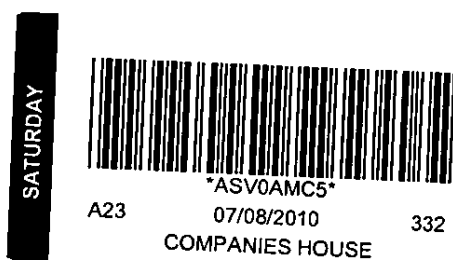


**Dennis Eagle Limited**

**Report and Financial Statements**

**31 December 2009**



# **Dennis Eagle Limited**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **Dennis Eagle Limited**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R Roca Enrich  
M J Molesworth  
N K Thoday  
K P Else  
J L Stallabrass  
S Roca Enrich  
J Vilagrasa Ibarz

#### **SECRETARY**

J L Stallabrass

#### **REGISTERED OFFICE**

Heathcote Industrial Estate  
Heathcote Way  
Warwick  
CV34 6TE

#### **BANKERS**

National Westminster Bank plc  
Guildford

#### **SOLICITORS**

Pinsent Masons  
Solicitors  
Birmingham

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
Birmingham, United Kingdom

## **Dennis Eagle Limited**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITY**

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

#### **RESULTS**

The profit after taxation for the financial year was £6,525,000 (2008 £9,693,000) The directors do not recommend the payment of a dividend (2008 £nil)

#### **REVIEW OF BUSINESS, FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES**

Although the profit on ordinary activities before interest and taxation of £7,640,000 for the year ended 31 December 2009 was significantly below that for the previous year of £10,806,000, it still represents a solid performance in difficult market conditions, maintaining a 61% share of the UK low-entry chassis market (according to SMMT registration data)

Whilst turnover reduced by around 4%, the business continued to experience pressure on gross margins, in particular due to the effect of the weakness of sterling against the euro on the purchase cost of engines. Due to the annual tendering process which most UK customers operate it has not been possible to pass these costs on within selling prices, hence new vehicle margins have been adversely affected

Distribution costs reduced as a result of the lower activity levels and significant savings in administrative expenses were achieved before accounting for the cost of redundancy payments made during the year (£1,137,000)

The net assets of the business have increased from £33,732,000 (as restated) to £39,147,000 as a result of the net profit of the year of £6,525,000 less actuarial losses (net of deferred taxation) of £1,110,000 (2008 £713,000) as shown in note 19 to the financial statements

#### **Market Environment**

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

	<b>2005</b> <b>(12 months)</b> <b>Units</b>	<b>2006</b> <b>(12 months)</b> <b>Units</b>	<b>2007</b> <b>(12 months)</b> <b>Units</b>	<b>2008</b> <b>(12 months)</b> <b>Units</b>	<b>2009</b> <b>(12 months)</b> <b>Units</b>
<b>Body</b>	783	837	824	847	765
<b>Chassis</b>	846	864	967	904	802

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

#### **UK**

The business experienced a significant reduction in its order book during the year and responded by scaling down output capacity to match

The downturn was lower in the UK public sector where fleets have continued to be replaced, albeit more slowly than in previous years. In the private sector the trend first felt in 2008 continued, by which the requirements for commercial waste and spot hire fleets declined. This situation was exacerbated by the difficulties in the banking markets and the consequent unavailability to customers of finance to purchase new vehicles

## **Dennis Eagle Limited**

### **DIRECTORS' REPORT (continued)**

#### **Export**

Overseas, the company's principal market in Ireland was severely affected by local conditions but sales to new markets showed encouraging signs of growth which it is planned to exploit further in 2010. This includes Scandinavia, France, Greece, Australia and the Middle East.

#### **Aftermarket**

The Aftermarket business of the company continues to grow but, while the Parts Distribution Network had another strong year, the Service operation experienced a reduction in repair and maintenance work.

The partnership with Multipart Solutions enables Dennis Eagle to offer a class-leading supply of parts distribution to our customers. Ongoing development of their Electronic Parts Catalogue has allowed availability levels to exceed 97% which has resulted in the annual growth in parts turnover to exceed 10% for the second year in succession.

