244
Changes in rate of tax	-	(1,533)
Tax expense	<u>5,508</u>	<u>35,166</u>

**9. INTANGIBLE FIXED ASSETS**

	Goodwill £	Patents and licences £	Development costs £	Totals £
<b>COST</b>				
At 1st January 2021 and 31st December 2021	<u>565,997</u>	<u>37,716</u>	<u>177,838</u>	<u>781,551</u>
<b>AMORTISATION</b>				
At 1st January 2021 and 31st December 2021	<u>565,997</u>	<u>37,716</u>	<u>177,838</u>	<u>781,551</u>
<b>NET BOOK VALUE</b>				
At 31st December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**9. INTANGIBLE FIXED ASSETS - continued**

**Impairment review of goodwill**

The Goodwill cost shown in note 10 of the accounts is recognised in relation to the purchase of a business made in 2011.

Under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment.

At the 31st December 2020 the company will no longer be selling R&B parts it is therefore considered that the spare parts turnover derived from the purchase of the R&B business in 2011 has no further value in use to the business. Goodwill was subsequently impaired to £nil at 31st December 2020.

**10. TANGIBLE FIXED ASSETS**

	Short leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1st January 2021	425,515	4,532	54,389	22,297	506,733
Additions	-	-	-	3,603	3,603
Disposals	-	(4,532)	(17,719)	-	(22,251)
At 31st December 2021	<u>425,515</u>	<u>-</u>	<u>36,670</u>	<u>25,900</u>	<u>488,085</u>
<b>DEPRECIATION</b>					
At 1st January 2021	374,280	4,532	43,795	15,469	438,076
Charge for year	40,627	-	6,787	5,253	52,667
Eliminated on disposal	-	(4,532)	(17,719)	-	(22,251)
At 31st December 2021	<u>414,907</u>	<u>-</u>	<u>32,863</u>	<u>20,722</u>	<u>468,492</u>
<b>NET BOOK VALUE</b>					
At 31st December 2021	<u>10,608</u>	<u>-</u>	<u>3,807</u>	<u>5,178</u>	<u>19,593</u>
At 31st December 2020	<u>51,235</u>	<u>-</u>	<u>10,594</u>	<u>6,828</u>	<u>68,657</u>

**11. STOCKS**

	2021 £	2020 £
Raw materials (spares)	<u>-</u>	<u>3,516</u>

In the opinion of the directors, the replacement cost of stock is not materially different to the amounts at which it is stated in the accounts.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade debtors	94,302	354,388
Other debtors	8,172	16,046
Deferred tax asset	7,790	13,298
Prepayments	<u>28,735</u>	<u>34,365</u>
	<u>138,999</u>	<u>418,097</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Leases (see note 15)	14,199	45,098
Trade creditors	42,539	84,888
Amounts owed to group undertakings	4,187,064	4,260,401
Tax	(5,611)	(5,611)
Social security and other taxes	17,738	19,847
VAT	66	58,151
Other creditors	22,162	36,287
Accruals and deferred income	<u>100,422</u>	<u>243,739</u>
	<u><u>4,378,579</u></u>	<u><u>4,742,800</u></u>

Amounts due to the ultimate parent company relate to an intercompany loan. The loan incurs interest at a market rate equal to LIBOR in GBP at the end of each quarter and has to be repaid on demand.

The amounts due from fellow subsidiary undertakings relate to trading activities and are unsecured, interest free and have no fixed repayment date.

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

	2021	2020
	£	£
Leases (see note 15)	<u>-</u>	<u>17,476</u>

**15. FINANCIAL LIABILITIES - BORROWINGS**

**Lease liability maturity analysis**

Future minimum lease payments as at 31 December 2021 are as follows:

	2021	2020
£		
Less than one year	14,199	48,814
In two to five years	<u>-</u>	<u>14,204</u>
Total lease liabilities (undiscounted)	<u>14,199</u>	<u>63,018</u>
Impact of finance expenses	<u>(39)</u>	<u>(444)</u>
Carrying value of liabilities	<u><u>14,160</u></u>	<u><u>62,574</u></u>

**Total cash outflows related to leases**

Total cash outflows related to leases are presented in the table below:

	2021	2020
£		
Right of use asset	14,204	49,948
Interest	39	2,099
Short term lease	<u>-</u>	<u>-</u>
Total cash outflow	<u><u>14,243</u></u>	<u><u>52,047</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

16. **LEASING**

**Right-of-use assets**

**Tangible fixed assets**

	2021 £	2020 £
<b>COST</b>		
At 1st January 2021	<u>462,185</u>	<u>462,185</u>
<b>DEPRECIATION</b>		
At 1st January 2021	400,356	350,407
Charge for year	<u>47,414</u>	<u>49,949</u>
	<u>447,770</u>	<u>400,356</u>
<b>NET BOOK VALUE</b>	<u>14,415</u>	<u>61,829</u>

**Lease liabilities**

**Leases**

Leases included in creditors:

	Note	2021	2020
£			
Current portion of long term liabilities		14,199	45,098
In two years or more		-	17,476
In five years or more		-	-
		<u>14,199</u>	<u>62,574</u>

17. **DEFERRED TAX**

	£
Balance at 1st January 2021	(13,298)
Provided during year	<u>5,508</u>
Balance at 31st December 2021	<u>(7,790)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**17. DEFERRED TAX - continued**

The deferred taxation asset recognised/unrecognised is analysed as shown below:

	Recognised		Unrecognised	
	£	£	£	£
	2021	2020	2021	2020
Depreciation in excess of capital allowances	6,488	7,814	-	-
Tax losses carried forward	-	-	2,207,122	2,207,745
Other Short term timing differences	1,302	5,484	-	-
Total deferred tax asset	<u>7,790</u>	<u>13,298</u>	<u>2,217,122</u>	<u>2,207,754</u>

The unrecognised losses carried forward are not recognised as there is insufficient certainty that there will be future taxable profit against which these can be offset.

**Factors that may affect future tax charges**

There had previously been many announcements regarding changing the rate of tax however the latest budget announced a freeze on the rate of tax for the foreseeable future.

**18. CALLED UP SHARE CAPITAL**

	£	£
	2021	2020
Authorised, called up, allotted and fully paid: 300 ordinary shares of £1 each	<u>300</u>	<u>300</u>

**19. RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1st January 2021	(8,596,055)	4,499,800	(4,096,255)
Deficit for the year	<u>(35,948)</u>		<u>(35,948)</u>
At 31st December 2021	<u>(8,632,003)</u>	<u>4,499,800</u>	<u>(4,132,203)</u>

**Share premium**

The balance classified as share premium includes the share premium on issue of the Company's equity share capital, comprising £1 ordinary shares.

**20. RELATED PARTIES**

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

All transactions were made on an arm's length basis and at full market value.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

**21. ULTIMATE CONTROLLING PARTY**

The company's ultimate parent company and ultimate controlling party is Palfinger AG, incorporated in Austria. Palfinger AG is both the largest and smallest undertaking for which group accounts are drawn up. Copies of the group accounts can be obtained at Palfinger AG, Franz-Wolfram-Scherer-Strasse 24, A-5101 Bergheim/Salzberg, Austria.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.