Registered number: 05856366

DEMATIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	A Blandford A Busby M Pickerill R Sternberg Osborne
Company secretary	R Sternberg Osborne
Registered number	05856366
Registered office	Banbury Business Park Trinity Way Adderbury Banbury Oxfordshire OX17 3SN
Independent auditor	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD
Bankers	HSBC Bank PLC 6 Canada Square London E14 5HQ

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic report and financial statements for the year ended 31 December 2019 and comparatives for the year ended 31 December 2018.

Dematic was formed in 2006 from the Distribution and Industry and Material Handling divisions of Dematic Limited (now Oldbury Banbury Limited). The company provides automated logistics solutions for customers in retail, manufacturing, direct distribution, food and beverage and other industrial and commercial sectors. Our automated solutions are supported by a comprehensive range of maintenance services and spares packages. In addition to its UK based operations, Dematic has branches in The Republic of Ireland, Lithuania, Denmark and Sweden. Dematic also owns subsidiaries in Mexico and Chile.

Business Review

Against a backdrop of a competitive trading environment the company's profit and loss account on page 9, shows that the company recognised £131.9 million *(2018: £120.6 million)* in turnover. The £11.3m increase in turnover reflects continued growth within the business. The gross profit margin improved to 18.0% (*2018: 16.3%*) which is positive given the strong market competition.

The Company generated an operating profit of £4.4m (*2018: £0.5m*), a increase of £3.9m from the prior year reflecting the improvement in revenue volume. Operating margin also rose from 0.4% to 3.4% reflecting an improved return on the company's investment to support growth.

The company's main objectives are to be our customer's premier choice for automated logistic solutions and to be a market leader in innovative technical solutions and responding to the changing needs of customers in various industries.

Dematic products and services are sold mainly through two market orientated channels. Business Solutions (BS) and the Customer Service (CS) divisions.

Business Solutions focus is to sell complex, integrated systems including various components and software in a business-to-business environment. In addition to the embedded product, a key aspect of this business is the capacity to successfully integrate components to a high-performance bespoke solution, managing the complexity of the implementation and interfaces inherent to the project execution process. Within the Business Solutions division there is a secondary focus of less complex designs with a lower technical risk, its main strength being the product itself, supplied in a standardised modular structure.

Customer Service division supplies on call maintenance and support services, spare parts, resident site engineers and IT support, as well as complete modernisation and upgrade packages.

The disruption to the business from the COVID 19 pandemic in 2020 has been largely short term in nature to date and the overall outlook for the business remains a positive one characterised by growth.

Principal risks and uncertainties

The risk management process at Dematic is an integral part of the monthly reporting of the business. All of the important risks are evaluated with a view to their impact upon EBITDA, cash, net income and accruals already held. Due to the nature of the business dealing with large customer capital projects, Dematic prepares detailed project status reports. Individual project risks are identified, quantified and given a probability of occurrence to ensure that contingency levels are adequately provided for at the project level. This process is reviewed, updated and reported monthly.

In addition to the local review of risk in its project related activities, Dematic Group sets out the limits of authorisation (LoA) across all group companies for projects and service contracts within certain criteria. The objective of this directive is to support the reduction of risk to the business. The LoA criteria are used to review the financial position of the project/contract and the commercial aspects e.g. the customer's financial strength, project cash flows, bank guarantees and bonds and contractual terms.

Dematic conducts a substantial part of its business in foreign currencies. The foreign exchange risk is mitigated primarily through forward rate currency deals. Dematic Group has also introduced a policy governing foreign currency transactions which is aimed specifically at mitigating risk. Suppliers and vendors are reviewed against credit scoring and volume of business to reduce the risk to the company of failures in the supply chain. Within its risk monitoring Dematic follows developments in relation to Brexit and will continue to evaluate potential impacts upon its business as trade negotiations proceed. Since the onset of the COVID 19 crisis its potential impact on the business and the appropriate mitigation of those risks has been identified within the risk monitoring framework.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging our Section 172 duties we have regard to the matters set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our employees and our relationship with customers, suppliers and the local communities in which we operate. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for companies of our size, we delegate authority for aspects of day to day management of the Company to executives and work with them in a leadership team of directors and executives in setting, approving and overseeing execution of the business strategy and related policies.
The Board meets regularly and reviews matters including safety and security performance, financial and operational performance, sales and marketing and new business developments. Over the course of the financial year, the Board also reviews other matters including the Company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters.