Turnover in the Service operation fell by 9% in the year because of a shortage of repair work, particularly in the South of England. Despite this, the Service division provides a key aspect of the company's overall offering to customers through its provision of warranty support by the network of mobile service engineers.

#### **Product Development**

The need for innovation in new product design and technology has increased in recent years and is driven principally by customers' environmental considerations.

Dennis Eagle has invested in dual-fuel and gas technology and supplied its first such chassis during 2009. It is also developing electric and hybrid powered products which are expected to become available to the market over the next two years.

The main development project during the year was, in conjunction with Dennis Eagle's sister company in Spain, the new Olympus refuse body, which combines the best aspects of the two companies' existing designs. The product has been successfully launched in January 2010.

Other development projects for 2010 will include the new Twin Pack recycling body, which will result in a higher-capacity and more fuel-efficient design.

## Dennis Eagle Limited

### DIRECTORS' REPORT (continued)

#### Financial

The reduction in orders taken during 2009 resulted in a fall in turnover and therefore gross profit. The latter was also affected by the increased cost of euro-denominated components due to the weakness of Sterling. Rapid action was taken to reduce the company's cost base but the exceptional cost of redundancies in particular means that the full benefit will not be realised until 2010. As a result, operating profit reduced as summarised in the table below.

	2005 (12 months)	2006 (12 months)	2007 (12 months)	2008 (12 months restated note 26)	2009 (12 months)
	£'000	£'000	£'000	£'000	£'000
Turnover	109,625	116,011	127,147	130,423	125,301
Gross profit	26,224	28,023	29,468	30,042	26,717
Profit on ordinary activities before interest or tax	7,921	8,805	10,486	10,806	7,640

Whilst the prospects for the domestic market are uncertain, considerable demand has accumulated in the public sector in the form of delayed vehicle replacements. The timing of any upturn in the market is naturally uncertain but the business expects to benefit during 2010 from the new export prospects already described.

The parts division is expected to at least perform in line with 2009 and the service operation should benefit from additional income streams in 2010.

#### 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 Review of Business, Future Developments and principal risks and uncertainties section 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.

The company continues to trade profitably and generate cash on a timely basis, albeit at a level which has reduced from previous years. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain 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  
N K Thoday  
K P Else  
R A Jackson (resigned 30 June 2009)  
J L Stallabrass (appointed 30 June 2009)  
J J Twomey (resigned 13 October 2009)  
S Roca Enrich  
J Vilagrasa Ibarz

#### DIRECTORS' AND OFFICERS' LIABILITY

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

## **Dennis Eagle Limited**

### **DIRECTORS' REPORT (continued)**

#### **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 2008. 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.

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.

#### **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 £2,072 (2008 £1,511).

#### **AUDITORS**

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 auditors are 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 auditors are 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



J L Stallabrass

Secretary

16 March 2010

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,
- make judgements and estimates that are reasonable and prudent,
- 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 proper 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 AUDITORS' REPORT TO THE MEMBERS OF DENNIS EAGLE LIMITED**

We have audited the financial statements of Dennis Eagle Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26. 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 auditors' 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 auditors**

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 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 (APB'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.

### **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<sup>st</sup> December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

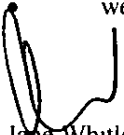
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given 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 Auditors  
Birmingham, United Kingdom

25 March 2010

# Dennis Eagle Limited

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £000	2008 £000 (restated note 26)
<b>TURNOVER</b>	2	125,301	130,423
Cost of sales		(98 584)	(100 381)
Gross profit		26 717	30 042
Distribution costs		(5,090)	(5,623)
Administrative expenses (includes £1,137,000 of exceptional redundancy costs (2008 £64,000) see note 5)		(13,987)	(13 613)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		7,640	10 806
Net interest (payable)/receivable and similar (charges)/income	6	(112)	51
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	7,528	10,857
Tax on profit on ordinary activities	7	(1,003)	(1 164)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	18	6,525	9,693

