Company Registration No. 03794455

Dennis Eagle Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

Dennis Eagle Limited

Annual report and financial statements for the year ended 31 December 2019

Contents

Dennis Eagle Limited

Annual report and financial statements for the year ended 31 December 2019

Officers and professional advisers

Directors

G Terberg
K P Else
T J Conlon
A P Uttley
K R Day
C D Hughes
R D Taylor

Company Secretary

A P Uttley

Registered Office

Heathcote Way
Heathcote Industrial Estate
Warwick
CV34 6TE
United Kingdom

Bankers

Barclays Bank plc
Birmingham

Solicitors

Pinsent Masons
Solicitors
Birmingham

Auditor

Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Dennis Eagle Limited

Strategic report

Principal activities

The principal activity of Dennis Eagle Limited (the "Company") is the design, manufacture and servicing of refuse collection vehicles (RCVs) and the directors expect this to continue in the coming year. We continue to enhance current products and develop the next generation of RCVs. Current trading has remained buoyant despite the uncertainty around BREXIT helped by the fact our manufacturing and sales are predominantly UK based and looking forward there should be greater clarity on trading arrangements once trade deals have been agreed. Regrettably, the uncertainty due to BREXIT has been replaced by the greater uncertainty of the impact of Covid-19 where there is potential for severe operational disruption which could develop into significant liquidity and working capital challenges. Whilst we believe we are well placed to manage these challenges, the impact is further considered in the Going Concern section of the Directors' Report.

Future developments

Whist there is a strong order book for 2020 and the continuing investment in the development of next generation RCVs, the impact of the coronavirus may, in the opinion of the Directors, adversely impact the level of activity in the forthcoming year compared to 2019.

Statement by the directors in performance of their duties in accordance with 172(1) Companies Act 2006

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

With respect to long term decisions

All major decisions are reviewed and validated by the directors at regular board meeting with all key decisions supported by detailed briefings identifying the main issues, main recommendations, alternatives considered and the likely long term impact on the company in respect of value creation, it's environmental and community effect and any implications for key stakeholders.

With respect to the interest of staff

We brief employees on a monthly basis on the key business issues including functional updates and performance against key metrics, as well as communicating any key events. We invest heavily in staff training each year and in 2019 we supported many members of staff with vocational training and academic learning based on their unique Personal Development Plan, all with the intention of developing them as individuals and creating long term value for the company. Beyond our own people, we are proactive in encouraging young people to develop careers in the engineering and manufacturing industry.

With respect to customers, suppliers and environment

We have many long standing business relationships with suppliers, customer and professional advisors built on many years of trust which has been generated by treating each other fairly and respectfully over an extended period. We are very proud of our brand and heritage and encourage all stakeholders to work with us to enhance our reputation as a fair and reliable business partner. We actively seek feedback on how best we can work together and incorporate any recommendations or suggestions at the earliest opportunity.

With respect to high standards of business conduct

We acknowledge the responsibility we have to our local community in which we operate and given our global presence, our duty to act on an international scale. The vast majority of our workforce is drawn from local residents and it is also our policy to use local suppliers where possible, generating wealth in the local area as well as bolstering employment opportunities. We are also involved in a number of community and educational programs teaching the benefits of recycling and the positive impact it has on the environment.

We aim to ensure our products and services have the maximum impact on our customer but the minimum impact on the environment. Our manufacturing process adopts best practice principles throughout to continuously improve our environmental performance and our work with partners throughout our supply chain further minimises pollution, waste and the use of non-renewable resource in the whole life production of our vehicles. We are in the enviable position of our products being designed, built and distributed with the environment firmly in mind as well as actively contributing to the reduction, reuse and recycling of waste in everyday use, long after they have left the factory.

Strategic report

We have adopted many of the Royal Terberg Group (our main shareholder) policies and core values resulting in all group members conducting business on the same basis. Similarly, the setting of key company objectives is undertaken each year resulting in the needs of all members being clearly defined and the measurement of progress against objectives undertaken on a fair and transparent basis.

Key performance indicators

2019 trading performance was strong again, ahead of 2018 levels and with higher margins. Sales continued to include third-party chassis we have purchased and sold at zero margin but the effect when comparing to 2018 was less marked. Service and parts margins were similar to 2018. Overall, 2019 sales of body units and chassis units increased compared to last year, which along with strong aftermarket sales resulted in an 2% increase in turnover from £233,254,000 for the year ended 31 December 2018 to £236,915,000 for the year ended 31 December 2019. Operating profit of £18,468,000 for the year ended 31 December 2019 was £3,067,000 higher than the previous year (2018: £15,401,000).

Profit for the financial year attributable to the equity shareholders of the Company was £15,696,000 (2018: £13,509,000) with the increase due to slightly higher margins on Original Equipment (OE) and a non-repeat of the impairment of capitalised development costs in 2018, offset by continuing expenditure on the development of the new ERP system and next generation vehicles.

Actuarial losses were £973,000 (2018: £44,000 gains) due to higher valuations of both assets and liabilities with a higher increase in the pension obligations of the scheme, compared to 2018. Contributions by the company were £504,000.

Net assets increased significantly from £52,087,000 to £53,975,000 primarily as a result of the profit for the year.

Expenditure on tangible fixed assets decreased to £2,009,000 in 2019 from £2,053,000 in the previous year.

The trading environment in the UK and export markets in which the business operates is considered below.

Market conditions

UK

UK sales in 2019 were £220,267,000 representing an increase of 5% over the 2018 sales figure of £209,609,000 due primarily to increased volumes of chassis and body sales. There was also higher activity in both the parts distribution and service operations as the vehicle parts continues to grow in line with our market share and as we secure more maintenance contracts.

Export

Export sales in 2019 were £16,648,000 which was a reduction on last year's turnover of £23,645,000, this is mostly attributable to increased activity in the Irish Republic and Australia where the adverse GBP exchange rate continues to make our products more competitively priced in those respective markets.

Product development

Product development continues to be driven by legislative, environmental and increasingly, public and road safety requirements. We also continue to invest in the next generation of refuse collection and speciality vehicles, including alternative powertrains. During 2019, we invested £3,309,000 (2018: £3,448,000) in both developments of current product and next generation vehicles.

Financial

Turnover increased by 2% compared to 2018, reflecting the continuing improvement in market conditions. Results for 2019 includes the Terberg Matec UK business, as it did for the first time in 2017 and 2018. The year-on-year turnover and profit progression is summarised in the table below:

Dennis Eagle Limited

Strategic report

	2016 £'000	2017 £'000	2018 £000	2019 £000
Turnover	156,967	208,866	233,254	236,915
Operating Profit	9,866	18,334	15,401	18,468

2019 performance remained positive in terms of our market position and the indicators for the UK RCV market.

Selling and administration expenses increased by £1,893,000. The Company assesses every year the financial, commercial and technical viability of the development projects which are capitalized. Based on this analysis, no adjustments were made to the current value of the capitalised development costs.

IT implementation expenses of £1,111,000 were incurred during the year and recognised within administrative expenses. In addition, £456,000 of IT implementation costs incurred during the year were capitalised.