The Company's key stakeholders include its workforce, customers, suppliers, shareholders/investors, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. Regular engagement takes place in the normal course of business since the directors are actively engaged in the running of the company and speak with a wide range of stakeholders on a frequent and regular basis. Structured engagement and opportunities for feedback also take place for example via regular employee business updates which all employees able to attend and ask questions of executives and directors, meetings and events hosted by KION Group AG the company's ultimate parent and representation at sector conferences and events attended by customers, suppliers and other interested parties.

This combination of engagements with stakeholders allows us to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote the success of the Company.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Key Performance Indicators (KPI's)

Execution of company business is measured against a series of key performance indicators, focusing upon the gross profit margin, profit before tax, debtor days and return on capital employed. The results of which can be found detailed above in the Business Review.

This report was approved by the board on28th August 2020 and signed on its behalf.

R Sternberg Osborne
Director & Company Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

Dematic is a leading global supplier of materials handling solutions for the manufacturing and retailing distribution industries. The company is engaged in the design, manufacture, sales and servicing of automated warehouse and distribution systems.

Results and dividends

The profit for the year, after taxation, amounted to £3,903k *(2018 - £(402)k loss).*

During the current and prior year there were no dividends proposed or paid.

Directors

The Directors who served during the year and up to the date of signing this report were:

A Blandford
A Busby
M Pickerill
R Sternberg Osborne

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 the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks and uncertainties. Further information is detailed in the Strategic Report.

Future developments

Following the acquisition by KION Group AG, Dematic is able to utilise the benefits of being part of a larger global group of companies with a more diverse (but complementary) range of products as well as different points of access into key markets. We can now offer our customers globally everything they need for their intralogistics solutions – from basic hand pallet trucks to the most complex of automated material handling solutions underpinned by what is probably the most geographically extensive sales and service network in the industry worldwide.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments (Continued)

E-commerce is a game change in our industry. Online retailers are constantly competing to offer the shortest possible time to delivery for their customers. To achieve this, continued investment in distribution centres in key locations is critical. Thriving companies are those that have automation solutions with which they can meet the constantly changing needs of today's and, above all, tomorrow's customers. Our continued focus will be to support and meet the needs of our customers, in this market.

Employee involvement

The Company invests heavily in the provision of information and consultation with employees. A quarterly magazine called "In Touch" is published which focuses on all aspects of the Company and the welfare of employees. Following the financial year end there is a presentation by senior management to the business as a whole where the results are announced and employees are given the opportunity to ask questions in an open floor format. An "Employees Consultative Committee" has been established for a number of years which is a forum which allows employee elected representatives to voice concerns and requests to senior management. A sports and social committee is in place so that employees have a say in the selection process for up-coming events.

Disabled employees

Dematic believes the skills, capabilities and talents of its employees are the key to its success. The Company benefits enormously from the diversity and variety of its workforce and is fully committed to maintaining and encouraging this diversity. The richer the mix of people, skills and cultures in the Company, the greater the range of inputs, viewpoints and experiences.

Because of this, Dematic is fully committed to being an equal opportunities employer, defined by its diversity and opposition to all forms of unlawful and unfair discrimination.

Equality of opportunity refers to the fair treatment of individuals at work and employment decisions being made on relevant, objective criteria. The Company will not discriminate on the grounds of gender, race, disability, sexuality, sexual orientation, religion, belief, trade union membership or age.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

In the opinion of the directors the COVID 19 crisis is a non adjusting post balance sheet event and it has been treated as such in the preparation of these financial statements. There have been no other significant events that require disclosure.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the board on 28th August 2020 and signed on its behalf.

R Sternberg Osborne
Director & Company Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Annual report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 judgments 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;
- 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 safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Dematic Limited (the 'company') which comprise:
- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

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).