All activities derive from continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2009 £000	2008 £000 (restated note 26)
Profit for the financial year as previously reported	6,525	9,169
Actuarial losses net of deferred taxation of £432,000 credit (2008 £277 000 credit)	(1,110)	(713)
Total recognised gains relating to the year	5,415	8,456
Prior year adjustment (note 26)	524	
<b>Total gains recognised since last annual report and financial statements</b>	5 939	

# Dennis Eagle Limited

## BALANCE SHEET

31 December 2009

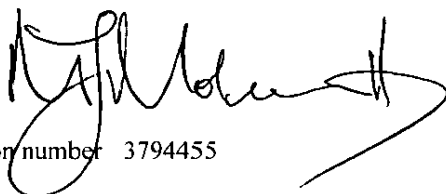
	Note	2009 £000	2008 £000 (restated note 26)
<b>FIXED ASSETS</b>			
Intangible assets	8	6,388	6,388
Tangible assets	9	2,455	2,881
Investments	10	-	-
		<u>8,843</u>	<u>9,269</u>
<b>CURRENT ASSETS</b>			
Stocks	11	10,311	12,692
Debtors due within one year	12	15,019	23,238
Debtors due after one year	12	29,772	15,697
Cash at bank and in hand		463	2,847
		<u>55,565</u>	<u>54,474</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(22,142)</u>	<u>(27,383)</u>
<b>NET CURRENT ASSETS</b>		33,423	27,091
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		42,266	36,360
<b>CREDITORS: amounts falling due after more than one year</b>	14	(1,671)	(1,854)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(583)</u>	<u>(706)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		40,012	33,800
<b>PENSION SCHEME LIABILITY</b>	22	<u>(865)</u>	<u>(68)</u>
<b>NET ASSETS</b>		<u>39,147</u>	<u>33,732</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	-	-
Profit and loss account	18	39,147	33,208
<b>SHAREHOLDERS' FUNDS</b>	19	<u>39,147</u>	<u>33,732</u>

These financial statements were approved by the Board of Directors on 16 March 2010

Signed on behalf of the Board of Directors

M J Molesworth  
Director

Company registration number 3794455



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**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, with the exception of the policy for goodwill which is explained in note 26. 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 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.

**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.

**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**

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

Transactions 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2009**

**1. ACCOUNTING POLICIES (continued)**

**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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**1. ACCOUNTING POLICIES (continued)**

**Research and development expenditure**

Expenditure on research and development is written off against profits in the period in which it is incurred

**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

**Cash flow**

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

# Dennis Eagle Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

### 2 TURNOVER

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

	2009 £000	2008 £000
United Kingdom	116,808	118,591
Rest of Europe	6,963	11,580
Far East, Africa and Australasia	1,530	252
	<u>125,301</u>	<u>130,423</u>

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £000	2008 £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	43	43
Fees payable to the company's auditors for other services to the company		
- Tax services	14	14
Depreciation and other amounts written off tangible fixed assets		
Owned	880	970
Operating lease rentals		
Plant and machinery	440	441
Others	1,146	1,143
Research and development expenditure	219	259
	<u></u>	<u></u>

### 4. REMUNERATION OF DIRECTORS

	2009 £000	2008 £000
Directors' emoluments	1,168	971
Sums paid to third parties in respect of director's services (see note 25)	86	-
	<u>1,254</u>	<u>971</u>

#### Number of directors

Retirement benefits are accruing to the following number of directors under

Defined benefit schemes	<u>1</u>	<u>3</u>
-------------------------	----------	----------

The aggregate emoluments of the highest paid director were £274,000 (2008 £277,777) and company pension contributions of £Nil (2008 £Nil) were made to a defined contribution scheme on his behalf. Included within directors' emoluments is £336,000 in respect of compensation for the loss of office paid to two directors (2008 £Nil).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**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

	<b>2009</b>	<b>2008</b>
	<b>No</b>	<b>No</b>
Production	340	357
Distribution and selling	175	176
Administration	64	68
	<u>579</u>	<u>601</u>