The remainder of the increase in selling and administration expenses of £782,000 relates to the increase in business activity.

Health and safety

It is the Company's policy to achieve and maintain a high standard of health and safety at work and proper attention is paid to the training and work prospects of people who become disabled during their employment with the Company or who are disabled at the time of applying for employment.

Principal risk and uncertainties

Principal risks and uncertainties continue to be linked to the impact from the wider economy in terms of euro and dollar exchange rates, inflationary pressures and investment returns but in addition, the greatest uncertainty we are currently facing is the impact of the coronavirus pandemic. Given the high level of supply of major components priced in euros and dollars, management monitors foreign currency exposure regularly, putting hedging in place as necessary. The Company seeks to mitigate the impact of inflationary pressures by a combination of working closely with our supply base as well as reviewing our selling prices relative to the market. The major impact of the pandemic for us is the disruption within our supply chain as well as the impact of sickness and shielding on our employee's ability to work.

In respect of BREXIT, we anticipate less uncertainty as we get greater clarity on trading arrangements once negotiations resume. We aim to assess and manage risks and opportunities resulting from climate change focussing on the regulatory risk where there is the potential for the strengthening of existing and the introduction of new regulations; commercial risk and in particular permanent shifts in demand profiles for our products; physical risk and the impact on our facilities and the local community and finally any risk arising from a deterioration in our relationship with the public, other companies, and local and national government.

The Company's continued success is also dependent upon the successful launch to market of both product enhancements and next generation products currently in development and recognising this, there is a formalised review process in place to regularly assess the ongoing suitability and marketability of all projects to ensure they secure maximum future returns.

Pension liability risk

The company provides pension arrangements to employees through defined contribution scheme and a defined benefit scheme in the UK. The defined benefit scheme is closed to new members and has ceased future accruals to existing members since 31 January 2013.

The company's UK retirement net pension obligation reflected on the balance sheet for the current year is £5,754,000 (2018: £5,143,000). The net pension obligation increased this year mainly due to the reduction in the discount rate.

The defined benefit liabilities are calculated by reference to the yield available on high quality UK corporate bonds. The Scheme's investment strategy includes a portfolio of matching assets. These assets are designed to move in line with the liabilities when market conditions change, with the result that the Scheme is partially hedged against interest rate and inflation risk.

Strategic report

The previous funding valuation was on 5th April 2018 and showed a deficit of £10,167,000. The Group agreed to pay contributions of £15,000 per month from 6th April 2019. The Group is expected to pay contributions of £180,000 during the year ended 31 December 2020. This contribution schedule will remain the same until 5th April 2021.

Following the emergence of the COVID-19 coronavirus pandemic and the associated changes in corporate bond yields, the retirement benefit deficit as at 30 April 2020 is estimated to be £6,554,000.

Sensitivity on the discount rate and retail price inflation is disclosed within note 24 of the financial statements.

Approved by the Board of Directors and signed on behalf of the Board:

A P Uttley
Company Secretary

22nd May 2020

Heathcote Way,

Heathcote Industrial Estate,

Warwick,

CV34 6TE

Directors' report

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

Financial risk management objectives and policies

The Company's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. Please see note 25 and below.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge this exposure.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

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 and derivative financial instruments 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 many 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, has access to a short-term Group Revolving Cashflow Facility provided by the Group's bankers.

Further details regarding liquidity risk has been provided in note 25.

Country of incorporation

The Company was incorporated in the United Kingdom in England and Wales.

Future developments

Future developments have been discussed in the strategic report on page 2.

Events after the balance sheet date

On February 2020, Dennis Eagle Limited made a further equity contribution to Dennis Eagle Inc., its wholly owned US subsidiary, of $3,250,000 to strengthen its balance sheet in readiness for commencement of volume production at our US facility. This contribution was fully approved and has had no detrimental effect on the financial position of Dennis Eagle Limited.

In common with many other companies, the outbreak of the coronavirus in March 2020 has created severe operational disruption for the company but we have taken decisive action to mitigate the impact with the majority of employees taking holiday and we have also utilised the UK Government's furlough scheme to avoid redundancy. We have also experienced significant supply chain disruption, but with the majority of our suppliers now ready and able to recommence deliveries, we have reviewed and modified our ways of working to respect the government guidance on social distancing and resumed production on 5th May 2020. We are not able to quantify the impact of this disruption because of the high level of uncertainty surrounding government guidance, duration and impact on the wider economy and how that will likely affect our operations.

Following the emergence of the coronavirus pandemic and the associated changes in corporate bond yields, the pension fund deficit saw an increase in the period to 30 April 2020 but will continue to change with market conditions. Further details are disclosed in the strategic report.

Directors' report

Similarly, like all other UK based businesses who trade with the EU, we may be impacted by any changes to trading arrangements agreed as part of the BREXIT deal. The risk is mitigated by the fact that our manufacturing and sales are predominantly UK based and therefore we do not expect this to materially affect our trading outlook, albeit the impact of this cannot currently be reliably estimated.

Dividend

Dividend of £13,000,000 (2018: £2,500,000) was declared or paid in the year. The directors do not propose to pay a dividend after the balance sheet date.

Research and development

During 2019 the company incurred research and development costs of £3,309,000 (2018: £3,448,000).

The Company's continued success is also dependent upon the successful launch to market of both product enhancements and next generation products currently in development and recognising this, there is a formalised review process in place to regularly assess the ongoing suitability and marketability of all projects to ensure they secure maximum future returns.

Going concern

The Group is funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving facilities provided by a syndicate of European banks. These facilities, which are due to mature in February 2021 are provided to Terberg RosRoca Group Limited. The parent company of Dennis Eagle Limited, Terberg RosRoca Group Limited, entered into financing agreements on 19 February 2016 which included certain early maturity clauses, limitations on the distribution of dividends and limitations on the volume of investment and corporate changes. On 21 December 2018, the parent used the option to repay the junior loan of €25 million and on the same day, a new senior term loan for the same amount was obtained. The repayment of the new senior loan is scheduled for February 2021 together with the final instalment of the original senior loan. In relation to this senior loan taken out by the parent, guarantees have been granted including a Royal right of pledge on the shares of several Group companies including Dennis Eagle Limited.

The Company continued to trade profitably and generate cash on a timely basis prior to the UK Government decision on 20th March 2020 to put the UK on lockdown as a result of the increased risk to human life from the Covid-19 pandemic. At that time, the Company was anticipating supply chain disruption but following the UK Government announcement the decision was made to halt production shutdown for an initial 3-week period. We continue to operate our Aftermarket business as normally as we can, understanding the vital importance of ensuring waste collections continue to operate normally where needed. Undoubtedly our liquidity and working capital will be impacted by these events but at the outset we have funding in place (as already explained above), a strong balance sheet and healthy cash balance which should serve to offer some protection in the short to medium term. Consequently, the directors believe that the Company is well placed to manage its business risks successfully in line with the current economic outlook.