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 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
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMATIC LIMITED

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:

- 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

Tobias Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
28 August 2020

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*2018 £000*
Turnover	2	**131,927**	*120,551*
Cost of sales		**(108,155)**	*(100,904)*
GROSS PROFIT		**23,772**	*19,647*
Administrative expenses		**(19,327)**	*(19,116)*
OPERATING PROFIT		**4,445**	*531*
Loss recognised on re-measurement to fair value		**(573)**	*(123)*
Interest receivable and similar income	7	**291**	*203*
Interest payable and similar charges	8	**(138)**	*(148)*
Foreign exchange profit / (loss)		**23**	*700*
Impairment		**-**	*(718)*
PROFIT BEFORE TAXATION		**4,048**	*445*
Taxation on profit/(loss)	9	**(145)**	*(847)*
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		**3,903**	*(402)*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,903**	*(402)*

The notes on pages 15 to 38 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Non-Current assets					
Intangible assets	10		**441**		*194*
Tangible assets	11		**2,602**		*3,401*
Right-of-use assets	12		***5,250***		*5,656*
Investments	13		**579**		*579*
			8,872		*9,830*
Current assets					
Stocks	14	**919**		*508*	
Debtors: Amounts falling due within one year	15	**59,503**		*48,137*	
Cash at bank and in hand	16	**122**		*72*	
		60,544		*48,717*	
Creditors: Amounts falling due within one year	17	**(45,848)**		*(37,472)*	
Net current assets			**14,696**		*11,245*
Total assets less current liabilities			**23,568**		*21,075*
Creditors: Amounts falling due after more than one year	18		**(4,370)**		*(5,780)*
Net assets			**19,198**		*15,295*
Capital and reserves					
Called up share capital	20		**6,111**		*6,111*
Profit and loss account			**13,087**		*9,184*
			19,198		*15,295*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28th August 2020.

R Sternberg Osborne
Director & Company Secretary

The notes on pages 15 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital	Retained earnings	Total equity
		£000	£000	£000
At 1 January 2019		6,111	9,184	15,295
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year		-	3,903	3,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	3,903	3,903
AT 31 DECEMBER 2019		6,111	13,087	19,198

The notes on pages 15 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2018	6,111	7,712	13,823
Change in accounting policy (IFRS 16, IFRS 15 and IFRS 9)	-	1,874	1,874
Restated as at 1 January 2018	6,111	9,586	15,697
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(402)	(402)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(402)	(402)
RESTATED BALANCE AS AT 31 DECEMBER 2018	6,111	9,184	15,295

The notes on pages 15 to 38 form part of these financial statements.

1) ACCOUNTING POLICIES

1.1 General Information

Dematic Limited (the Company) is a private company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company is engaged in the design, manufacture, sale and servicing of automated warehouse and distribution systems.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it is a qualifying entity. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is a subsidiary undertaking of KION GROUP AG (incorporated in Germany). The smallest and largest group in which the results of the company are consolidated is that headed by KION GROUP AG, who prepare financial statements in accordance with section 315a of the German Commercial Code (HGB) in conjunction with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements of KION GROUP AG are available at Abraham-Lincoln-Strasse 21, 65189, Wiesbaden, Germany.

These financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

1.2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures;
- 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 paragraph 17 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- 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;
- and the requirements of paragraph 52, the second sentence of paragraph 89, paragraphs 90, 91 and 93 and the requirements of paragraph 58 of IFRS 16 Leases.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Basis of Preparation (Continued)

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.3 Basis of Measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Where applicable, information about the methods and assumptions used in determining the respective measurement bases is disclosed in the Notes specific to that asset or liability.

1.4 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.

The Company's forecasts and projections, taking account of reasonable changes in market 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 current amounts owed to Group undertakings which led to a net current liability, and therefore the Company is reliant for its working capital on funds provided by these Group undertakings.

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

1.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.6 Turnover

Turnover is the fair value of the consideration received for the sale of goods and services (excluding VAT) after deduction of trade discounts and rebates. In addition to the contractually agreed consideration, the transaction price may also include variable elements such as rebates and penalties. Turnover is recognised when control of the good or service passes to the customer.

