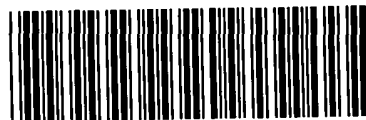


**LINDE MH UK LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2021**

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**LINDE MH UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2021**

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**LINDE MH UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2021**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

U Just  
C Blebta  
M Ludwig  
A Lawton  
M Marsden  
E Parker  
C Williamson  
D Woodward

**REGISTERED OFFICE**

Kingsclere Road  
Basingstoke  
Hampshire  
RG21 6XJ

**BANKERS**

HSBC Bank PLC

# **LINDE MH UK LIMITED**

## **STRATEGIC REPORT**

The directors present the strategic report on the affairs of the Company for the year ended 31 December 2021.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year was the sales, service and rental of materials handling equipment.

### **BUSINESS REVIEW AND FUTURE PROSPECTS**

#### **Financial results and overview**

The Company has performed well in the first full year following the acquisition of trade of six group sister companies in 2020.

The results for the year are given in the profit and loss account on page 13. In the year turnover has increased to £375.3 million from £140.4 million in 2020. This increase was driven by the acquisition of the group companies as referenced above. In 2021 we see the full year effect of these acquisitions for the first time.

Operating profit was £13.4m in 2021 compared to £1.2 million in the previous year.

The performance in 2021 is in line with the expectations of the directors and reflects the increased trading volumes achieved as a result of the 2019 and 2020 acquisitions of several group sister companies. This performance has also been driven by a significant post-pandemic market recovery in 2021 vs 2020. Although the COVID 19 pandemic has not completely gone away, the disruption to the business in 2021 was less significant than in the prior year.

The Company continues to be in a net asset position as it was in the prior year.

#### **Key performance indicators**

The directors monitor the performance of the Company and review various key performance indicators as part of this process.

Management has considered the most important key performance indicators for monitoring of the business which include revenue growth and operating profit. The operating profit is disclosed above within the Financial Results and Overview section of this report. The most significant revenue streams are truck sales and services revenue, and for both of these revenue streams the most important indicator is new truck units sold, which has increased to 7,472 in 2021 compared to 2,746 in the prior year. This significant increase is driven mainly by the full year impact of the 2020 acquisitions, but also by the recovery seen within the UK materials handling market.

The Company is managed by the UK management team along with other UK KION entities. The performance and results for all UK entities are analysed on a worldwide KION measurement basis, at a business unit and sector level. For this reason, the directors of the Company believe that analysis using key performance indicators is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements. The development, performance and position of KION Group AG, which includes the UK entities, is discussed in the KION Group's consolidated financial statements for the year ended 31 December 2021, which are available to the public and may be obtained from the KION Group's website (see note 20).

#### **Objectives and strategy**

The Company is the market leader in its territory for its products and aims to establish itself as a world class service provider and an employer of choice. The 2020 UK Group restructuring program, and the subsequent acquisitions as outlined above, further supported the Company's proposition and offering to its customers.

#### **Markets and regulatory**

The Company is part of a global organisation which sells a full range of material handling equipment to industry. The Group has full control of the service and rental network across mainland UK.

The 'Linde' brand is recognised throughout the world as a leading supplier of quality forklift trucks and material handling equipment.

### **SECTION 172(1) STATEMENT**

In performing their duties under section 172, the directors of Linde MH UK Limited have had regard to the matters set out in section 172(1) as follows:

#### **The directors' approach**

The board has a duty to promote the success of the company for the benefit of its members and stakeholders as a whole. In doing so, the Directors place great importance in the interest of the company's employees, its business relationships with suppliers and customers and the impact of its operations on communities and the environment when making decisions.

## **LINDE MH UK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **Maintaining our licence to operate**

During the year the Company continued the deployment of an employee feedback initiative via employee engagement surveys. Twice a year all UK based employees are encouraged to give their own feedback, anonymously, on a range of topics including communication & collaboration, strategy & direction, leadership and recognition & feedback. The results of a number of surveys have so far been analysed with direct actions already having been implemented with the intention to address topics where employees have highlighted potential for improvement.

The Company takes very seriously its environmental, quality and health & safety commitments. The Company is able to operate safely, with increasing focus on environmental issues, thereby ensuring that working practices are kept up to date to ensure compliance with the H&S at work act and UK BS ISO Occupational Health and Safety, Environmental and Quality standards as appropriate.