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 above. In addition, note 25 to the financial statements includes information on the Company's financial risk management objectives and policies, including its exposures to price risk, credit risk and liquidity risk. In determining that the Company is a going concern these risks have been considered by the directors.

As the Company is supported by the parent company – Terberg RosRoca Group Limited, the effect of Covid-19 on the Group's performance is considered to be an important factor which would impact the company.

The Group continued to trade profitably and generated cash on a timely basis in the first quarter of 2020 and performed even above the expectations, supported by a very strong order book mainly in the UK, France and Germany. As expected the order book in Spain in 2020 is lower than in previous year. This is in line with the historic trend after a year of elections.

Mid February 2020, the Covid-19 virus had spread throughout most of Europe. Towards the end of March, the world wide Covid-19 pandemic started to impact the Group. When analyzing the impact of the virus on the Group, the most important risks and uncertainties are the availability of the work force, disruptions in the supply chain of foreign chassis on which we mount our bodies and disruptions in the supply chain of critical components to produce our binlifts, bodies and chassis.

To mitigate the adverse impact of Covid-19 on the Group's activities, the Group decided at the end of March 2020 to temporarily close the production facilities in Warwick and Blackpool in the United Kingdom and in Spain. The

Directors' report

Germany based facility has closed its facility for 3 weeks in May. This helped the Group to reduce its costs base, with staff in the UK and Spain taking leave over this period. In addition the Group achieved operational cost reductions, supported by local government grants. To decrease the impact further, the Group put skeleton teams in place during the temporary closing to complete work in progress and to optimize cash position. In order to be prepared for a start-up of production and to comply with local Covid-19 legislation, the Group have put new work instructions in place, such as social distancing and invested in the necessary personal protective equipment to comply with local requirements.

The Group have and will stay in close contact with suppliers of key components to monitor the supply chain. The Group has sufficient funds available to create buffer stock for components where deemed necessary to prevent disruptions as much as possible. As far as the continuous supply of non Dennis Eagle chassis is concerned, the Group is depending on the truck manufacturers.

Following the start-up of the main truck manufacturers and the main component manufacturers, the Group decided to restart production in the first week of May again.

The temporary closure of the most important production facilities will lead to a decrease of turnover (circa 60%) in the month of April 2020, compared to the same month of last year. As mentioned before the Group's order position is strong and continued to improve especially in the UK considerably in the first months of 2020. This supports the expectation the Group can resume production at 2019 output levels in the UK, The Netherlands and Germany if there are no further disruptions in the supply chain.

During the period until September 2020, the Spanish entity might incur shortages due to late arrival of customer's chassis.

The Group is partly funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving Credit facility provided by a syndicate of European banks.

These facilities are provided to Terberg RosRoca Group Limited and are subject to financial covenants. These are the Net debt leverage (covenant 2.75) and Interest cover covenant (covenant 4.0) and are reported on a quarterly basis.

Management of the Group have performed various scenario analysis, amongst which a reasonable worse case scenario, to test the financial impact of Covid-19 on liquidity and financial covenants. The reasonable worse case scenario was based on:

• a shutdown of the major factories in April followed by a start up in May.

• aggressive assumptions on working capital needs due to buffer stock and potentially delayed debtors collections.

• just limited reductions in capital expenditure and an expenditure for acquisitions.

• in this scenario management assumed production to continue at 2019 levels as from June 2020. As an additional sensitivity analysis, EBITDA was lowered in the period June 2020-December 2020 by circa 20%.

Management's scenario analysis shows that the main covenants have adequate headroom. The Net debt leverage covenant is in the worse case 1.7 which results in a very significant headroom of 40% of the covenant. Interest cover in the reasonable worse case scenario is 12 and well above the covenant.

The current credit facilities are due to mature in February 2021. To manage the risk in the current financial markets, the Group has started in time with preparations for an extension or refinancing of the facilities with the banks and is confident that it is able to extend or refinance in time at satisfactory conditions. This confidence is based on discussions with the banks, the strong historic performance of the Group, strong liquidity position, considerable headroom in the main covenants and the strong position of orders in hand.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Directors

The directors who served during the year and subsequently were as follows:

G Terberg
K P Else
T J Conlon
A P Uttley

Directors' report

K R Day
C D Hughes
R D Taylor

Directors' and officers' liability

The Company 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.

Employment report

The Company supports employee involvement at all levels in the organisation being awarded "Investor in People" for Warwick in 2004 and accreditation was reconfirmed in 2016. A team-based approach is taken with regular briefings being held to review not only the financial performance, but also the other perspectives of people, processes, competition and customer focus of the business.

Disabled employees

The Company is committed to eliminating discrimination amongst its workforce and its objective is to create a working environment in which there is no unlawful discrimination and all decisions are based on merit. The Company aims to avoid discrimination in all aspects of employment and recruitment.

The Company aims to ensure that job requirements and job selection criteria are clear and based only on what is required to get the job done effectively and will avoid making stereotypical assumptions based on protected characteristics about who is able to do a particular job. The Company aims to ensure that no job applicant is placed at a disadvantage by practices or requirements which disproportionately disadvantage protected groups, and which are not justified by the demands of the job. The Company does not ask for personal or irrelevant information on application forms or in interviews but instead focuses on whether someone has the relevant skills, qualities and experience to do the job.

Promotion and training decisions are made based on merit. The Company does not unlawfully discriminate against any employee in making promotion or training decisions and believe all employees should have an equal opportunity to progress and develop. The Company makes adjustments to accommodate disabled employees where it is possible and reasonable. The Company trains its managers and those responsible for recruitment on understanding and avoiding discrimination in order to promote equality.

Environmental report

The Company is committed to prevent pollution and to follow environmental good practice in all elements of the business. There is a formal environmental management system which establishes targets for the reduction of waste, which is communicated to all employees so that they are aware of their environmental responsibilities in their daily activities. The Company holds ISO14001 which recognises the application of our policies and our commitment to the continuous improvement in respect of the achievement of our environmental objectives.

Charitable contributions

Donations to UK charities amounted to £8,811 (2018: £13,988). There were no political contributions made during the year (2018: £Nil).

Directors' report

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 steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

Approved by the Board of Directors and signed on behalf of the Board by:

A P Uttley
Company Secretary

22nd May 2020

Heathcote Way,

Heathcote Industrial Estate,

Warwick,

CV34 6TE

Dennis Eagle Limited

Directors' responsibility 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 the 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.

Independent auditor's report to the members of Dennis Eagle Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Dennis Eagle Limited (the 'company'):

- 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 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

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

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.

Independent auditor's report to the members of Dennis Eagle Limited

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.

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

Independent auditor's report to the members of Dennis Eagle Limited

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:

- 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.

PG

Peter Gallimore, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

22 May 2020

Profit and loss account

For the year ended 31 December 2019

	Note	2019 £000	Restated 2018 £000
Turnover *	3	236,915	233,254
Cost of sales *		(175,961)	(177,260)
Gross profit		60,954	55,994
Distribution costs		(7,544)	(8,160)
Administrative expenses		(34,942)	(32,433)
Operating Profit		18,468	15,401
Finance (costs)/Income (net)	7	(21)	139
Profit before taxation	4	18,447	15,540
Tax on profit	8	(2,751)	(2,031)
Profit for the financial year attributable to the equity shareholders of the Company		15,696	13,509

All activities derive from continuing operations.