1.6 Turnover (Continued)

Project business contracts

Receivables and turnover from project business contracts are recognised over a particular period according to the stage of completion (percentage-of-completion method). The percentage-of-completion is the proportion of contract costs incurred up to the reporting date compared to the total estimated contract costs as at the reporting date (cost-to-cost method). Under the percentage-of-completion method, project business contracts are measured at the amount of the contract costs incurred to date plus the pro rata profit earned according to the percentage-of-completion method. If it is probable that the total contract costs will exceed the contract turnover, the expected loss is immediately recognised as an expense in the financial year in which the loss emerges. If the contract costs incurred and the profit and loss recognised exceed the progress billings, the excess is recognised as an asset under contract assets. If the progress billings exceed the capitalised contract costs and recognised profit and loss, the excess is recognised as a liability under contract liabilities. Progress billings are based on a payment schedule provided to the customer at the outset of each project business contract.

If the outcome of a project business contract cannot be reliably estimated, the likely achievable turnover is recognised up to the amount of the costs incurred. Contract costs are recognised as an expense in the period in which they are incurred. Variations in the contract work, claims and incentive payments are recognised if they are likely to result in turnover and their amount can be reliably estimated.

The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

Rendering of services

The Company provides aftermarket services for installed solutions in the form of maintenance contracts. For long-term contracts turnover is recognised on a straight-line basis over the term of the contract. For all other services turnover is recognised at the date the services' performance obligation has been completed.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Sale of goods

As part of its aftermarket solutions the Company also sells spare parts for installed solutions. Turnover on spare parts is recognised when control of the good has transferred, being when the good has been delivered to the customer, the risks and rewards incidental to the ownership of the goods sold are substantially transferred to the customer and recovery of the consideration is sufficiently probable.

1.7 Finance costs

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss on an accruals basis, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts in addition to its fixed contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

1.10 Tangible fixed assets (Continued)

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Fixtures and fittings	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. In the case of manufactured stocks and work in progress, cost includes the purchase price and other costs directly attributable to acquisition as well as an appropriate share of overheads based on normal operating capacity.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss in the period the write-down occurs.

1.12 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment.

1.13 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.14 Impairment excluding stock and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.16 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.17.1 Warranties

Provisions for estimated costs related to product warranties are recorded in costs of goods sold and services rendered at the date the related sale is recognised and are determined on the individual basis. The estimate reflects the historical trends of warranty costs, as well as information regarding product failure experienced during construction, installation, or testing of products. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions.

1.17.2 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before the provision is established the Company recognises any impairment loss on the assets associated with that contract.

1.18 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has applied this criteria since adopting IFRS 16 as of 1 January 2018.

Where a contract is deemed to be, or contains, a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. During the current financial year, the total cash outflow for leases amounted to £1,233k (*2018: £1,156k*).

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2019 £000	*2018 £000*
United Kingdom	101,369	*87,416*
Rest of the world	30,558	*33,135*
	131,927	*120,551*

Analysis of turnover by class:

	2019 £000	*2018 £000*
Projects	86,989	*78,123*
Spare parts	6,294	*5,168*
Services	38,644	*37,260*
	131,927	*120,551*

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2019 £000	*2018 £000*
Contract assets	5,037	*1,677*
Contract liabilities	15,173	*11,760*

Turnover recognised in relation to contract liabilities

How the timing of satisfaction of performance obligations relates to the typical timing of payment and the effect that those factors have on the contract asset and the contract liability balances is explained in the accounting policies in Note 1.6 above.

The following table shows how much of the turnover recognised in the current period related to carried forward contract liabilities:

	2019 £000	*2018 £000*
Contract assets	50,429	*17,048*
Contract liabilities	26,824	*20,097*

2. ANALYSIS OF TURNOVER (Continued)

Turnover recognised in relation to performance obligations satisfied in previous periods

The following table shows deductions to turnover in relation to performance obligations satisfied (or partially satisfied) in previous periods:

	2019 £000	*2018 £000*
Project business contracts	0	*316*

3. OPERATING PROFIT

The operating profit/(loss) is stated after charging:

	2019 £000	*2018 £000*
Research & development charged as an expense	**5,776**	*5,455*
Motor vehicle lease costs relating to short-term and low value assets	**492**	*427*
Rental lease costs relating to short-term and low value assets	**6**	*45*
Depreciation of tangible fixed assets	**1,250**	*1,184*
Depreciation of right-of-use assets	**1,123**	*1,076*
Contributions to defined contribution pension plan	**1,983**	*1,721*

4. AUDITOR'S REMUNERATION

The company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2019 £000	*2018 £000*
Audit of these financial statements	**69**	*82*
Other assurance engagements	**18**	*23*
	87	*105*

5. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2019 £000	*2018 £000*
Wages and salaries	**34,446**	*32,866*
Social security costs	**3,295**	*3,579*
Contributions to defined contribution plan	**1,983**	*1,721*
	39,724	*38,166*

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	*2018 No.*
Finance and administration	**59**	*54*
Technical and sales	**690**	*647*
	749	*701*

6. DIRECTOR'S REMUNERATION

	2019 £000	*2018 £000*
Directors' emoluments	**265**	*216*
Company contributions to defined contribution pension schemes	**15**	*16*
	280	*232*

During the year retirement benefits were accruing to 2 Directors *(2018 - 2)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £162k *(2018 - £129k)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £11k *(2018 - £10k)*.

7. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest receivable	291	203
	291	203

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019 £000	2018 £000
Bank interest payable	9	11
Interest expense from leases	129	137
	138	148

9. TAXATION

	2019 £000	2018 £000
Current tax:		
Current tax on profits for the year	439	208
Adjustment in respect of previous periods	-	69
Foreign tax relief/other relief	(66)	(55)
Foreign tax suffered	71	60
Total current tax	444	282
Deferred tax:		
Current year	(371)	461
Adjustment in respect of previous periods	37	153
Effect of changes in tax rates	35	(49)
Total deferred tax	(299)	565
Tax per income statement	145	847

9. TAXATION (continued)

Factors Affecting Total Tax Charge for the Current Period

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £000	*2018* *£000*
Profit for the period	**4,048**	*445*
Tax on profit at standard UK tax rate of 19.00% *(2018: 19.25%)*	**769**	*84*
Effects of:		
Adjustments in respect of prior years	**37**	*223*
Expenses not deductible	**19**	*256*
Tax rate changes	**35**	*(49)*
Effects of overseas tax rates	**5**	*5*
Amounts not recognised	**(720)**	*328*
Income tax (credit) / expense reported in the income statement	**145**	*847*

	2019 £000	*2018* *£000*
Current tax assets / (liabilities):		
Corporation tax	**-**	*-*
Overseas tax	**32**	*23*
Group relief creditor	**527**	*250*
	559	*273*

9. TAXATION (continued)

Deferred tax assets / (liabilities):

	2019 £000	*2018 £000*
Deferred tax asset at start of period	**894**	*1,459*
Adjustment in respect of prior years	**(37)**	*(153)*
Deferred tax (charge) to I/S for the period	**336**	*(412)*
Provision at end of period	**1,194**	*894*

Deferred tax asset consists of :

	2019 £000	*2018 £000*
Capital allowances in excess of depreciation	**560**	*230*
Accumulated losses	**493**	*493*
IFRS 9 restatement	**-**	*73*
IFRS 16 restatement	**14**	*16*
Short term timing differences	**127**	*82*
	1,194	*894*

Unrecognised deferred tax :

	2019 £000	*2018 £000*
Losses	**(2,071)**	*(2,842)*
	(2,071)	*(2,842)*

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £135,437, to increase the deferred tax asset by £135,437.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. INTANGIBLE ASSETS

	Software AUC
	£000
COST	
At 1 January 2019	194
Additions	247
At 31 December 2019	441
NET BOOK VALUE	
At 31 December 2019	441
At 31 December 2018	*194*

During the period, the Company capitalised directly attributable development costs relating to an internally generated software tool. The asset is still in its development stage and not yet being amortised.