In terms of its environmental impact, the Company is part of a Group-wide sustainability programme which is consistently being implemented and reviewed. The KION Group aims to continuously improve its sustainability performance, and to this end, the programme includes fourteen fields of action which were derived from an initial materiality analysis. Underpinning each action field is a specific programme with aims, measures and, where appropriate, quantifiable performance measures. The resulting sustainability targets define a minimum standard that is binding for the entire KION Group. The development of the action fields continues to be ongoing. They include a review of sustainability requirements with regard to incorporation into the product development process, and environmental protection measures such as the definition and management of an effective waste management system.

The Company upholds the shared KION Group values, which come under the four main headings of integrity, collaboration, courage and excellence. These shared values and leadership principles are designed to drive the individual actions of employees and their collaboration with colleagues, superiors, customers, suppliers and applicants.

Through its UK network operations, the Company organises various innovation days and product launches in order to engage proactively with its customers. These events have been scaled back significantly during the past two years, due to the ongoing Covid pandemic. The Company seeks to offer innovative solutions, especially in relation to environmental, automation and energy saving objectives, to support its customers with all their materials handling needs. The Company works very closely with its supply chain to ensure continuity of supply, with consideration of potential disruption due to post-Brexit legislative changes and other external and international factors. The Company engages with suppliers at all levels of the business to ensure conformance with the Company's compliance standards so that operations are able to run smoothly throughout the business and its supply chain.

The Directors have always, both collectively and individually, taken decisions for the long term and consistently aim to uphold the highest standards of business conduct. In this regard the UK senior management team meet at least on a monthly basis and discuss and agree ways in which it can continue to uphold the highest values in its relationship with customers & suppliers, employees, the local community and the environment.

#### **Key decisions in the year**

The KION group continues to invest significantly into the UK in terms of site infrastructure and IT systems.

During the year some of the Company's finance department functions were transferred to the KION Group Centre of Excellence based in Poland. In time this decision and ongoing project will lead to a best practice function that delivers efficiency savings and value adding expertise.

The Company announced and implemented a trial period of hybrid working, allowing most office-based employees the option to work at home for part of the week. This decision followed the experiences gained from mandatory home working requirements brought about by the UK governments Covid restrictions during the past two years. Under the six month trial scheme, most office-based employees were able to work from home for a maximum of two working days per week. The success or otherwise of the scheme will be assessed in 2022.

In 2021 the Company announced plans to build a new product demonstration facility at its Region Central facility in the Midlands. This facility will improve the accessibility of product demonstrations to its UK regional customer base. The plans are scheduled to go ahead in 2022.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company faces cost pressures and competitor activity in its major markets which are expected to continue in the coming year. This includes price-led campaigns from competitors with the objective of securing market share. However, due to the Company's diverse customer base, it is not exposed to a downturn in any one particular industry sector, and as such the above risks are at least mitigated in part. The Company expects its sales volumes to move in

## **LINDE MH UK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

line with GDP in its main markets. The Group has a programme of product design enhancements to maintain its leading technological position, and marketing initiatives to develop emerging global markets. The Company purchases the majority of its products from European factories within the Group. Therefore, there is exposure to exchange rate fluctuations and, as such, Linde Material Handling (UK) Limited, its immediate parent enters into long term forward exchange hedging contracts in order to mitigate this exposure. The Company is also subject to interest rate risk and carefully monitors its cash flow in mitigation.

The Company, through its operations, is exposed to the potential operational and financial risks associated with any post-Brexit changes. In recognising this risk, the Directors continue to monitor the scope and scale of any potential negative effects and have implemented various actions in mitigation. These actions have historically included stockpiling of essential parts within the UK to support customer requirements on a timely basis and further investment in the short-term rental fleet in order to ensure that all customer truck requirements are satisfied without delay.

The Company, through its supply chains, is currently exposed to some material shortages at the Groups various production locations in Europe and Worldwide. Although this risk is common across the industry, product lead times have been affected and this situation is likely to continue to some extent throughout 2022. In addition, both freight and energy costs have increased in recent months. These effects have been widely publicised in the media and are not unique to the Company or the industry sector in which it operates.