The aggregate payroll costs of these persons were as follows

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	17,546	17,727
Social security costs	1,657	1,816
Other pension costs	636	813
	<u>19,839</u>	<u>20,356</u>

Included in the above are redundancy and associated costs amounting to £1 137,000 (2008 £64,000)

**6. NET INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR (CHARGES)/INCOME**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<b>Interest payable.</b>		
Bank loans and overdrafts	(73)	(30)
Other interest payable	(48)	(46)
Other finance charges on pension scheme assets (note 22)	(6)	-
	<u>(127)</u>	<u>(76)</u>
<b>Interest receivable:</b>		
Other finance income on pension scheme assets (note 22)	-	117
Bank interest receivable	15	10
	<u>15</u>	<u>127</u>
<b>Net interest (payable)/receivable:</b>	<u>(112)</u>	<u>51</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Analysis of charge in the year

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>		
Charge for the year	(667)	(1,209)
Adjustment in respect of prior years	(29)	362
Total current tax	(696)	(847)
<i>Deferred tax</i>		
Timing differences, origination and reversal	(296)	(297)
Adjustment in respect of prior years	(11)	(20)
	(307)	(317)
Tax on profit on ordinary activities	(1,003)	(1,164)

Factors affecting the tax charge for the current year

The current tax credit for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
		<b>(restated note 26)</b>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	7,004	10,857
Current tax at 28% (2008 28.5%)	(2,108)	(3,094)
<i>Effects of</i>		
Expenses not deductible for tax purposes	(51)	(51)
Timing differences between capital allowances and depreciation	(68)	(90)
Prior period adjustments	(29)	362
Transfer pricing adjustments	(199)	106
Group relief	1,393	1,528
Movement in short term differences	366	387
Effect of rate change	-	5
Total current tax charge	(696)	(847)

# Dennis Eagle Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

### 8. INTANGIBLE FIXED ASSETS

	<b>Goodwill £000 (restated note 26)</b>
<b>Cost</b>	
At 1 January 2009 and 31 December 2009	10 582
<b>Amortisation</b>	
At 1 January 2009 and 31 December 2009	4,194
<b>Net book value</b>	
At 31 December 2009 and 31 December 2008	6,388

### 9. TANGIBLE FIXED ASSETS

	<b>Freehold land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2009	677	7,118	7,795
Additions	-	459	459
Disposals	(6)	(12)	(18)
At 31 December 2009	671	7 565	8 236
<b>Depreciation</b>			
At 1 January 2009	87	4 827	4,914
Charge for the year	11	869	880
Disposals	(6)	(7)	(13)
At 31 December 2009	92	5,689	5,781
<b>Net book value</b>			
At 31 December 2009	579	1,876	2,455
At 31 December 2008	590	2 291	2 881

The gross book value of freehold land and buildings includes £275 000 (2008 £275,000) of land which is non-depreciable

# Dennis Eagle Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

### 10. INVESTMENTS

	£000
<b>Cost and net book value</b>	
At 1 January 2009 and 31 December 2009	-

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

	2009 £000	2008 £000
Residual interest in vehicles	288	288
Raw materials and consumables	3,050	3 534
Work in progress	6,009	7 366
Finished goods and goods for resale	964	1 504
	<u>10,311</u>	<u>12 692</u>

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

### 12. DEBTORS

	2009 £000	2008 £000
Amounts falling due within one year		
Trade debtors	13,295	20 259
Amounts owed by group undertakings	672	1 933
Prepayments and accrued income	675	713
Other debtors	316	87
Deferred tax asset (note 15)	61	246
	<u>15,019</u>	<u>23,238</u>
Amounts falling due after more than one year		
Amounts owed by intermediate parent undertaking	<u>29,772</u>	<u>15 697</u>

# Dennis Eagle Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

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

	2009 £000	2008 £000
Trade creditors	13,388	18 114
Amounts owed to immediate parent undertaking	4,234	4,241
Amounts owed to non UK Ros Roca group undertakings	7	16
Corporation tax	456	356
Taxation and social security	1,264	1 958
Other creditors	131	133
Accruals and deferred income	2,662	2,565
	<u>22,142</u>	<u>27,383</u>

