Company Registration No. 3794455

Dennis Eagle Limited

Report and Financial Statements

31 December 2013

Dennis Eagle Limited

REPORT AND FINANCIAL STATEMENTS 2013

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REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Roca Enrich
M Herrera Lasso
M J Molesworth
R A Jackson
K P Else
K R Day
C D Hughes
R D Taylor

SECRETARY

R A Jackson

REGISTERED OFFICE

Heathcote Industrial Estate
Heathcote Way
Warwick
CV34 6TE

BANKERS

National Westminster Bank plc
Guildford

SOLICITORS

Pinsent Masons
Solicitors
Birmingham

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory
Auditor
Birmingham, United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activity of the company is the design, manufacture and servicing of refuse collection vehicles and the directors expect this to continue in the coming year.

OVERVIEW

2013 has seen a continuation in the recovery of the UK market for Refuse Collection Vehicles (RCVs), which began last year as local authorities and private contractors began renewing their fleets following a period of non-replacement between 2008 and 2011. In addition, the market was boosted in 2013 by a government initiative worth £250 million to increase recycling rates, which prompted a short term boost to orders. A further increase in demand for 2013 resulted from a number of customers who pulled forward order requirements ahead of the Euro 6 legislation that comes into force in 2014 to avoid the consequent uplift in chassis prices associated with the additional cost of technical improvements to engine emissions.

Sales into export markets reduced by 10%, due to a return to normal levels of volume in the Australian market following an exceptional year in 2012.

Overall, sales increased by 125 body units and 21 chassis units compared to last year, which was a reflection of the continuing improvement in UK market conditions referred to above, combined with a continuing increase in market share. As a consequence, turnover grew from £149,084,000 for the year ended 31 December 2012 to £169,470,000 for the year ended 2013, resulting in a profit on ordinary activities before interest and taxation of £13,222,000 for the year ended 31 December 2013, which was higher than the previous year by £6,228,000.

The net assets of the business have increased from £54,997,000 to £65,751,000 as a result of the net profit of the year of £11,237,000 less actuarial losses (net of deferred taxation) of £483,000 (2012: £2,456,000) as shown in note 19 to the financial statements.

Expenditure on tangible fixed assets increased to £1,133,000 (2012: £1,041,000).

The unit output for the last 5 years is shown in the following table:

	2009 Units	2010 Units	2011 Units	2012 Units	2013 Units
Body	765	722	701	805	930
Chassis	802	829	779	1,004	1,025

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

MARKET CONDITIONS

UK

Following the general recovery in the UK market in 2012, the UK market was also strongly influenced by two key factors in 2013.

Firstly the Government introduced £250 million of grant aid to improve recycling projects. Whilst this was a general grant across all sectors, a substantial proportion was used for improved refuse collection methods and found its way towards the purchase of new fleets of RCV's. This provided a significant stimulus to the market in the middle of the year as local authorities took advantage of this additional funding.

Secondly, the chassis market was preparing for the introduction of Euro 6 engine emissions. The initial introduction date was 1 October 2013, although in practice, under the derogation rules, most deliveries of Euro 6 vehicles were deferred until January 2014. Euro 6 demanded a large investment by all chassis manufacturers and the increased complexity of the engine and the associated exhaust and filtration systems meant that the market was expecting a significant cost uplift for the new products. As a result a number of local authorities and private contractors took the

MARKET CONDITIONS (continued)

UK (continued)

opportunity to pull forward purchasing decisions into 2013 to avoid the price impact and this further stimulated demand during the second half of the year.

The Aftermarket business of the company continued to perform well with both the parts distribution and service operations generating increased sales and contribution compared to last year. This reflects a growth in the vehicle parc arising from our growth in market share over the last 10 years in our parts business and a successful year in our service operations. Service in particular benefited from a number of refurbished vehicle sales as some customers chose to extend the life of the Euro 5 based RCV's in order to defer the purchase of Euro 6 based vehicles.

The partnership with Multipart Solutions also continues to offer a class-leading supply of parts distribution to its customers. On-going development of their Electronic Parts Catalogue has allowed availability levels to continue to reach 97% which has contributed to the year-on-year turnover growth.

EXPORT

Export sales were down by 10% to £20,760,000 following a record turnover of £23,151,000 in 2012. The decline was largely due to a return to normal levels of volume in the Australian market following an exceptional year in 2012.