The COVID-19 pandemic was declared a global pandemic by the World Health Organization (WHO) back in March 2020. In response to both the WHO and UK government advice, and for the protection of both employees and business, the Company prepared and communicated a number of guidelines. The Company has, within the framework of the guidelines, continued to operate as close to normal as is possible, whilst continuing to monitor and adhere to UK government guidance. These guidelines are being reviewed and updated on a regular basis in the light of current developments. Throughout this period the Company's priority has remained the ongoing safety of all employees – its own operational teams as well as those of customers and business partners. The Company continues to achieve this through the adoption of and strict adherence to all Government guidance on social distancing, good hand hygiene disciplines and other protective measures. All ongoing operations have been adapted to take this guidance into consideration for the safety of all parties. In considering the financial effects of the ongoing COVID-19 pandemic, management has analysed, assessed and scrutinised the resulting projections and scenario planning as prepared by KION Group in its response to the pandemic. In this respect the directors are confident that the overall going concern position is fully supported, and that they have not been able to identify any material uncertainties in relation to going concern. Further details can be found in the Director's Report (Going Concern section) on page 5.

#### **FUTURE DEVELOPMENTS**

With the exception of the topics raised above in the section 172 statement, the Directors expect the general level of activity to remain consistent with 2021 in the forthcoming year. Details of significant events since the balance sheet date are contained in note 19 to the financial statements, where applicable.

Approved by the Board and signed on its behalf by



C Blebta  
Director  
31 March 2022

## **LINDE MH UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

The directors present their annual report on the affairs of the Company, together with the financial statements, for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year was the sales, service and rental of materials handling equipment.

#### **GOING CONCERN**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In stating this position, the Directors recognise that the Company is dependent on KION Group for its financial support. In considering the ongoing COVID-19 pandemic, management has analysed, assessed and scrutinised the resulting projections and scenario planning as prepared by KION Group in its response to the pandemic. In this regard, the directors are confident that the overall going concern position is fully supported, and that they have not been able to identify any material uncertainties in relation to going concern. The Company has in place financial support from KION Group AG for a period of at least 12 months from the date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 (accounting policies) of the financial statements.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company is principally financed through finance leases and loans from other Group companies. As a result, the Company is also subject to interest rate risk and carefully monitors its cash flow in mitigation.

##### ***Cash flow risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Interest bearing assets and liabilities are held at pre-agreed inter-company rates of interest. The rates of interest applied are in line with current market rates.

##### ***Credit risk***

The Company's principal financial assets are loans from other Group companies, bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

#### **DIVIDENDS**

The directors do not propose a dividend for the year ended 31 December 2021 (2020: £nil).

#### **DIRECTORS**

The directors who held office during the year and to the date of signing are set out on page 1 of these financial statements. The following changes occurred during the year:

M Sammartano (resigned 20 January 2021)

M Ludwig (appointed 1 January 2021)

J Heron (resigned 28 February 2021)

## **LINDE MH UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' INDEMNITIES**

The KION Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **FUTURE DEVELOPMENTS**

Details of future developments can be found in the strategic report on page 4 and form part of this report by cross-reference.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

Details of events that have occurred after the balance sheet date can be found in the strategic report on page 4 and form part of this report by cross-reference.

#### **STREAMLINED ENERGY AND CARBON REPORTING (SECR)**

According to the Streamlined Energy and Carbon Reporting (SECR) requirements for large companies, we present the following information regarding energy and carbon. This information is disclosed in respect of the combined UK LMH entities in total. There are a number of facilities shared across different entities, and as such we were not able to split by entity at this time.

- 1) The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the activities which the company is responsible involving:
  - a) The emissions from activities which the company owns or controls, including combustion of fuel and operation of facilities is 6,014.820 tonnes CO<sub>2</sub>e.
  - b) The emissions from purchase of electricity, heat, steam and cooling purchased for own use is 896.140 tonnes of CO<sub>2</sub>e.
- 2) The breakdown of the key sources of emissions (for example, electricity or vehicles) and energy use (for example, giving separate figures for gas, electricity, transport fuel and other energy sources):
  - a) Diesel 4,086 t CO<sub>2</sub>e (58,452 GJ)
  - b) Natural gas 1,156 t CO<sub>2</sub>e (20,511 GJ)
  - c) Electricity 896 t CO<sub>2</sub>e (10,787 GJ)
- 3) In KWH the annual quantity of energy consumed from activities for which the company is responsible, for purposes of calculating emissions, is 28,129,580 kwh.
- 4) The usage of renewable energy and carbon offsets is as follows:
  - a) Electricity from renewable sources 10,787 GL (market based)
- 5) The KION Group emissions reduction target is for a 30% reduction over the period 2017 – 2027. The KION sustainability report, including greenhouse gas emissions reporting is audited by Deloitte (limited assurance).
- 6) The methodologies used to calculate the information disclosed:

We are using the GHG Protocol Corporate Accounting and Reporting Standard, conversion factors for fuels from UK Government's GHG Conversion Factors for Company Reporting 2021, and for electricity it is based on data published by the German Association of the Automotive Industry (VDA, as of 2019).
- 7) The Company's annual emissions in relation to sales turnover can be expressed as 1t CO<sub>2</sub>e per £55k turnover.