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

	2009 £000	2008 £000
Repurchase obligations	288	288
Accruals and deferred income	1,383	1,566
	<u>1,671</u>	<u>1,854</u>
Repurchase obligations can be analysed as falling due		
Between one and two years	-	-
Between two and five years	288	288
	<u>288</u>	<u>288</u>

### 15. DEFERRED TAXATION

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

	2009 £000	2008 £000
Difference between accumulated depreciation amortisation and capital allowances	35	(16)
Other timing differences	26	27
Pension contributions deductible in later periods	-	235
	<u>61</u>	<u>246</u>
At beginning of year	246	418
Debit to profit and loss account	(185)	(172)
At end of year	<u>61</u>	<u>246</u>

# Dennis Eagle Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

### 16. PROVISIONS FOR LIABILITIES

	2009 £000	2008 £000
At beginning of year	706	720
Created in the year	1,753	1,397
Utilised	(1,876)	(1,411)
At end of year	<u>583</u>	<u>706</u>

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

	2009 £	2008 £
<b>Authorised</b>		
Equity 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
Equity 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

### 18. RESERVES

	Profit and loss account £000 (restated note 26)
At 1 January 2009 as restated	33,732
Actuarial losses net of deferred taxation	(1,110)
Profit for the year	<u>6,525</u>
At 31 December 2009	<u>39,147</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £000	2008 £000 (restated note 26)
Profit for the financial year as reported	6,525	9,169
Prior year adjustment – note 26	-	524
Actuarial losses net of deferred taxation	<u>(1,110)</u>	<u>(713)</u>
Net increase in shareholders' funds	5,415	8,980
Opening shareholder's funds – as restated	<u>33,732</u>	<u>24,752</u>
Closing shareholder's funds	<u>39,147</u>	<u>33,732</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**20 CONTINGENT LIABILITIES**

The company has given a VAT guarantee to HM Revenue & Customs of £100 000 (2008 £100,000) At 31 December 2009, the group also had contingent liabilities in respect of performance bonds which are in the course of business and amount to £59,000 (2008 £40 000)

**21. COMMITMENTS**

Annual commitments under non-cancellable operating leases are as follows

	<b>2009</b>		<b>2008</b>	
	<b>Land and</b>	<b>Other</b>	<b>Land and</b>	<b>Other</b>
	<b>buildings</b>		<b>buildings</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire				
In next year	63	77	21	13
In the second to fifth years inclusive	857	334	100	444
Over five years	206	-	997	-
	<u>1,126</u>	<u>411</u>	<u>1,118</u>	<u>457</u>

**22 PENSION ARRANGEMENTS**

**Dennis Eagle pension schemes**

The company participates in two pension schemes

- SVG2000 Pension and Assurance Scheme
- SVG2000 Money Purchase Scheme

The SVG 2000 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 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 Scheme as at 6 April 2006 and 6 April 2008 respectively. The market value of assets for the SVG 2000 Pension and Assurance Scheme was £14,775,000 at 6 April 2006 and the actuarial value of those assets represented 94% 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 16% per annum plus a fixed annual contribution of £276,000 to address the deficit over a period of 4 years. The main economic assumptions were a pre-retirement investment return of 6.25% per annum, a post-retirement return of 5.0% and salary growth of 3.75% per annum.

The market value of assets of the SVG2000 Money purchase scheme Cash Benefit Tier was £1,273,000 at 6 April 2008, excluding money purchase assets. The overall funding level was 99%.

The profit and loss account charge for the year was £636 000 (2008 £813 000) of which £445,000 (2008 £576,000) related to the defined contribution section of the SVG2000 Money Purchase Scheme. There were outstanding contributions at the beginning of the financial year of £19,000 and £14 000 at the end of the financial year.