Sales to other markets developed largely as planned with the supply of chassis to Renault and complete vehicles into Benelux via our distributor progressing in line with expectations.

PRODUCT DEVELOPMENT

The major focus of product development in 2013 was directed at the Euro 6 chassis replacement, which is a legislation driven project that is a requirement for all truck manufacturers in Europe. This virtually eliminates noxious emission from diesel engine trucks and is a requirement for all trucks sold in Europe from 2014 onwards.

As part of the development programme, a number of additional features have been incorporated in the new chassis, including air suspension, electronic braking and stability systems and an integrated axle weighing system. Customer reaction to the new product in 2014 has been extremely positive and we expect this product to further enhance our position as the UK market leader.

Development also continues on a number of other projects including an electric hybrid-powered chassis and body product which we intend to show as a prototype at the IFAT show in Munich in May 2014.

FINANCIAL

Turnover increased by 14% compared to 2012, reflecting the upturn in market conditions and a continuing increase in the UK market share. This fed through to an increase in Gross Profit of £6,300,000.

The year-on-year turnover and profit progression is summarised in the table below:

	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 £'000
Turnover	125,301	127,787	122,142	149,084	169,470
Gross profit	26,717	26,820	25,597	27,227	33,527
Profit on ordinary activities before interest or tax	7,640	8,638	6,984	6,994	13,222

The outlook for 2014 remains positive in terms of the indicators for the UK RCV market. The underlying market conditions have significantly improved during 2012 and for 2013 the Government has launched an initiative to improve recycling projects, with an additional £250 million having been made available to fund projects for England. Euro 6 does provide some uncertainty in the market as customers wait to see what the impact of the emission systems has on the performance of the vehicle, but we believe we have further improved the product offering versus the competition as we are now the only company in the market able to achieve the new regulations and maintain a low entry walk through cab.

In export markets we also expect to maintain our positions with further growth, particularly in Australia and Benelux where we have opportunities for expanding the Dennis Eagle product range. With the introduction of Euro 6 we now have a distributor agreement with Renault to sell the low entry product as an integral product within the Renault Urban range, which we hope will significantly broaden our ability to sell chassis in mainland Europe.

The aftermarket operations are expected to continue to grow in 2014 through the combination of obtaining new maintenance contracts and expanding the range of offerings to include refurbished and second hand vehicle sales.

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.

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

R A Jackson
Secretary
1 May 2014
Registered Office: 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 2013.

COUNTRY OF INCORPORATION

The Company was incorporated in England and Wales.

DIVIDENDS

The directors do not recommend the payment of a final dividend.

RISK AND UNCERTAINTIES

Whilst the business is particularly exposed to the UK market, conditions have improved significantly following a slowdown in both local authority expenditure and private contractor replacement cycles over the last 3 years. We are still seeing a catch up in both sectors to replace aging fleets.

Our further expansion into export markets also helps to mitigate our dependence on fluctuations in the UK market.

The company also faces potential foreign currency risks, with the supply of major components priced in Euros and US Dollars. The management monitors foreign currency exposure regularly, putting hedging in place as necessary.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report above. In addition, note 23 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.

In 2013 the group has undergone a refinancing exercise which was completed on 22 April 2013. Dennis Eagle Group Limited, and hence the Ros Roca Dennis RCV Limited Group, is now financed by a bank loan which expires in 2018. As part of the banking facilities, the Group is required to meet four covenants in relation to cashflow cover, interest cover, adjusted leverage and capital expenditure limit, which are tested on a quarterly basis, with the exception of the capital expenditure limit which is tested on an annual basis. The Group is currently trading within all of its banking covenants and its forecasts, taking into account reasonably possible changes in trading performance, show that is should be able to operate within its current facility and comply with banking covenants for the foreseeable future.

The company is the main trading entity in the group and continues to trade profitably and generate cash on a timely basis. As a consequence, the directors believe that the company is well placed to manage its business risks successfully in line with the current economic outlook.

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 accounts.

DIRECTORS

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

R Roca Enrich	
M J Molesworth	
M Herrera Lasso	(appointed 30 June 2013)
R A Jackson	
N K Thoday	(resigned 30 June 2013)
K P Else	
K R Day	
C D Hughes	
R D Taylor	
S Roca Enrich	(resigned 30 June 2013)
J Vilagrasa Ibarz	(resigned 30 June 2013)

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the year.

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 2013. 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.