*2018 Comparative figures for turnover and cost of sales have been restated to include zero margin distributor sales in the UK for an amount of £6,871,474. The impact was solely related to the Terberg Matec UK division with the reason for this error being due to incorrect application of the revenue recognition policy to these sales.

The accompanying notes on pages 19 to 44 are an integral part of these financial statements.

Dennis Eagle Limited

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Profit for the financial year		15,696	13,509
Remeasurement of net defined benefit liability	24	(973)	44
Tax relating to components of other comprehensive income		165	(7)
Net other comprehensive (loss)/gain		(808)	37
Total comprehensive income attributable to equity shareholders of the Company		14,888	13,546

Dennis Eagle Limited

Balance sheet
As at 31 December 2019

	Note	£000	2019 £000	£000	2018 £000
Fixed assets					
Intangible assets	9		12,852		11,854
Tangible assets	10		7,048		6,647
Investments	11		461		461
			20,361		18,962
Current assets					
Stocks	12	28,119		23,786	
Debtors due within one year	13	44,716		53,777	
Cash at bank and in hand		18,192		7,343	
		91,027		84,906	
Creditors: amounts falling due within one year	14	(45,377)		(40,241)	
Net current assets			45,650		44,665
Total assets less current liabilities			66,011		63,627
Creditors: amounts falling due after more than one year	15		(4,480)		(5,161)
Provisions for liabilities	17		(7,556)		(6,379)
Net assets			53,975		52,087
Capital and reserves					
Called up share capital	20		-		-
Capital contribution reserve			6,722		6,722
Profit and loss account			47,253		45,365
Shareholder's funds			53,975		52,087

The financial statements of Dennis Eagle Limited, registered number 03794455, were approved by the Board of Directors and authorised for issue on 22nd May 2020.

Signed on behalf of the Board of Directors by:

K P Else
Director

Dennis Eagle Limited

Statement of changes in equity
For the year ended 31 December 2019

	Note	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
At 1 January 2018		-	6,722	34,319	41,041
Profit for the financial year		-	-	13,509	13,509
Remeasurement of net defined benefit liability		-	-	44	44
Tax relating to items in Other Comprehensive Income		-	-	(7)	(7)
Total comprehensive income		-	-	13,546	13,546
Dividend	21	-	-	(2,500)	(2,500)
At 31 December 2018		-	6,722	45,365	52,087
Profit for the financial year		-	-	15,696	15,696
Remeasurement of net defined benefit liability		-	-	(973)	(973)
Tax relating to items in Other Comprehensive Income		-	-	165	165
Total comprehensive income		-	-	14,888	14,888
Dividend	21	-	-	(13,000)	(13,000)
At 31 December 2019		-	6,722	47,253	53,975

1. Accounting policies

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

General information and basis of accounting

Dennis Eagle Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, and is 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 Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

The Company 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. Exemptions have been taken in these separate Company financial statements in relation to the presentation of a cash flow statement, related party transactions and section 11 and 12 requirements in relation to financial instrument disclosures.

The directors have prepared the financial statements on a going concern basis for the reasons set out in the paragraph headed going concern in the directors' report.

The Company has taken exemption from the requirement to prepare group accounts under s400 of the Companies Act 2006. The consolidated financial statements of Terberg RosRoca Group Limited, within which this company is included, can be obtained from Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE. These financial statements therefore present information about the Company and not about its Group.

Going concern

The Group is funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving facilities provided by a syndicate of European banks. These facilities, which are due to mature in February 2021 are provided to Terberg RosRoca Group Limited. The parent company of Dennis Eagle Limited, Terberg RosRoca Group Limited, entered into financing agreements on 19 February 2016 which included certain early maturity clauses, limitations on the distribution of dividends and limitations on the volume of investment and corporate changes. On 21 December 2018, the parent used the option to repay the junior loan of €25 million and on the same day, a new senior term loan for the same amount was obtained. The repayment of the new senior loan is scheduled for February 2021 together with the final instalment of the original senior loan. In relation to this senior loan taken out by the parent, guarantees have been granted including a Royal right of pledge on the shares of several Group companies including Dennis Eagle Limited.

The Company continued to trade profitably and generate cash on a timely basis prior to the UK Government decision on 20th March 2020 to put the UK on lockdown as a result of the increased risk to human life from the Covid-19 pandemic. At that time, the Company was anticipating supply chain disruption but following the UK Government announcement the decision was made to halt production shutdown for an initial 3-week period. We continue to operate our Aftermarket business as normally as we can, understanding the vital importance of ensuring waste collections continue to operate normally where needed. Undoubtedly our liquidity and working capital will be impacted by these events but at the outset we have funding in place (as already explained above), a strong balance sheet and healthy cash balance which should serve to offer some protection in the short to medium term. Consequently, the directors believe that the Company is well placed to manage its business risks successfully in line with the current economic outlook.

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 above. In addition, note 25 to the financial statements includes information

1. Accounting policies (continued)

Going concern (continued)

on the Company's financial risk management objectives and policies, including its exposures to price risk, credit risk and liquidity risk. In determining that the Company is a going concern these risks have been considered by the directors.

As the Company is supported by the parent company – Terberg RosRoca Group Limited, the effect of Covid-19 on the Group's performance is considered to be an important factor which would impact the company.

The Group continued to trade profitably and generated cash on a timely basis in the first quarter of 2020 and performed even above the expectations, supported by a very strong order book mainly in the UK, France and Germany. As expected the order book in Spain in 2020 is lower than in previous year. This is in line with the historic trend after a year of elections.

Mid February 2020, the Covid-19 virus had spread throughout most of Europe. Towards the end of March, the world wide Covid-19 pandemic started to impact the Group. When analysing the impact of the virus on the Group, the most important risks and uncertainties are the availability of the work force, disruptions in the supply chain of foreign chassis on which we mount our bodies and disruptions in the supply chain of critical components to produce our binlifts, bodies and chassis.

To mitigate the adverse impact of Covid-19 on the Group's activities, the Group decided at the end of March 2020 to temporarily close the production facilities in Warwick and Blackpool in the United Kingdom and in Spain. The Germany based facility has closed its facility for 3 weeks in May. This helped the Group to reduce its costs base, with staff in the UK and Spain taking leave over this period. In addition the Group achieved operational cost reductions, supported by local government grants. To decrease the impact further, the Group put skeleton teams in place during the temporary closing to complete work in progress and to optimize cash position. In order to be prepared for a start-up of production and to comply with local Covid-19 legislation, the Group have put new work instructions in place, such as social distancing and invested in the necessary personal protective equipment to comply with local requirements.