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings
	£000
COST	
At 1 January 2019	**5,401**
Additions	**461**
Disposals	**(108)**
Inter-company transfers	**-**
AT 31 DECEMBER 2019	**5,754**
DEPRECIATION	
At 1 January 2019	**2,000**
Charge for the period	**1,250**
Disposals	**(98)**
Inter-company transfers	**-**
AT 31 DECEMBER 2019	**3,152**
AT 31 DECEMBER 2019	**2,602**
AT 31 DECEMBER 2018	*3,401*

12. RIGHT-OF-USE ASSETS

	Right-of-Use: Buildings	Right-of-Use: Cars	Total
	£000	£000	£000
COST *			
At 1 January 2019	5,892	1,629	7,521
Additions	152	604	756
Disposals	-	(516)	(516)
AT 31 DECEMBER 2019	6,044	1,717	7,761
DEPRECIATION			
At 1 January 2019	1,015	850	1,865
Charge for the period	699	424	1,123
Disposals	-	(477)	(477)
AT 31 DECEMBER 2018	1,714	797	2,511
AT 31 DECEMBER 2019	4,330	920	5,250
AT 31 DECEMBER 2018	4,877	779	5,656

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies
	£000
COST	
At 1 January 2019	579
At 31 December 2019	579
NET BOOK VALUE	
At 31 December 2019	579
At 31 December 2018	*579*

The Company's subsidiary Dematic Logistics of Chile entered liquidation during 2018 and was dissolved in March 2019.

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Dematic Logistics de Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems
Dematic Trading de Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems
DMTC Services S de RL de CV Mexico	Mexico	Ordinary	99 %	Sale and servicing of automated warehouse and distribution systems

The principal place of business for all subsidiary undertakings is Avenida Desarrollo, 540 Parque Industrial Finsa Guadalupe CP 67114, Guadalupe, Nuevo Leon, Mexico.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. STOCKS

	2019 £000	2018 £000
Raw materials and consumables	100	111
Work in progress (goods to be sold)	819	397
	919	508

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. DEBTORS – Due within one year

	2019 £000	2018 £000
Trade debtors	9,645	8,742
Amounts owed by group undertakings	46,020	36,782
Other debtors	12	16
Prepayments	593	26
Amounts recoverable on long term contracts	2,039	1,677
Deferred taxation (see **Note 9**)	1,194	894
	59,503	48,137

16. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash at bank and in hand	122	72
	122	72

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

17. CREDITORS: Amounts falling due within one year

	2019 £000	*2018* *£000*
Payments received on account	**15,173**	*11,760*
Trade creditors	**2,971**	*1,214*
Amounts owed to group undertakings	**10,446**	*11,440*
Corporation tax	**32**	*23*
Taxation and social security	**4,791**	*3,514*
Other creditors	**4,348**	*3,639*
Accruals and deferred income	**7,077**	*4,917*
Lease Liabilities	**1,010**	*965*
	45,848	*37,472*

The amounts owed to group undertakings are interest bearing and repayable on demand.

18. CREDITORS: Amounts falling due after more than one year

	2019 £000	*2018* *£000*
Accruals and deferred income	**29**	*994*
Lease Liabilities	**4,341**	*4,786*
	4,370	*5,780*

	2019 £000	2018 £000
Within five years	**3,331**	*3,813*
More than five years	**1,039**	*1,967*
	4,370	5,780

During the current and prior period there were no secured loans. Intercompany balances are dealt with on a separate basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
FINANCIAL ASSETS		
Financial assets that are measured at amortised cost	55,799	45,588
Financial assets designated as fair value through profit or loss	2	7
	55,801	45,595
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(18,396)	(18,150)
Financial liabilities designated as fair value through profit or loss	(2)	(4)
	(18,398)	(18,154)

Financial assets measured at amortised cost relate to cash flows which will take place within 12 months of the period end date.

The Company also uses derivative financial instruments to manage the forward foreign exchange rate risk. After initial recognition at the date the derivative contract is entered into, the derivative is subsequently re-measured to fair value, determined by reference to market rates at each balance sheet date and is included as a financial asset or liability as appropriate. The resulting gain or loss is recognised immediately in the profit and loss account. There has been no change in valuation techniques used in the year.

Financial Liabilities measured at amortised cost, relate to cash flows which will take place within 12 months of the year end date.

20. SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
6,111,485 - Ordinary shares of £1 each	6,111	6,111

21. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents defined contributions payable by the Company to the fund, see note 5.

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption offered by FRS 101 which precludes the necessity to detail related party transactions between wholly owned subsidiaries.

23. POST BALANCE SHEET EVENTS

The coronavirus disease, officially named COVID-19, was declared a global pandemic by the World Health Organization (WHO) 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. 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 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 Strategic Report and in the Director's Report.

24. CONTROLLING PARTY

The company is a subsidiary undertaking of Dematic Holdings UK Limited. The ultimate controlling party is KION GROUP AG (incorporated in Germany). The smallest and largest group in which the results of the company are consolidated is that headed by KION GROUP AG. They draw up consolidated financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union and copies can be obtained from the registered office at Abraham-Lincoln-Strasse 21, 65189, Wiesbaden, Germany.

25. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

25. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management continually review all estimates involved, adjusting them as necessary.

Key sources of estimation uncertainty

Contract risk

Significant estimates are involved in the determination of provisions related to contract losses, warranty costs and legal proceedings. A major portion of the Company's business is performed on the basis of long-term contracts, often for large projects, awarded on a competitive bidding basis. The Company records a provision for onerous sales contracts when current estimates of total contract costs exceed contract turnover. Such estimates are subject to change based on new information as projects progress toward completion.

Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs, which also requires significant judgement relating to achieving certain performance standards and estimates involving warranty costs.

Warranty provisions include both specific and general risks. Specific warranty provisions are based on individual customer complaints, valued by the engineer knowledge and the risk and probability of conformity. General warranty risk is covered by an overall provision and measured by using the experience of the past as an indicator, engineer knowledge and management judgement.

Recognition of turnover on project business contracts

The Company conducts a significant portion of its business under project business contracts with customers. The Company generally accounts for projects using the percentage-of-completion method, recognising turnover as performance on a contract progresses. This method places considerable importance on accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract turnover, contract risks and other judgements.

26. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' on the Company's financial statements.

Impact on the financial statements

As a result of the changes in the Company's accounting policies, prior year financial statements had to be restated. As explained, IFRS 9 and IFRS 15 were adopted without restating comparative information. The reclassifications and the adjustments arising from these new accounting standards are therefore not reflected in the restated balance sheet as at 31 December 2017. Adjustments in respect to both IFRS 9 and IFRS 15 are recognised in the opening balance sheet on 1 January 2018 due to the transitional provisions applied in each case.

Applying the full retrospective adoption method of IFRS 16 resulted in the Company restating its Balance Sheet as at 1 January 2017 and 31 December 2017.

The following tables show the adjustments recognised for each induvial line item. Line items that were not affected by the changes have not been included. As a result, the sub-total and totals disclosed cannot be recalculated from the numbers provided.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Balance Sheet (Extract)

	1 Jan 2017 (As originally presented) £000	IFRS 16 £000	1 Jan 2017 (Restated) £000	31 Dec 2017 (As originally presented) £000	IFRS 16 £000	31 Dec 2017 (Restated) £000	IFRS 9 £000	IFRS 15 £000	1 Jan 2018 (Restated) £000
Non-Current assets									
Right-of-use assets	-	781	781	-	5,777	5,777	-	-	5,777
Current assets									
Debtors: Amounts falling due within one year	48,832	-	48,832	39,809	7	39,816	388	1,488	41,692
Creditors: Amounts falling due within one year	(43,734)	(445)	(44,179)	(31,156)	(1,581)	(32,737)	-	60	(32,677)
Creditors: Amounts falling due after one year	(524)	(363)	(887)	(585)	(4,265)	(4,850)	-	-	-
Capital and reserves									
Profit and loss account	791	(27)	764	7,712	(62)	7,650	388	1,548	9,586

Profit and loss account (Extract)

	2017 (As originally presented) £000	**IFRS 16 £000**	**2017 (Restated) £000**
Admin Expenses	(18,688)	86	(18,602)
Interest payable and similar income	(6)	(128)	(134)
Taxation	(3,494)	7	(3,487)
Profit / (loss) for the financial year	2,000	(35)	1,965