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year. Donations to UK charities amounted to £850 (2012: £3,942).

AUDITOR

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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

R A Jackson
Secretary
1 May 2014
Registered Office: Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed; 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

We have audited the financial statements of Dennis Eagle Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jane Whitlock (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

1 May 2014

Dennis Eagle Limited

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

	Note	2013 £000	2012 £000
TURNOVER	2	169,470	149,084
Cost of sales		(135,943)	(121,857)
Gross profit		33,527	27,227
Distribution costs		(5,864)	(5,407)
Administrative expenses (includes £142,000 of exceptional redundancy costs (2012: £218,000), see Note 5, and 2012 includes a curtailment gain of £306,000, see Note 22)		(14,441)	(14,826)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		13,222	6,994
Net interest receivable and similar charges	6	139	228
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	13,361	7,222
Tax on profit on ordinary activities	7	(2,124)	(1,196)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	18	11,237	6,026

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £000	2012 £000
Profit for the financial year as previously reported	11,237	6,026
Actuarial loss net of deferred taxation of £62,000 credit (2012: £729,000 credit)	(483)	(2,456)
Total recognised gains and losses relating to the year and since last annual report and financial statements	10,754	3,570

Dennis Eagle Limited

BALANCE SHEET
31 December 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
FIXED ASSETS					
Intangible assets	8		10,941		8,152
Tangible assets	9		3,264		3,227
Investments	10		-		-
			14,205		11,379
CURRENT ASSETS					
Stocks	11	15,640		12,217	
Debtors due within one year	12	24,702		27,017	
Debtors due after one year	12	45,154		42,803	
Cash at bank and in hand		4,143		4,236	
		89,639		86,273	
CREDITORS: amounts falling due within one year	13	(34,919)		(39,199)	
NET CURRENT ASSETS			54,720		47,074
TOTAL ASSETS LESS CURRENT LIABILITIES			68,925		58,453
CREDITORS: amounts falling due after more than one year	14		(1,946)		(1,600)
PROVISIONS FOR LIABILITIES	16		(618)		(618)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			66,361		56,235
PENSION SCHEME LIABILITY	22		(610)		(1,238)
NET ASSETS			65,751		54,997
CAPITAL AND RESERVES					
Called up share capital	17		-		-
Profit and loss account	18		65,751		54,997
SHAREHOLDERS' FUNDS	19		65,751		54,997

The financial statements of Dennis Eagle Limited, registered number 3794455, were approved by the Board of Directors and authorised for issue 1 May 2014.

Signed on behalf of the Board of Directors

M J Molesworth
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout the year and the preceding year. 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.

As the company is a wholly owned subsidiary of Ros Roca Group SL, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of their group (or investees of the group qualifying as related parties). The company has also taken exemption from the requirement to prepare group accounts under s400 of the Companies Act 2006. The consolidated financial statements of Ros Roca Dennis RCV Limited, within which this company is included, can be obtained from the address given in note 24. These financial statements therefore present information about the company and not about its group.

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.

The directors have concluded that they should evaluate the life of goodwill on a case by case basis, amortising goodwill in instances where a fixed life is considered appropriate. Goodwill, which is not amortised, is subject to an annual impairment review.

The non amortisation of goodwill represents a departure from the Companies Act which is necessary in order to give a true and fair view. The directors believe that to amortise goodwill over a finite period as prescribed by the Companies Act would not give a true and fair view as annual assessments of the recoverable amount have in the past shown it to be in excess of the carrying value of the goodwill.

The carrying value of this goodwill will continue to be reviewed annually for impairment and adjusted to the recoverable amount if required. In order to give a true and fair view, the financial statements depart from the specific requirements of the company legislation to amortise goodwill over a finite period. The directors consider this to be necessary for the reasons given above, and in order to align with the accounting policy of the parent company.

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 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.

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. The company has not adopted hedge accounting.

1. **ACCOUNTING POLICIES (continued)**

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 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. Provision is made for obsolete, slow-moving or defective items where appropriate.

Sale of vehicles for only part of their lives

In accordance with FRS 5 Application Note B, where vehicles are sold, but a commitment is given to repurchase them at a set future date, the liability to repurchase is accrued and disclosed as repurchase obligations within creditors. Profit relating to the residual interest is deferred until the residual interest is sold. If a loss on eventual repurchase and sale is anticipated, provision for the loss is made immediately.