The valuations at 6 April 2006 and 2008 have been updated by the actuary on an FRS 17 basis as at 31 December 2009. The major assumptions used in these valuations were:

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**22. PENSION ARRANGEMENTS (continued)**

	2009		2008		2007	
	SVG 2000 Pension and assurance scheme %	SVG 2000 Money purchase scheme %	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	3.55	3.55	3.15	3.15	3.55	3.55
Rate of increases in pensions before 6 April 1997	4.00	4.00	4.00	4.00	4.00	-
Rate of increases in pensions after 6 April 1997	3.40	3.40	2.90	2.90	3.30	-
Rate of increases in of deferred pensions	3.30	3.40	2.90	2.90	3.30	3.30
Discount rate applied to scheme liabilities	6.40	5.70	6.40	6.40	5.80	5.80
Inflation assumption	3.40	3.30	2.90	2.90	3.30	3.30

The directors consider the following mortality assumption to be appropriate - 110% of the PXA00 Medium Cohort tables rated up by one year and projected by year of birth

**Scheme assets**

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

	SVG 2000 Pension and assurance scheme £000	SVG 2000 Money purchase scheme £000	2009 Total £000	SVG 2000 Pension and assurance scheme £000	SVG 2000 Money purchase scheme £000	2008 Total £000
Equities	12,080	902	12,982	9,904	892	10,796
Bonds	2,731	-	2,731	2,811	-	2,811
Gilts	2,750	-	2,750	2,895	-	2,895
Other	50	21	71	64	23	87
Total market value of assets	17,611	923	18,534	15,674	915	16,589
Present value of scheme liabilities	(18,683)	(1,052)	(19,735)	(15,599)	(1,084)	(16,683)
(Deficit)/ surplus in the scheme	(1,072)	(129)	(1,201)	75	(169)	(94)
Related deferred tax asset/ (liability)	300	36	336	(21)	47	26
Net pension (liability)/ asset	(772)	(93)	(865)	54	(122)	(68)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**22. PENSION ARRANGEMENTS (continued)**

**Scheme assets (continued)**

	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2007 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>
Equities	11,531	1 136	12,667
Bonds	2 538	-	2 538
Other	2 541	-	2 541
	99	23	122
Total market value of assets	16,709	1 159	17,868
Present value of liabilities	(16 351)	(1 137)	(17 488)
Surplus in the scheme	358	22	380
Related deferred tax liability	(100)	(6)	(106)
Net pension asset	258	16	274

The (deficits)/surplus in the SVG 2000 Money purchase scheme relates to the cash benefits tier only. The assumptions used in the calculation of the fair value of assets and liabilities set out above are as follows:

	<b>2009</b>		<b>2008</b>		<b>2007</b>	
	<b>SVG 2000 Pension and assurance scheme %</b>	<b>SVG 2000 Money purchase scheme %</b>	<b>SVG 2000 Pension and assurance scheme %</b>	<b>SVG 2000 Money purchase scheme %</b>	<b>SVG 2000 Pension and assurance scheme %</b>	<b>SVG 2000 Money purchase scheme %</b>
Long term rate of return from						
Equities	7.00	6.00	7.00	6.00	6.75	5.75
Bonds	5.70	-	6.40	6.40	5.80	5.80
Gilts	4.40	-	3.75	3.75	4.60	-
Other	0.50	0.50	2.00	2.00	5.50	5.50



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**22 PENSION ARRANGEMENTS (continued)**

**Movement in deficit during the year**

	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2009 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2008 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>
(Deficit)/surplus in scheme at beginning of year	75	(169)	(94)	358	22	380
Current service cost	(164)	(27)	(191)	(204)	(33)	(237)
Contributions paid	526	106	632	543	93	636
Other finance (costs)/income	6	(12)	(6)	114	3	117
Actuarial loss	(1,515)	(27)	(1,542)	(736)	(254)	(990)
Deficit in scheme at end of year	<u>(1,072)</u>	<u>(129)</u>	<u>(1,201)</u>	<u>75</u>	<u>(169)</u>	<u>(94)</u>

**Analysis of the amount charged to operating profit:**

	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2009 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2008 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>
Current service costs	164	27	191	204	33	237
Total service costs	<u>164</u>	<u>27</u>	<u>191</u>	<u>204</u>	<u>33</u>	<u>237</u>