The Group have and will stay in close contact with suppliers of key components to monitor the supply chain. The Group has sufficient funds available to create buffer stock for components where deemed necessary to prevent disruptions as much as possible. As far as the continuous supply of non Dennis Eagle chassis is concerned, the Group is depending on the truck manufacturers.

Following the start-up of the main truck manufacturers and the main component manufacturers, the Group decided to restart production in the first week of May again.

The temporary closure of the most important production facilities will lead to a decrease of turnover (circa 60%) in the month of April 2020, compared to the same month of last year. As mentioned before the Group's order position is strong and continued to improve especially in the UK considerably in the first months of 2020. This supports the expectation the Group can resume production at 2019 output levels in the UK, The Netherlands and Germany if there are no further disruptions in the supply chain.

During the period until September 2020, the Spanish entity might incur shortages due to late arrival of customer's chassis.

The Group is partly funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving Credit facility provided by a syndicate of European banks.

These facilities are provided to Terberg RosRoca Group Limited and are subject to financial covenants. These are the Net debt leverage (covenant 2.75) and Interest cover covenant (covenant 4.0) and are reported on a quarterly basis.

Management of the Group have performed various scenario analysis, amongst which a reasonable worse case scenario, to test the financial impact of Covid-19 on liquidity and financial covenants. The reasonable worse case scenario was based on:

• a shutdown of the major factories in April followed by a start up in May.

• aggressive assumptions on working capital needs due to buffer stock and potentially delayed debtors collections.

1. Accounting policies (continued)

Going concern (continued)

• just limited reductions in capital expenditure and an expenditure for acquisitions.

• in this scenario management assumed production to continue at 2019 levels as from June 2020. As an additional sensitivity analysis, EBITDA was lowered in the period June 2020-December 2020 by circa 20%.

Management's scenario analysis shows that the main covenants have adequate headroom. The Net debt leverage covenant is in the worse case 1.7 which results in a very significant headroom of 40% of the covenant. Interest cover in the reasonable worse case scenario is 12 and well above the covenant.

The current credit facilities are due to mature in February 2021. To manage the risk in the current financial markets, the Group has started in time with preparations for an extension or refinancing of the facilities with the banks and is confident that it is able to extend or refinance in time at satisfactory conditions. This confidence is based on discussions with the banks, the strong historic performance of the Group, strong liquidity position, considerable headroom in the main covenants and the strong position of orders in hand.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Please refer to page 7 to 9 in the Director's report for further details in relation to going concern.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the identifiable net assets of businesses acquired) is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

In determining a useful economic life of 10 years, the directors considered the length of the product lifecycle, the stability of the industry and barriers to entry by competitors and considered that this write-off period was appropriate.

Software

The Group is currently in the process of implementing a companywide ERP system. The annual license and maintenance fee and the expense of the implementation will be accounted for in the profit and loss account. Any bespoke software, provided that it meets the criteria to capitalise as intangible fixed assets, will be capitalised and depreciated over 3 to 5 years on a straight-line basis. Amortisation starts as soon as the company has implemented the new system completely.

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 balance sheet 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.

1. Accounting policies (continued)

Financial instruments (continued)

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

(a) 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.

(b) 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.

(c) 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).

(d) 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.

(e) 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.

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).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.

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

Investments in subsidiaries and jointly controlled entities are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

Financial instruments (continued)

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Development costs

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised on a straight-line basis over the period during which the company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	40 years
Plant and machinery	2-10 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions and interest rate movements in foreign currencies are recorded using the rate of exchange at the date of the transaction or, if applicable, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on transaction are included in the profit and loss account.

Leases

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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the latest purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Cost is calculated using the FIFO (first-in, first-out) method. 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.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

Financial instruments (continued)

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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets (continued)

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.

Post-retirement benefits

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the net defined benefit liability is shown within finance costs. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Taxation

Current 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 periods different from those in which they are recognised in the financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1. Accounting policies (continued)

Taxation (continued)

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 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.

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.

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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Warranty costs

In accordance with Financial Reporting Standard 102 Section 21 Provisions and Contingencies, provision is made to recognise expected future costs incurred under warranty claims for products sold before the balance sheet date. Where an extended warranty which relates to periods beyond one year is provided, the income relating to that is reported as deferred income.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. For vehicle sales turnover is recognised at the point when a Pre-Despatch Inspection (PDI) check is completed. A PDI check is performed when a vehicle is regarded as completed before the vehicle is delivered to the customer. For parts and service sales turnover is recognised when the goods are despatched, or the service is performed.

Notes to the financial statements (continued)
For the year ended 31 December 2019

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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

Research and Development

Where the directors are satisfied as to the technical, commercial and financial viability of individual projects, development expenditure is capitalised. It is expected that the expenditure capitalised will be recoverable once vehicles are in production. The amortisation period is over the commercial life of the vehicle which is typically 5 years. All major projects are supported by an investment appraisal and detailed project plan which are regularly reviewed at Board level via a formalised "gateway review" process at specific milestones during the project. At each "gateway" an assessment is made on the continued viability of each project in respect of the technical and commercial aspects and where significant changes have occurred or are expected, the future cashflows are reassessed to ensure the financial viability of the project remains intact.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Defined Benefit Pension Scheme

The Directors have relied upon a formal valuation of the Company's defined benefit pension schemes at the year end. The valuation was provided by a fellow of the Institute of Actuaries working on behalf of the Company's advisor, Barnett Waddingham. The key judgements used in the actuarial assumptions in the valuation report are the yields on high quality corporate bonds and the long-term outlook for RPI inflation.

Warranty Provision

The warranty provision is made to recognise expected future costs incurred under warranty claims for products sold before the balance sheet date. This provision is for expected warranty claims on vehicles sold. It is expected that the majority of this expenditure will be incurred over the next 12 months. The warranty provision is assessed based on the actual claims history.

Notes to the financial statements (continued)
For the year ended 31 December 2019

3. Turnover

Turnover originates from the principal activity of the Company in the UK. Turnover by geographical destination is as follows:

	2019 £000	Restated 2018 £000
United Kingdom*	220,267	209,609
Rest of Europe	10,469	16,787
Middle East, Far East, Africa and Australia	6,163	6,858
America	16	-
	236,915	233,254

An analysis of the Company's turnover is as follows:

	2019 £000	Restated 2018 £000
Sale of goods*	212,314	213,559
Rendering of services	24,601	19,695
	236,915	233,254

* 2018 Comparative figures for turnover and cost of sales have been restated to include zero margin distributor sales in the UK for an amount of £6,871,474. The impact was solely related to the Terberg Matec UK division with the reason for this error being due to incorrect application of the revenue recognition policy to these sales.

Notes to the financial statements (continued)
For the year ended 31 December 2019

4. Profit before taxation

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

	2019 £000	2018 £000
Depreciation of tangible fixed assets (note 10)	1,567	1,328
Amortisation of research and development expenditure (note 9)	1,081	1,648
Impairment loss on R&D	-	6,053
Release of government grants	(25)	(2,550)
Amortisation of goodwill (note 9)	639	638
Research and development expenditure	1,047	-
Operating lease rentals	2,738	2,607
Foreign exchange loss (gain)	593	(93)

The administrative expenses in 2019 include net impairment charges of capitalised development costs of £0 (2018: £3,503,000).