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 if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

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

1. ACCOUNTING POLICIES (continued)

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.

A net deferred tax asset is regarded as recoverable and therefore 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Warranty costs

In accordance with FRS 12, provision is made to recognise expected future costs incurred under warranty claims for products sold before the balance sheet date.

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.

Cash flow

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard 1 on the basis that the intermediate parent undertaking has prepared a consolidated cash flow statement.

2. TURNOVER

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

	2013 £000	2012 £000
United Kingdom	148,710	125,933
Rest of Europe	10,732	11,117
Far East, Africa and Australia	10,028	12,034
	169,470	149,084

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £000	2012 £000
Profit on ordinary activities before taxation is stated after charging:		
Fees payable to the company's auditors for the audit of the company's annual financial statements:	46	44
Fees payable to the company's auditors for other services to the company:		
- Tax services	39	64
- Other services	7	14
Depreciation and other amounts written off tangible fixed assets:		
Owned	909	945
Amortisation of intangible fixed assets	79	-
Operating lease rentals:		
Plant and machinery	459	355
Others	1,343	1,294

4. REMUNERATION OF DIRECTORS

	2013 £000	2012 £000
Directors' emoluments	894	1,121

	Number of directors	
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	-	1

The aggregate emoluments of the highest paid director were £180,000 (2012: £177,000). The remuneration of the non-UK directors is paid by other group companies and no part of their remuneration is attributable to this company.

Included in directors emoluments in 2012 was £172,000 in respect of compensation for loss of office paid to a director who served during the year.

5. STAFF NUMBERS AND COSTS

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

	2013 No	2012 No
Production	322	347
Distribution and selling	231	181
Administration	59	58
	612	586

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	18,393	17,100
Social security costs	2,116	1,724
Other pension costs	687	577
	21,196	19,401

Included in the above are redundancy and associated costs amounting to £142,000 (2012: £218,000).

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest payable:		
Bank loans and overdrafts	(68)	(124)
Other interest payable	(107)	(19)
Other finance charges on pension scheme assets (note 22)	(978)	(973)
	(1,153)	(1,116)
Interest receivable:		
Other finance income on pension scheme assets (note 22)	1,291	1,342
Bank interest receivable	1	2
	1,292	1,344
Net interest receivable and similar charges	139	228

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2013 £000	2012 £000
UK corporation tax		
Charge for the year	(1,765)	(944)
Adjustment in respect of prior years	(25)	109
Total current tax	(1,790)	(835)
Deferred tax		
Timing differences, origination and reversal	(310)	(321)
Effect of rate change	(16)	(5)
Adjustment in respect of prior year	(8)	(35)
Total deferred tax	(334)	(361)
Total tax on profit on ordinary activities	(2,124)	(1,196)

Factors affecting the tax charge for the current year:

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012: 24%). The differences are explained below:

	2013 £000	2012 £000
Current tax reconciliation		
Profit on ordinary activities before tax	13,360	7,222
Current tax at 23.25% (2012: 24.5%)	(3,106)	(1,769)
Effects of:		
Expenses not deductible for tax purposes	(66)	(165)
Timing differences between capital allowances and depreciation	31	(55)
Prior period adjustments	(25)	109
Transfer pricing adjustments	(835)	(374)
Group relief not paid for	1,880	1,022
Movement in short term differences	331	397
Total current tax charge	(1,790)	(835)

A change in the corporation tax rate from 26% to 24% was enacted in the year to be effective from 1 April 2012.

A further reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013 was substantively enacted on 3 July 2012. A provision for taxation has been made at 23.25%.

The government has also indicated that it intends to enact future reductions in the main rate of 1% each year down to 21% by 1 April 2014.

8. INTANGIBLE FIXED ASSETS

	Goodwill	Development costs	Total
	£000	£000	£000
Cost			
At 1 January 2013	10,582	1,764	12,346
Additions	-	2,868	2,868
Disposals	-	-	-
At 31 December 2013	10,582	4,632	15,214
Depreciation			
At 1 January 2013	4,194	-	4,194
Charge for the year	-	79	79
Disposals	-	-	-
At 31 December 2013	4,194	79	4,273
Net book value			
At 31 December 2013	6,388	4,553	10,941
At 31 December 2012	6,388	1,764	8,152

The company capitalises certain vehicle development costs in accordance with SSAP 13. The development costs are amortised over the commercial life of these vehicles once they have gone into production.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2013	689	10,099	10,788
Additions	-	1,133	1,133
Disposals	-	(780)	(780)
At 31 December 2013	689	10,452	11,141
Depreciation			
At 1 January 2013	125	7,436	7,561
Charge for the year	10	899	909
Disposals	-	(593)	(593)
At 31 December 2013	135	7,742	7,877
Net book value			
At 31 December 2013	554	2,710	3,264
At 31 December 2012	564	2,663	3,227

The gross book value of freehold land and buildings includes £275,000 (2012: £275,000) of land which is non-depreciable.