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.



## **LINDE MH UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **ANTI-SLAVERY**

The Company has a zero-tolerance approach to modern slavery and human trafficking and takes all necessary steps to ensure that slavery and trafficking are not taking place in any of its supply chains, or in any part of its own business. The Company is committed to acting ethically and with integrity in all its business dealings and relationships and is committed to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere within the Company or those of its suppliers. The Company's anti-slavery policy is published and reviewed on an annual basis and is available in full on the Company's website.

#### **CLIMATE CHANGE**

The Company is committed to a program of continual improvement in environmental performance, including protection of the environment and minimising its impact on climate change. This includes, where possible, preventing pollution at source, taking into consideration business objectives, employees, the local community and continual improvement of its Environmental Management System. The Company takes very seriously its responsibility to address climate change concerns, and to minimise waste through better utilisation of raw materials, including use of reusable and recyclable materials. Further it seeks to establish objectives and targets for the reduction of gas, electricity and water.

#### **EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and internal news publications prepared by both the Company and by the Group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **POLITICAL CONTRIBUTIONS**

No political donations were made (2020: £nil).

#### **AUDITOR**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



C Blebta  
Director  
31 March 2022

## **LINDE MH UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **LINDE MH UK LIMITED**

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

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Linde MH UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **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 auditor's 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 Financial Reporting Council's (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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

## **LINDE MH UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDE MH UK LIMITED (CONTINUED)**

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.

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 course of 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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is 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.

#### **Auditor's 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 an auditor's report 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.

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and

## **LINDE MH UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDE MH UK LIMITED (CONTINUED)**

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Health & Safety regulations, Bribery Act 2010, Data Protection Act and Employment and Labour laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Recognition of revenues on new truck sales, which are shipped and invoiced close to year-end was determined to be a significant risk due to fraud: we tested the month reporting controls and audited revenue recognised close to year end against supporting documents including invoices and delivery documentation; and
- Lease classification and recognition of related balances were determined to be a significant risk due to fraud: we tested the control around the data input and audited related balances against relevant supporting documents including invoices and contracts comparing the determined classification to the one applied

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

## **LINDE MH UK LIMITED**

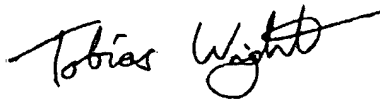
### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDE MH UK LIMITED (CONTINUED)**

- 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.

We have nothing to report in respect of these matters.

#### **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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tobias Wright, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

31 March 2022

# **LINDE MH UK LIMITED**

## **PROFIT AND LOSS ACCOUNT** **For the year ended 31 December 2021**

	Note	2021 £000	2020 £000
<b>TURNOVER</b>	3	375,254	140,441
Cost of sales		<u>(327,662)</u>	<u>(124,698)</u>
<b>GROSS PROFIT</b>		47,592	15,743
Administrative expenses		(7,432)	(5,996)
Distribution costs		(26,892)	(9,823)
Other operating income		<u>93</u>	<u>1,252</u>
<b>OPERATING PROFIT</b>		13,361	1,176
Finance costs (net)	4	<u>(2,474)</u>	<u>(1,124)</u>
<b>PROFIT BEFORE TAXATION</b>	5	10,887	52
Tax on profit	8	<u>1,731</u>	<u>986</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>12,618</u></u>	<u><u>1,038</u></u>

# **LINDE MH UK LIMITED**

## **BALANCE SHEET**

**As at 31 December 2021**

	Note	2021 £000	2020 £000
<b>FIXED ASSETS</b>			
Intangible assets	9	417	658
Tangible assets	10	51,716	51,043
		<u>52,133</u>	<u>51,701</u>
<b>CURRENT ASSETS</b>			
Stocks	11	42,446	43,773
Debtors			
Due within one year	12	149,085	126,124
Due after one year	12	12,508	9,315
Cash at bank and in hand		2	15
		<u>204,041</u>	<u>179,227</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(123,922)</u>	<u>(109,636)</u>
<b>NET CURRENT ASSETS</b>		<u>80,119</u>	<u>69,591</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		132,252	121,292
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(23,510)</u>	<u>(25,168)</u>
<b>NET ASSETS</b>		<u>108,742</u>	<u>96,124</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	31,389	31,389
Share premium account	16	55,284	55,284
Profit and loss account	16	22,069	9,451
<b>SHAREHOLDERS' FUNDS</b>		<u>108,742</u>	<u>96,124</u>

These financial statements of Linde MH UK Limited, registered number 02791934 were approved by the Board of Directors and authorised on 31 March 2022.