Amortisation of intangible assets is included in administrative expenses.

The analysis of the auditor's remuneration is as follows:

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements:	90	65
Fees payable to the Company's auditor for other services to the Company:		
Taxation compliance services	24	40

5. Remuneration of directors

	2019 £000	2018 £000
Directors' emoluments	1,168	1,419
Sums paid to third parties in respect of director's services (see note 27)	25	19
	1,193	1,438

	2019 Number	2018 Number
The number of directors who:		
Are members of a defined benefit pension scheme	0	0
Are members of a money purchase pension scheme	6	6

The aggregate emoluments of the highest paid director were £235,000 (2018: £214,000). The remuneration of the non-UK directors is paid by other group companies and no part of their remuneration is attributable to the Company.

Notes to the financial statements (continued)
For the year ended 31 December 2019

6. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2019 No.	2018 No.
Production	505	508
Distribution and selling	266	255
Administration	88	84
	859	847

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	31,791	32,230
Social security costs	3,275	2,839
Other pension costs	2,764	1,377
	37,830	36,446

Included in the above are redundancy and associated costs amounting to £26,000. (2018: £30,000).

7. Finance costs (net)

	2019 £000	2018 £000
Interest payable and similar charges:		
Bank charges and overdrafts	-	(1)
Intercompany interest payable	-	(25)
Other interest payable	(32)	(30)
Other finance costs on pension scheme assets (note 24)	(829)	(775)
	(861)	(831)
Interest receivable and similar charges:		
Intercompany interest receivable	153	325
Other finance income on pension scheme assets (note 24)	687	645
	840	970
Net interest (payable)/receivable and similar expenditure	(21)	139

Notes to the financial statements (continued)
For the year ended 31 December 2019

8. Tax on profit

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:

	2019 £000	2018 £000
Profit before tax	18,447	15,540
Tax on profit UK corporation tax rate of 19% (2018: 19%)	(3,505)	(2,953)
Effects of:		
- Expenses not deductible for tax purposes	(185)	(221)
- Patent box incentives	747	575
- Difference between current and deferred tax rates	23	(48)
- Adjustments to tax charge in respect of previous years	169	616
Total tax charge for the year	(2,751)	(2,031)

Analysis of charge in the year

	2019 £000	2018 £000
UK corporation tax		
Charge for the year	(2,716)	(3,052)
Adjustment in respect of prior years	257	601
Total current tax	(2,459)	(2,451)
Deferred tax (note 16)		
Timing differences, origination and reversal	(199)	405
Adjustment in respect of prior year	(93)	15
Total deferred tax	(292)	420
Total tax on profit	(2,751)	(2,031)
Total current and deferred tax relating to items of other comprehensive income	165	(7)
Charge for the current year	(2,586)	(2,038)

The UK headline Corporation Tax rate for the period was 19% (2018: 19%). Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at 17%.

Notes to the financial statements (continued)
For the year ended 31 December 2019

9. Intangible assets

	Goodwill	Software	Development costs	Total
	£000	£000	£000	£000
Cost				
At 1 January 2019	10,582	506	13,609	24,697
Additions	-	456	2,262	2,718
At 31 December 2019	10,582	962	15,871	27,415
Amortisation				
At 1 January 2019	7,388	-	5,455	12,843
Charge for the year	639	-	1,081	1,720
At 31 December 2019	8,027	-	6,536	14,563
At 31 December 2019	2,555	962	9,335	12,852
At 31 December 2018	3,194	506	8,154	11,854

The Company capitalises certain vehicle development costs in accordance with FRS102 Section 18 Intangible assets other than goodwill and are therefore not treated, for dividend purposes, as a realised loss. The development costs are amortised over the commercial life of these vehicles once they have gone into production and the remaining useful life of these vary between 1 to 5 years.

For 2019, development costs additions include cost of £Nil (2018: £1,396,000), of which 50% is funded by a government grant.

Purchased goodwill is capitalised and written off on a straight-line basis over its useful economic life. These are expected to be fully amortised in the next 4 years.

Notes to the financial statements (continued)
For the year ended 31 December 2019

10. Tangible assets

	Freehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2019	2,665	14,662	17,327
Additions	9	2,000	2,009
Disposals	-	(186)	(186)
At 31 December 2019	2,674	16,476	19,150
Depreciation			
At 1 January 2019	315	10,365	10,680
Charge for the year	79	1,488	1,567
Disposals	-	(145)	(145)
At 31 December 2019	394	11,708	12,102
Net book value			
At 31 December 2019	2,280	4,768	7,048
At 31 December 2018	2,350	4,297	6,647

The gross book value of freehold land and buildings includes £490,000 (2018: £490,000) of land which is non-depreciable.

11. Investments

	£000
Subsidiary undertakings	
Cost and net book value	
At 1 January 2019 and 31 December 2019	461

Notes to the financial statements (continued)
For the year ended 31 December 2019

11. Investments (continued)

The principal wholly owned subsidiaries undertaking and its activity during the year was as follows:

	Class of shareholding	Principal activities	Country of incorporation
Refuse Services Limited	Ordinary	Dormant company	United Kingdom
Dennis Eagle Group Limited	Ordinary	Dormant company	United Kingdom
Dennis Eagle Inc.	Ordinary	Manufacturer of RCVs	USA

Their registered addresses are as follows:

Refuse Services Limited, Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE

Dennis Eagle Group Limited, Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE

Dennis Eagle Inc., 2101 47th Street, Sarasota, Florida, 34234-3149, USA

12. Stocks

	2019 £000	2018 £000
Raw materials and consumables	9,659	8,658
Work in progress	14,866	12,030
Finished goods and goods for resale	3,594	3,098
	28,119	23,786

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

Notes to the financial statements (continued)
For the year ended 31 December 2019

13. Debtors

	2019 £000	2018 £000
Amounts due within one year:		
Trade debtors	37,410	40,058
Amounts owed by immediate parent undertaking	2,796	8,895
Amounts owed by other group undertakings	3,426	2,802
Corporation tax	-	499
Deferred tax asset	49	176
Prepayments and accrued income	1,035	1,217
Other debtors	-	27
Derivative financial instruments (see Note 19)	-	103
	44,716	53,777

All amounts owed by other group undertakings are interest free and repayable on demand. Amounts owed by the immediate parent undertaking are charged interest at 3.2% per annum and are repayable on demand.

14. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	26,907	27,305
Amounts owed to immediate parent undertaking	58	78
Amounts owed to other group undertakings	3,628	4,890
Corporation tax	1,618	-
Taxation and social security	5,466	3,138
Other creditors	40	143
Accruals and deferred income	6,818	4,687
Derivative financial instruments	842	-
	45,377	40,241

All amounts owed to other group undertakings are interest free and repayable on demand.

15. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Accruals and deferred income	4,480	5,161

Grant funding of £1,056,000 (2018: £1,081,000) is included in deferred income above.