10. INVESTMENTS

	£000
Cost and net book value	
At 1 January 2013 and 31 December 2013	-

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

	Principal activities	Country of incorporation
Refuse Services Limited	Dormant company	England

11. STOCKS

	2013 £000	2012 £000
Raw materials and consumables	4,697	4,318
Work in progress	9,407	6,705
Finished goods and goods for resale	1,536	1,194
	15,640	12,217

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

12. DEBTORS

	2013 £000	2012 £000
Amounts falling due within one year:		
Trade debtors	22,911	23,938
Amounts owed by group undertakings	373	1,770
Prepayments and accrued income	1,208	1,158
Other debtors	134	20
Deferred tax asset (note 15)	76	131
	24,702	27,017
Amounts falling due after more than one year:		
Amounts owed by intermediate parent undertaking:	45,154	42,803

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Trade creditors	24,617	28,121
Amounts owed to immediate parent undertaking	-	3,678
Amounts owed to non UK Ros Roca group undertakings	1,026	1,308
Corporation tax	1,177	897
Taxation and social security	4,894	2,877
Other creditors	179	186
Accruals and deferred income	3,026	2,132
	34,919	39,199

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

	2013 £000	2012 £000
Accruals and deferred income	1,946	1,600

15. DEFERRED TAXATION

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

	2013 £000	2012 £000
Difference between accumulated depreciation, amortisation and capital allowances	59	105
Other timing differences	17	26
	76	131

	2013 £000	2012 £000
At beginning of year	131	117
Amounts in respect of pension scheme	279	-
(Debit)/credit to profit and loss account (excluding the effects of the defined benefit pension scheme - 2012 only)	(334)	14
At end of year (note 12)	76	131

16. PROVISIONS FOR LIABILITIES

	2013 £000	2012 £000
At beginning of year	618	565
Charge to profit and loss account	1,469	1,474
Utilised	(1,469)	(1,421)
At end of year	618	618

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.

17. CALLED UP SHARE CAPITAL

	2013 £	2012 £
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

18. PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2013	54,997
Actuarial loss net of deferred taxation	(483)
Profit for the year	11,237
At 31 December 2013	65,751

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Profit for the financial year as reported	11,237	6,026
Actuarial loss net of deferred taxation	(483)	(2,456)
Net increase in shareholders' funds	10,754	3,570
Opening shareholder's funds	54,997	51,427
Closing shareholder's funds	65,751	54,997

20. CONTINGENT LIABILITIES

The company has given a VAT guarantee to HM Revenue & Customs of £100,000 (2012: £100,000). At 31 December 2013, the group also had contingent liabilities in respect of performance bonds, which are in the course of business and amount to £59,000 (2012: £59,000).

21. COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2013 Land and buildings £000	2013 Other £000	2012 Land and buildings £000	2012 Other £000
Operating leases which expire:				
In next year	223	122	16	85
In the second to fifth years inclusive	40	380	207	422
Over five years	1,040	-	1,103	-
	1,303	502	1,326	507

22. PENSION ARRANGEMENTS

Dennis Eagle pension schemes

The company participates in two pension schemes:

- SVG2000 Pension and Assurance Scheme
- SVG2000 Money Purchase Pension Scheme

The SVG2000 Pension and Assurance Scheme is a final salary scheme which, apart from new members who have a status of 'senior manager' or above, is closed to new entrants. This scheme is for staff only, apart from a small number of members who, for historic reasons, were once staff and are now paid hourly.

The SVG2000 Money Purchase Pension Scheme is available to both staff and works employees and has two tiers: a money purchase tier and a cash benefit tier, although only the money purchase tier is open to new entrants.

Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

A valuation was performed on the SVG2000 Pension and Assurance Scheme and the SVG2000 Money Purchase Pension Scheme as at 6 April 2012. The market value of assets for the SVG2000 Pension and Assurance Scheme was £20,405,000 at 6 April 2012 and the actuarial value of those assets represented 84% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The employer is now contributing at the rate of 20.6% per annum plus an annual contribution of £350,000 increasing annually in line with the retail prices index together with a cash flow related contribution to address the deficit. The main economic assumptions were a pre-retirement investment return of 6.25% per annum, a post-retirement return of 4.25% for current non-pensioners, 3.5% for current pensioners and salary growth of 3.55% per annum.

The market value of assets of the SVG2000 Money Purchase Pension Scheme - Cash Benefit Tier was £835,000 at 6 April 2012, excluding money purchase assets. The overall funding level was 98%.

The profit and loss account charge for the year was £687,000 (2012: £577,000) of which £674,000 (2012: £427,000) related to the defined contribution section of the SVG2000 Money Purchase Pension Scheme. There were outstanding contributions at the beginning of the financial year of £75,787 and £92,307 at the end of the financial year (2012:£75,256 and £75,787).

The valuations at 6 April 2012 have been updated by the actuary on an FRS 17 basis as at 31 December 2013. The major assumptions used in these valuations were:

	2013		2012	
	SVG 2000 Pension and assurance scheme	SVG 2000 Money purchase scheme	SVG 2000 Pension and assurance scheme	SVG 2000 Money purchase scheme
	%	%	%	%
Rate of increases in wages and salaries	-	-	2.90	2.90
Rate of increases in pensions before 6 April 1997	4.00	-	4.00	4.00
Rate of increases in pensions after 6 April 1997	3.20	-	2.80	2.80
Rate of increases in deferred pensions	3.30	2.30	2.10	2.10
Discount rate applied to scheme liabilities	4.25	4.40	4.25	4.25
Inflation assumption	3.30	2.30	2.10	2.10

The directors consider the following mortality assumption to be appropriate for the Pension and Assurance Scheme - 120% of the SAPS tables projected by year of birth with a long cohort adjustment and a minimum increase of 1% for males and 0.5% for females.

The directors consider the following mortality assumption to be appropriate for the Cash Benefit Tier - 120% of the SAPS tables projected by year of birth with a long cohort adjustment and a minimum increase of 1% for males and 0.5% for females.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

22. PENSION ARRANGEMENTS (continued)

Fair value of scheme assets and present value of obligations

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were:

	2013			2012		
	SVG 2000 Pension and assurance scheme	SVG 2000 Money purchase scheme	Total	SVG 2000 Pension and assurance scheme	SVG 2000 Money purchase scheme	Total
	£000	£000	£000	£000	£000	£000
Diversified Growth Funds	15,502	782	16,284	13,791	849	14,640
Bonds and Gilts	5,543	-	5,543	7,544	-	7,544
Other	304	62	366	302	92	394
Total market value of assets	21,349	844	22,193	21,637	941	22,578
Present value of scheme liabilities	(22,111)	(818)	(22,929)	(23,240)	(946)	(24,186)
(Deficit)/asset in the scheme	(762)	26	(736)	(1,603)	(5)	(1,608)
Limitation of asset	-	(26)	(26)	-	-	-
Related deferred tax asset	152	-	152	369	1	370
Net pension liability	(610)	-	(610)	(1,234)	(4)	(1,238)

The deficit in the SVG 2000 Money Purchase Pension Scheme relates to the Cash Benefit Tier only. The assumptions used in the calculation of the fair value of assets and liabilities set out above are as follows:

	2013		2012	
	SVG2000 Pension and assurance scheme	SVG2000 Money purchase scheme	SVG2000 Pension and assurance scheme	SVG2000 Money purchase scheme
	%	%	%	%
Long term rate of return from:				
Diversified Growth Funds	7.80	7.80	8.00	8.00
Bonds	4.40	-	4.25	-
Gilts	3.40	-	2.30	-

22. PENSION ARRANGEMENTS (continued)

Movement in the present value of defined benefit obligations

	2013 SVG2000 Pension and assurance scheme	2013 SVG2000 Money purchase scheme	2013 Total	2012 SVG2000 Pension and assurance scheme	2012 SVG2000 Money purchase scheme	2012 Total
	£000	£000	£000	£000	£000	£000
At 1 January	23,240	946	24,186	20,357	935	21,292
Current service cost	12	1	13	137	13	150
Interest cost	941	37	978	930	43	973
Actuarial loss on scheme liabilities	106	2	108	3,180	38	3,218
Benefits paid	(2,193)	(168)	(2,361)	(1,139)	(57)	(1,196)
Curtailment gain	-	-	-	(280)	(26)	(306)
Members contributions	5	-	5	55	-	55
At 31 December	22,111	818	22,929	23,240	946	24,186