Signed on behalf of the Board of Directors



C Blebta  
Director



# **LINDE MH UK LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **As at 31 December 2021**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2020</b>	<b>15,893</b>	-	<b>8,413</b>	<b>24,306</b>
Profit for the financial year	-	-	1,038	1,038
Share capital issued on acquisition of Linde Material Handling South East Limited	5,543	-	-	5,543
Share capital issued on acquisition of Linde Severnside Limited	9,953	-	-	9,953
Share capital issued on acquisition of National Key Accounts business segment from parent company, Linde Material Handling (UK) Limited	-	9,046	-	9,046
Share capital issued on acquisition of Linde Creighton Limited, Linde Sterling Limited, Linde Material Handling Scotland Limited and Linde Material Handling East Limited	-	46,238	-	46,238
<b>Total Comprehensive Income</b>	<b>15,496</b>	<b>55,284</b>	<b>1,038</b>	<b>71,818</b>
<b>At 31 December 2020</b>	<b>31,389</b>	<b>55,284</b>	<b>9,451</b>	<b>96,124</b>
Profit for the financial year	-	-	12,618	12,618
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>12,618</b>	<b>12,618</b>
<b>At 31 December 2021</b>	<b>31,389</b>	<b>55,284</b>	<b>20,069</b>	<b>108,742</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**General information and basis of accounting**

Linde MH UK Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the directors' report on page 5.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Linde MH UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Linde MH UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Company has taken advantage of the exemption set out in section 400 of the Companies Act 2006 not to prepare consolidated accounts as it is a subsidiary of KION Group AG, a company incorporated in Germany, and its results are incorporated in the consolidated financial statements of that company.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. In addition, the current economic conditions create uncertainty particularly over the level of demand for the Company's products.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its available working capital. It should be noted that the Company operates in a Group which adopts a monthly sweep of cash balances.

At the year end the Company had net amounts owed from related companies of £13,503,000 (2020: owed to related companies £6,717,000) and has net current assets of £80,119,000 (2020: £69,591,000).

The Company has adequate resources to continue in operational existence for the foreseeable future. In stating this position, it is recognised that the Company is dependent on KION Group for its financial support. In considering the ongoing COVID-19 pandemic, management has analysed, assessed and scrutinised the resulting projections and scenario planning as prepared by KION Group in its response to the pandemic. In this regard the directors have confirmed that the overall going concern position is fully supported, and that they have not been able to identify any material uncertainties in relation to going concern. The Company has in place financial support from KION Group AG for a period of at least 12 months from the date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

**Intangible fixed assets – Goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years. The period of 20 years was chosen based on management estimation of the economic useful life arising on acquisition.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	2 to 50 years
Leasehold property	5 to 50 years
Leasehold improvements	5 to 25 years
Plant, machinery, Vehicles, Computer and office equipment	1 to 25 years
Hire Fleet	1 to 9 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current year or prior years.
- Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*(ii) Investments*

In the balance sheet, investments in subsidiaries and associates are measured at cost less impairment. Any premium is ignored.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is the estimated selling price less further costs for completion and disposal. Raw materials and consumable goods are valued on a moving average cost basis. Work-in-progress and finished goods are valued at direct cost of production plus attributable overheads. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

*Financial assets*

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Employee benefits**

The Company contributes to two defined contribution pension schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting year. For defined contribution schemes the amount charged to the income statement in respect of pension costs and other retirement benefits is

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Employee benefits (continued)**

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.

**Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**Interest and other operating income**

Interest income and other operating income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

**Leases**

*As Lessee*

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

*As Lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

*As Lessor (continued)*

Where assets are leased to customers under a non-disclosed agency arrangement, without risk to the Company, only agency commission is reflected in the income statement, with balances due from the customer or payable to the lessor reflected in the balance sheet.