Notes to the financial statements (continued)
For the year ended 31 December 2019

16. Deferred taxation

Details of amounts recognised for deferred tax liabilities and movements in the year are set out below:

	2019 £000	2018 £000
Difference between accumulated depreciation, amortisation and capital allowances	(14)	(68)
Deferred tax arising in relation to retirement benefit obligations	(978)	(874)
Other timing differences	12	(64)
Intangibles – capitalised development costs	931	1,182
	49	176
At beginning of year asset/(liability)	176	(237)
(Debit)/credit to profit and loss	(292)	420
Credit/(debit) to other comprehensive income	165	(7)
At end of year asset (note 13 (2018: note 13))	49	176

17. Provisions for liabilities

	2019 £000	2018 £000
Warranty provision		
At beginning of year	1,236	1,155
Charge to profit and loss account	2,629	578
Utilised	(2,063)	(497)
At end of year	1,802	1,236
Provision for net defined benefit scheme deficit (see note 24)	5,754	5,143
Total	7,556	6,379

This provision is for expected warranty claims on vehicles sold. It is expected that the majority of this expenditure will be incurred over the next 12 months.

Notes to the financial statements (continued)
For the year ended 31 December 2019

18. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2019 £000	2018 £000
Financial assets		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial assets (see note 19)	-	103
Measured at undiscounted amount payable		
• Amounts owed by immediate parent undertaking (see note 13)	2,796	8,895
• Amounts owed by other group undertakings (see note 13)	3,426	2,802
• Trade debtors (see note 13)	37,410	40,058
	43,632	51,755
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial liabilities (see note 19)	842	-
Measured at undiscounted amount payable		
• Trade and other creditors (see note 14)	26,907	27,305
• Amounts owed to immediate parent undertaking (see note 14)	58	78
• Amounts owed to other group undertakings (see note 14)	3,628	4,890
	30,593	32,273

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £000	2018 £000
Interest income and (expense)		
Total interest (Expense)/income for financial liabilities at amortised cost	(21)	139
Fair value (loss) gain	(945)	393

19. Derivative financial instruments

	Current 2019 £000	2018 £000
(Liabilities)/assets		
Forward foreign currency contracts	(842)	103
	(842)	103

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Notes to the financial statements (continued)
For the year ended 31 December 2019

19. Derivative financial instruments (continued)

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
			2019	2018	2019	2018
	2019	2018	£000	£000	£000	£000
Buy US Dollars	1.26	1.28	2,373	1,943	(106)	6
Buy Euros	1.12	1.11	17,630	17,884	(736)	97
			20,003	19,827	(842)	103

Losses of £945,000 (2018: Gains of £393,000) were recognised in profit or loss.

20. Called up share capital and reserves

	2019	2018
	£	£
Authorised		
Equity: 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Equity: 1 ordinary share of £1 each	1	1

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

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

21. Dividends on equity shares

	2019	2018
	£000	£000
Amounts recognised as distributions to equity holders in the period:		
Dividend	13,000	2,500
	13,000	2,500

22. Contingent liabilities

The company has given a VAT guarantee to HM Revenue & Customs of £100,000 (2018: £100,000). At 31 December 2019, the Company also had contingent liabilities in respect of performance bonds, which are in the course of business and amount to £50,000 (2018: £50,000).

Notes to the financial statements (continued)
For the year ended 31 December 2019

23. Financial commitments

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

	2019		2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	1,524	744	1,528	865
- between one and five years	4,845	747	5,001	825
- after five years	5,229	-	6,117	-
	11,598	1,491	12,646	1,690

Operating leases rentals of £2,738,000 were charged to the profit and loss account in the year (2018: £2,607,000).

24. Pension arrangements

Defined benefit scheme

Dennis Eagle Limited (the Company) operates a defined benefit pension arrangement called the SVG2000 Pension & Assurance Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 5 April 2018 and the next valuation of the Scheme is due as at 5 April 2021. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

The Company expects to pay contributions of £180,000 in the year to 31 December 2020, which reflects the amounts specified in the current Schedule of Contributions.

The Scheme is managed by a board of Trustees appointed in part by the Company and part from elections by members of the scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Scheme's investment strategy includes a portfolio of matching assets. These assets are designed to move in line with the liabilities when market conditions change, with the result that the Scheme is partially hedged against interest rate and inflation risk.

The weighted average duration of the defined benefit obligation is approximately 18 years.

Sectionalisation

During the year, the Scheme was sectionalised and all defined benefit assets and liabilities of the Company's other trust based arrangement (the SVG2000 Money Purchase Pension Scheme) were transferred into a new section within the SVG2000 Pension& Assurance Scheme.

Notes to the financial statements (continued)
For the year ended 31 December 2019

24. Pension arrangements (continued)

The Scheme now comprises two sections as follows:

- Defined Benefit Section – this includes all assets and liabilities that were part of the Scheme before sectionalisation took place; and
- Cash Benefit Section – this includes members that were bulk transferred into the Scheme from the SVG2000 Money Purchase Pension Scheme after sectionalisation.

As the Company is the sponsor of both the transferring and receiving schemes, and the obligation is unchanged before and after the bulk transfer, the 2018 comparative has been shown below in aggregate of the SVG2000 Pension & Assurance Scheme and the SVG2000 Money Purchase Pension Scheme. This also ensures comparability with 2019 disclosures.

There were no other Scheme amendments, curtailments or settlements during the period.

RPI and CPI assumptions

On 4 September 2019, the UK Statistics Authority announced plans to align RPI with the CPIH measure of inflation (which should be similar to CPI). However, the UKSA cannot make this change until at least 2030, except with the consent of the Chancellor of the Exchequer. The Chancellor has confirmed that he is not prepared to consent to the change until at least 2025, and has said that a consultation on whether to allow the change to be made earlier will be launched alongside the Budget.

Following the UKSA announcement, the Company has decided to reduce its RPI-CPI wedge to 0.90% p.a. This is a reduction in the RPI - CPI wedge from the previous year-end of 1.10% p.a.

There is evidence to support a view that markets reacted to the announcement such that market implied RPI inflation for durations beyond around 2030, fell immediately by around 20 bps. This would suggest that for consistency, a small reduction should be made to the deduction applied to RPI inflation.

Sensitivity analysis

Sensitivity of the DBO to changes in the discount rate, inflation and mortality is show below:

Sensitivity	Approximate impact on total liabilities	% impact
Discount rate - 0.5% pa	+£2,647,000	8.20%
Inflation + 0.5% pa	+£1,530,000	4.70%
Life expectancy + 1 year	+£1,530,000	4.70%

The impact of the inflation sensitivity is higher than that shown last year. This is due to the current year figures being based on the more up to date data from the 2018 valuations, and is consistent with the inflation sensitivities in the Scheme Funding Reports on those valuations.