Movement in fair value of scheme assets

	2013 SVG2000 Pension and assurance scheme	2013 SVG2000 Money purchase scheme	2013 Total	2012 SVG2000 Pension and assurance scheme	2012 SVG2000 Money purchase scheme	2012 Total
	£000	£000	£000	£000	£000	£000
At 1 January	21,637	941	22,578	20,342	884	21,226
Expected return on scheme assets	1,228	63	1,291	1,272	70	1,342
Actuarial (loss)/gain on scheme assets	(421)	(16)	(437)	39	(4)	35
Company contributions	1,093	24	1,117	1,068	48	1,116
Members contributions	5	-	5	55	-	55
Benefits paid	(2,193)	(168)	(2,361)	(1,139)	(57)	(1,196)
At 31 December	21,349	844	22,193	21,637	941	22,578

22. **PENSION ARRANGEMENTS (continued)**

Analysis of the amount charged/(credited) to the profit and loss account:

	2013 SVG2000 Pension and assurance scheme £000	2013 SVG2000 Money purchase scheme £000	2013 Total £000	2012 SVG2000 Pension and assurance scheme £000	2012 SVG2000 Money purchase scheme £000	2012 Total £000
Current service costs	12	1	13	137	13	150
Curtailment gain	-	-	-	(280)	(26)	(306)
Expected return on pension scheme assets	(1,228)	(63)	(1,291)	(1,272)	(70)	(1,342)
Interest on pension scheme liabilities	941	37	978	930	43	973
Total service credits	(275)	(25)	(300)	(485)	(40)	(525)

The 2012 charge included a curtailment gain of £306,000. This resulted from the closure of both schemes to new accrual.

Analysis of amounts recognised in statement of total recognised gains and losses:

	2013 SVG2000 Pension and assurance scheme £000	2013 SVG2000 Money purchase scheme £000	2013 Total £000	2012 SVG2000 Pension and assurance scheme £000	2012 SVG2000 Money purchase scheme £000	2012 Total £000
Actual return less expected return on pension scheme assets	(421)	(16)	(437)	39	(4)	35
Experience losses arising in the scheme liabilities	(59)	(1)	(60)	(634)	(9)	(643)
Changes in assumptions underlying the present value of the scheme's liabilities	(47)	(1)	(48)	(2,547)	(30)	(2,577)
	(527)	(18)	(545)	(3,142)	(43)	(3,185)

22. PENSION ARRANGEMENTS (continued)

Analysis of historical experience of gains and losses:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of defined benefit obligations	(22,929)	(24,186)	(21,292)	(19,087)	(19,735)
Fair value of assets	22,193	22,578	21,226	20,354	18,534
Limitation of asset	(26)	-	-	-	-
(Deficit)/surplus	(762)	(1,608)	(66)	1,267	(1,201)
Experience adjustments on scheme liabilities					
Amount (£'000)	(60)	(643)	(1)	359	318
% of present value of scheme liabilities	*(-)%*	*(3)%*	-	*2%*	*2%*
Experience adjustments on scheme assets					
Amount (£'000)	(437)	35	(638)	512	841
% of present value of scheme assets	*(2)%*	-	*(3)%*	*3%*	*5%*

23. 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 £20,722,000 (2012: £13,367,000) of its foreign currency exposure through strips of US dollar and Euro options which expire in December 2014. The fair value of the strips of options at 31 December 2013 is estimated at £258,000 loss (2012: £154,000). 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

24. CONTROLLING PARTY

The immediate parent company is Dennis Eagle Group Limited, a company incorporated in England and Wales. Ros Roca Dennis RCV Limited, the parent company of Dennis Eagle Group Limited, produces consolidated accounts that are available to the public and may be obtained from Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE. This is the smallest group in which the results of the company are consolidated.

Ros Roca Group S.L., a company registered in Spain, is regarded by the directors as being the company's ultimate controlling party. Copies of its group accounts may be obtained from Avda Cervera, s/n – Apartado 31, Tarrega 25300, Lleida, Spain. This is the largest group in which the results of the company are consolidated.