**Business combinations and group reconstruction**

Restructuring of legal entities within the Group is accounted for by using the merger accounting method. Where restructurings have taken place, the carrying values of the assets and liabilities are not to be adjusted to fair value, and therefore will be transferred at net book value. Where necessary appropriate adjustments will be made to achieve uniformity of accounting policies in the combining entities.

Where an unincorporated business has been transferred into another entity, the resulting accounting may be a hybrid which uses the nominal value of share consideration, the actual amount of consideration where it is cash or a loan which has a precise value, continues to use existing book values wherever possible, recognises that any accounting difference is not goodwill (as defined in FRS 102), and in which comparatives are not restated for the period prior to the transfer. Any consideration involving shares is recorded at nominal value, whilst consideration involving cash or intragroup loans is recorded at actual value. P&L recognition arising in relation to restructurings will be recognised post-merger only.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation (continued)**

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

Where the company has received grants, for example under Coronavirus business support schemes these have been accounted for under the accrual model and recognised within other operating income.

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

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

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

**Critical judgements in applying the Company's accounting policies**

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Classification of Leases**

A judgement is made to determine whether trucks leased to customers should be accounted for as an operating or finance lease, and hence the extent of transfer of risks and rewards. This takes into consideration the length of the lease, the nature of the contract and the terms within the contract. If the lease is deemed to be an operating lease, the asset remains on the balance sheet and the revenue is deemed to be rental income and recognised over the lease term. If however the risks and rewards of ownership are deemed to have been transferred, the asset is derecognised and revenue is recognised from initial sale of the goods, together with ongoing recognition over the period of the lease for the elements of consideration representing servicing revenue. All leases are currently classified as operating leases.

There are no key sources of estimation uncertainty.

**3. TURNOVER**

The turnover is wholly attributable to the principal activity of the Company and arose in the United Kingdom.

This increase in turnover is driven by the prior year acquisition of six group companies. In 2021 we see the full year effect of these acquisitions for the first time.

Turnover by destination is no different to turnover by origin.

An analysis of the turnover is as follows:

# **LINDE MH UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2021**

### **3. TURNOVER (CONTINUED)**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Sale of goods	213,637	75,746
Supply of services	161,617	64,695
	<u>375,254</u>	<u>140,441</u>

### **4. FINANCE COSTS (NET)**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance leases and hire purchase contracts	2,502	1,192
Other interest receivable and similar income	(28)	(68)
	<u>2,474</u>	<u>1,124</u>

#### *Interest payable and similar charges*

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance leases and hire purchase contracts	2,502	1,192

#### *Other finance income*

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	(28)	(68)

### **5. PROFIT BEFORE TAXATION**

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Amortisation on intangible fixed assets (see note 9)	241	145
Depreciation on tangible fixed assets (see note 10)	925	343
Depreciation on leased assets (see note 10)	16,783	6,867
Other income – relating to furlough of staff	-	(837)
Operating lease rentals	6,498	3,204

Auditor remuneration costs of £80,000 (2020: £79,000) relating to the audit of the financial statements are borne by the immediate parent undertaking, Linde Material Handling (UK) Limited. There were no non-audit fees payable to the Company's auditor during the period.

The amount of inventories recognised as an expense during the year amounted to £234,889,000 (2020: £86,208,000).



# **LINDE MH UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2021**

### **6. STAFF NUMBERS AND COSTS**

The average monthly number of employees (including executive directors) was:

	<b>Number of employees</b>	
	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Office and management	292	137
Service and production	992	415
	<u>1,284</u>	<u>552</u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	53,258	20,397
Social security costs	5,864	2,219
Other pension costs (see note 18)	3,150	1,236
	<u>62,272</u>	<u>23,852</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

### **7. DIRECTORS' REMUNERATION AND TRANSACTIONS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Emoluments	688	242
Company contributions to money purchase pension schemes	98	32
	<u>786</u>	<u>274</u>
	<b>No.</b>	<b>No.</b>

**The number of directors who:**

Are members of a money purchase pension scheme	<u>5</u>	<u>4</u>
--	----------	----------

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Remuneration of the highest paid director:</b>		
Emoluments	150	165
Company contributions to money purchase pension schemes	20	26

The directors receive remuneration from other group companies in respect of their services to the group. Their allocation to this group Company is £785,853 (2020: £274,123).