Notes to the financial statements (continued)
For the year ended 31 December 2019

24. Pension arrangements (continued)

Principal actuarial assumptions

The principal assumptions used to calculate the liabilities under FRS102 are set out below:

	2019 SVG2000 Pension and assurance scheme %	2018 SVG2000 Pension and assurance scheme %
Key assumptions used:		
Discount rate	2.05	2.90
Future pension increases	3.10	3.25
Inflation – RPI	3.20	3.40
Inflation – CPI	2.30	2.30

Post retirement mortality assumptions:

95% of the S2PA tables with CMI 2018 projections using a long term improvement rate of 1.25% pa. and smoothing parameter 7 and an initial addition parameter of 0% (2018: 95% of the S2PA tables with CMI 2017 projections using a long term improvement rate of 1.25% pa and smoothing parameter 7.5).

Commutation:

75% of members are assumed to take the maximum tax free cash possible based on the current factors in force (2018: 75% of members are assumed to take the maximum tax free cash possible).

Proportion married:

80% of members are assumed to be married at retirement or earlier death (2018: 80% of members are assumed to be married at retirement or earlier death).

The table below shows the life expectancy over a year for a member of a given age and sex.

	2019 SVG2000 Pension and assurance scheme %	2018 SVG2000 Pension and assurance scheme %
Life expectancy at age 65 of male aged 45	23.3	23.8
Life expectancy at age 65 of male aged 65	21.9	22.4
Life expectancy at age 65 of female aged 45	25.3	25.8
Life expectancy at age 65 of female aged 65	23.8	24.3

Notes to the financial statements (continued)
For the year ended 31 December 2019

24. Pension arrangements (continued)

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2019 SVG2000 Pension and assurance scheme	2018 SVG2000 Pension and assurance scheme
	£000	£000
Net interest cost	142	130
Remeasurement of liability	973	(44)
Total income related to defined benefit scheme	973	(44)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit schemes is as follows:

	2019 SVG2000 Pension and assurance scheme	2018 SVG2000 Pension and assurance scheme
	£000	£000
Present value of defined benefit obligations	(32,306)	(29,130)
Fair value of scheme assets	26,552	23,987
Net liability recognised in the balance sheet (note 17)	(5,754)	(5,143)

Notes to the financial statements (continued)
For the year ended 31 December 2019

24. Pension arrangements (continued)

Movements in the present value of defined benefit obligations were as follows:

	2019 SVG2000 Pension and assurance scheme	2018 SVG2000 Pension and assurance scheme
	£000	£000
At 1 January	29,130	31,664
Interest cost	829	775
Actuarial losses and (gains)	3,432	(1,908)
Benefits paid	(1,085)	(1,401)
At 31 December	32,306	29,130

Movements in the fair value of scheme assets were as follows:

	2019 SVG2000 Pension and assurance scheme	2018 SVG2000 Pension and assurance scheme
	£000	£000
At 1 January	23,987	26,368
Interest income	687	645
Return on plan assets (excluding amounts included in net interest cost)	2,459	(1,864)
Contributions from the employer	504	239
Benefits paid	(1,085)	(1,401)
At 31 December	26,552	23,987

Notes to the financial statements (continued)
For the year ended 31 December 2019

24. Pension arrangements (continued)

The analysis of the scheme assets at the balance sheet date was as follows:

	2019 SVG2000 Pension and assurance scheme	2018 SVG2000 Pension and assurance scheme
	£000	£000
Equities & DGFs	20,131	16,948
Bond and gilts	6,263	6,950
Other assets	158	89
	26,225	23,987

25. Financial risk management

The Company's funding, liquidity and exposure to interest rate and foreign exchange rate risks are managed using a combination of derivative and conventional financial instruments to manage these underlying treasury risks.

Financial risk management objectives and policies, hedging and derivative arrangements, are at the discretion of the Company. These are reviewed at board meetings on a regular basis in the context of trading conditions and their relative exposure.

The Company hedges £20,003,000 (2018: £19,827,000) of its foreign currency exposure through strips of US dollar and Euro options which expire in 2020. The fair value of the strips of options at 31 December 2019 is a loss of £842,000 (2018: gain of £103,000). These amounts are based on market values of equivalent instruments at the balance sheet date.

Price risk – The Company's manufacturing process is predominantly the assembly of finished components supplied by third party manufacturers. The company does not directly purchase commodities and therefore does not have a direct exposure to commodity price changes. The company manages sales price risk through competitive pricing.

Credit risk – Credit risk is assessed on a customer by customer basis with regard to their credit rating and the Company's experience of that customer's payment record.

Liquidity and cash flow risk – The Company regularly reviews both its historic and future cash flows in order to ensure that sufficient funds are available to meet its commercial commitments.

26. Controlling party

The immediate parent company is Terberg RosRoca Group Limited, a company incorporated in England and Wales. The ultimate parent company and controlling party is Terberg Group BV which is incorporated in The Netherlands. The largest group in which the results of the Company are consolidated is that headed by Terberg Group BV. Copies of the financial statements of Terberg Group BV are available from Newtonstraat 2, 3401 JA IJsselstein, The Netherlands, which is also its registered address. The smallest group in which the results of the Company are consolidated is that headed by Terberg RosRoca Group Limited. Copies of the financial statements of Terberg RosRoca Group Limited are available from Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE, which is also its registered address.

27. Related party transactions

M J Molesworth is a director of M & K Management Services Limited. The company pays M & K Management Services Limited for the supply of his services as a director of the Ros Roca Dennis RCV Group. During the year ended 31st December 2019, M & K Management Services Limited issued invoices totalling £24,500 (exclusive of VAT) (2018: £19,250) to the company in respect of his services as a director.

In accordance with FRS102, the Company has taken advantage of the exemption not to disclose the transactions with other Group undertakings.

28. Subsequent Events

On February 2020, Dennis Eagle Limited made a further equity contribution to Dennis Eagle Inc., its wholly owned US subsidiary, of $3,250,000 to strengthen its balance sheet in readiness for commencement of volume production at our US facility. This contribution was fully approved and has had no detrimental effect on the financial position of Dennis Eagle Limited.

In common with many other companies, the outbreak of the coronavirus in March 2020 has created severe operational disruption for the company but we have taken decisive action to mitigate the impact with the majority of employees taking holiday and we have also utilised the UK Government's furlough scheme to avoid redundancy. We have also experienced significant supply chain disruption, but with the majority of our suppliers now ready and able to recommence deliveries, we have reviewed and modified our ways of working to respect the government guidance on social distancing and therefore plan to safely resume production 5th May 2020. We are not able to quantify the impact of this disruption because of the high level of uncertainty surrounding government guidance, duration and impact on the wider economy and how that will likely affect our operations.

Following the emergence of the coronavirus pandemic and the associated changes in corporate bond yields, the pension fund deficit saw an increase in the period to 30 April 2020 but will continue to change with market conditions. Further details are disclosed in the strategic report.

Similarly, like all other UK based businesses who trade with the EU, we may be impacted by any changes to trading arrangements agreed as part of the BREXIT deal. The risk is mitigated by the fact that our manufacturing and sales are predominantly UK based and therefore we do not expect this to materially affect our trading outlook, albeit the impact of this cannot currently be reliably estimated.