# LINDE MH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2021

### 8. TAX ON PROFIT

The tax charge comprises:

	2021 £000	2020 £000
<i>Current tax on profit</i>		
UK corporation tax	388	88
Adjustment in respect of prior years	721	35
Total current tax	1,109	123
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(2,840)	(1,076)
Adjustment in respect of prior years	-	(33)
Total deferred taxation (see note 15)	(2,840)	(1,109)
Total tax on profit	(1,731)	(986)

The standard rate of tax applied to reported profit/(loss) is 19 % (2020: 19 %). The applicable tax rate is aligned with the substantive enactment of the Finance Act 2017. Deferred tax has been calculated at 25% (2020: 19%), being the future corporation tax rates announced. During the year beginning 1 January 2022, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £2,282,000. This is due to projected capital allowance claims by the company during the forthcoming year.

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £000	2020 £000
<b>Profit before tax</b>	10,887	52
Current tax at 19% (2020: 19%)	2,068	10
Effects of:		
Expenses not deductible for tax purposes	82	90
Depreciation for year lower than capital allowance	(1,762)	-
Adjustment in respect of prior years	721	35
Tax rate changes	-	(12)
Change in deferred tax assets	(2,840)	(1,109)
<b>Total tax charge for the year</b>	(1,731)	(986)

# LINDE MH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2021

### 9. INTANGIBLE ASSETS

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	4,970
<b>Amortisation</b>	
At 1 January 2021	4,312
Charge for the year	241
At 31 December 2021	4,553
<b>Net book value</b>	
At 31 December 2021	417
At 31 December 2020	658

### 10. TANGIBLE ASSETS

	<b>Freehold property £000</b>	<b>L/Hold property £000</b>	<b>LH improve- ments £000</b>	<b>Plant, machinery, Vehicles, Computer and office equipment £000</b>	<b>Hire fleet £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 January 2021	10,395	5,675	1,501	6,326	102,760	126,657
Additions	314	11	83	192	43,692	44,292
Disposals	-	-	-	(3)	(35,777)	(35,780)
At 31 December 2021	10,709	5,686	1,584	6,515	110,675	135,169
<b>Depreciation</b>						
At 1 January 2021	5,651	1,707	857	5,012	62,387	75,614
Charge for the year	333	212	66	314	16,783	17,708
Disposals	-	-	-	(3)	(9,866)	(9,869)
At 31 December 2021	5,984	1,919	923	5,323	69,304	83,453
<b>Net book value</b>						
At 31 December 2021	4,725	3,767	661	1,192	41,371	51,716
At 31 December 2020	4,744	3,968	644	1,314	40,373	51,043
Finance leased assets included above:						
<b>Net book value</b>						
At 31 December 2021	-	3,767	661	-	41,371	45,799
At 31 December 2020	-	3,968	644	-	40,374	44,986

# **LINDE MH UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2021**

### **10. TANGIBLE ASSETS (CONTINUED)**

As at 31 December 2021, the Company had £14.1m of investment in short term rental fleet trucks, committed by way of orders placed on KION factories.

### **11. STOCKS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	3,724	3,321
Work in progress	4,525	3,713
Finished goods and goods for resale	34,197	36,739
	<u>42,446</u>	<u>43,773</u>

There is no material difference between the balance sheet value of the stocks and their replacement cost.

### **12. DEBTORS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts falling due within one year:</i>		
Trade debtors	54,047	58,562
Amounts owed by entities with control over the entity	66,763	42,077
Amounts owed by group undertakings	17,679	15,617
Prepayments and accrued income	4,655	3,479
Deferred taxation (see note 15)	5,060	5,465
Other debtors	781	720
Amounts receivable under finance lease & hire purchase contracts to third parties	100	104
	<u>149,085</u>	<u>126,124</u>
<i>Amounts falling due after more than one year:</i>		
Amounts receivable under finance lease & hire purchase contracts to third parties	97	249
Deferred taxation (see note 15)	12,411	9,066
	<u>12,508</u>	<u>9,315</u>

Amounts owed by entities with control over the entity includes loans of £66,743,792 (2020: £42,056,106), which are repayable on demand and have arisen from trading activity. Interest is receivable on the loans at a variable rate of SONIA + 0% on the principal amounts. This variable rate replaced LIBOR on 1<sup>st</sup> January 2021, the impact of which is negligible. The rates of interest applied are in line with current market rates. The remaining balance and amounts owed by group undertakings relates to trade receivables which are cleared via inter-company netting in the following month.

# **LINDE MH UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2021**

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts to group undertakings (see note 14)	19,992	17,172
Trade creditors	8,121	8,838
Amounts owed to entities with control over the entity	20,383	16,587
Amounts owed to group undertakings	7,054	5,514
VAT	4,709	4,076
Other taxation and social security	1,497	1,657
Other creditors	16	6
Accruals	43,441	34,002
Payments on account	18,291	21,352
Defined contribution pension scheme accrual	418	431
	<u>123,922</u>	<u>109,636</u>

Amounts owed to group undertakings relates to trade payables which are cleared via inter-company netting in the following month.

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Obligations under finance leases and hire purchase contracts to group undertakings	23,498	25,138
Accruals and payments on account	12	30
	<u>23,510</u>	<u>25,168</u>

#### **Finance leases – sale & leaseback**

Between one and two years	9,280	9,227
Between two and five years	11,960	14,680
After five years	2,258	1,231
	<u>23,498</u>	<u>25,138</u>
Within one year (see note 13)	19,992	17,172
	<u>43,490</u>	<u>42,310</u>

# LINDE MH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2021

### 15. DEFERRED TAXATION

	Deferred taxation 2021 £000
<b>Deferred tax asset:</b>	
At beginning of year	14,631
Credit to the income statement for the year	2,840
	<u>17,471</u>
At end of year	<u>17,471</u>

The elements of deferred taxation are as follows:

	2021 £000	2020 £000
Difference between accumulated depreciation and amortisation and capital allowances (undiscounted)	<u>17,471</u>	<u>14,631</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

### 16. CALLED UP SHARE CAPITAL AND RESERVES

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
1,373,318 ordinary shares of £1 each	1,373	1,373
14,519,756 ordinary shares of £1 each, issued on acquisition of Linde Jewsbury's Limited business	14,520	14,520
5,542,495 ordinary shares of £1 each, issued on acquisition of Linde Material Handling South East Limited business	5,543	5,543
9,953,305 ordinary shares of £1 each, issued on acquisition of Linde Severnside Limited business	9,953	9,953
3,866,294 ordinary shares of £1 each, issued on acquisition of Linde Material Handling East Limited business	3,866	3,866
10,415,242 ordinary shares of £1 each, issued on acquisition of Linde Material Handling Scotland Limited business	10,415	10,415
17,792,499 ordinary shares of £1 each, issued on acquisition of Linde Creighton Limited business	17,793	17,793
14,164,385 ordinary shares of £1 each, issued on acquisition of Linde Sterling Limited business	14,164	14,164
9,045,761 ordinary shares of £1 each, issued on acquisition of National Key Accounts business stream of Linde Material Handling (UK) Limited	9,046	9,046
	<u>86,673</u>	<u>86,673</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2021**

**17. FINANCIAL COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	1,778	1,236	1,746	4,618
Between one and five years	3,085	5,762	5,402	4,907
Over 5 years	4,330	-	5,045	-
	<u>9,193</u>	<u>6,998</u>	<u>12,193</u>	<u>9,525</u>

Total future minimum lease receivables under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	-	100	-	104
Between one and five years	-	97	-	249
After 5 years	-	-	-	-
	<u>-</u>	<u>197</u>	<u>-</u>	<u>353</u>

**18. EMPLOYEE BENEFITS**

***Defined contribution schemes***

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2021 was £3,150,425 (2020: £1,235,829). As at 31 December 2021 the company had an accrual in respect of unpaid contributions of £417,879 (2020: £431,080).

**19. SUBSEQUENT EVENTS**

There are no subsequent events to report.

**20. CONTROLLING PARTY**

The ultimate parent undertaking and ultimate controlling party is KION Group AG which is incorporated in Germany and listed on the Frankfurt Stock Exchange. The registered office address is Thea-Rasche-Strasse 8, 60549 Frankfurt, Germany. The financial statements of the Company are consolidated only into the financial statements of KION Group AG.

The consolidated financial statements of KION Group AG are available to the public on their website [www.kiongroup.com](http://www.kiongroup.com) or copies can be obtained from Linde Holdings Limited, Kingsclere Road, Basingstoke, Hampshire, RG21 6XJ.

The immediate parent undertaking is Linde Material Handling (UK) Limited, a Company registered in England and Wales. Copies of the immediate parent's financial statements may be obtained from Linde Holdings Limited, Kingsclere Road, Basingstoke, Hampshire, RG21 6XJ.