**Analysis of the amount (debited)/credited to other finance (costs)/income:**

	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2009 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>	<b>SVG 2000 Pension and assurance scheme £000</b>	<b>2008 SVG 2000 Money purchase scheme £000</b>	<b>Total £000</b>
Expected return on pension scheme assets	991	50	1,041	1,061	67	1,128
Interest on pension scheme liabilities	(985)	(62)	(1,047)	(947)	(64)	(1,011)
Net return	<u>6</u>	<u>(12)</u>	<u>(6)</u>	<u>114</u>	<u>3</u>	<u>117</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**22 PENSION ARRANGEMENTS (continued)**

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

	SVG 2000 Pension and assurance scheme £000	2009 SVG 2000 Money purchase scheme £000	Total £000	SVG 2000 Pension and assurance scheme £000	2008 SVG 2000 Money purchase scheme £000	Total £000
Actual return less expected return on pension scheme assets	750	91	841	(2,376)	(310)	(2,686)
Experience gains/(losses) arising in the scheme liabilities	365	(43)	322	(208)	(30)	(238)
Changes in assumptions underlying the present value of the scheme's liabilities	(2,630)	(75)	(2,705)	1,848	86	1,934
	<u>(1,515)</u>	<u>(27)</u>	<u>(1,542)</u>	<u>(736)</u>	<u>(254)</u>	<u>(990)</u>

Analysis of historical experience of gains and losses:

	2009 SVG 2000 Pension and assurance scheme £000	2009 SVG 2000 Money purchase scheme £000	2008 SVG 2000 Pension and assurance scheme £000	2008 SVG 2000 Money purchase scheme £000	2007 SVG 2000 Pension and assurance scheme £000	2007 SVG 2000 Money purchase scheme £000
Differences between the expected and actual return on scheme assets	750	91	(2,376)	(310)	54	19
% of scheme assets	4	10	(15)	(34)	-	2
Experience gains and losses on scheme liabilities	365	(43)	(208)	(30)	(51)	(58)
% of the present value of the scheme liabilities	2	(4)	(1)	(3)	-	(5)
Total amount recognised in statement of total recognised gains and losses	<u>(1,515)</u>	<u>(75)</u>	<u>(736)</u>	<u>(254)</u>	<u>1,226</u>	<u>(22)</u>
% of the present value of the scheme liabilities	<u>(8)</u>	<u>(7)</u>	<u>(5)</u>	<u>34</u>	<u>8</u>	<u>(2)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**23. FINANCIAL INSTRUMENTS**

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 £1,559,000 (2008: £4,644,000) of its foreign currency exposure through a strip of US dollar options which expire in June 2010. The fair value of the strip of options at 31 December 2009 is estimated at £291,000 asset (2008: £1,518,000 asset). 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.

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 cashflows in order to ensure that sufficient funds are available to meet its commercial commitments.

**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.

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 their group accounts may be obtained from Avda Cervera s/n – Apartado, 31 – 2500 Tarrega (Lleida) Spain.

**25. RELATED PARTY TRANSACTIONS**

J.L. Stallabrass is a director of JAKS Limited. The company pays JAKS Limited for the supply of his services as a director and the secretary of the Ros Roca Dennis RCV Group. During the year JAKS Limited issued invoices totalling £88,000 (exclusive of VAT) to the company in respect of his services as a director and out of pocket expenses (2008: £Nil). At 31 December 2009, invoices totalling £32,000 (including VAT) were unpaid (2008: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**26. PRIOR PERIOD ADJUSTMENT**

Previously, the group had considered goodwill to have a finite useful economic life and had followed a policy of amortising goodwill. In the current year, the group has changed its policy such that goodwill is considered to have an infinite useful economic life and is therefore not amortised. This represented a departure from Companies Act which was considered necessary to give a true and fair view (see Note 1).

A prior period adjustment has been recorded, being the write-back of goodwill amortisation of £524,000 as a result of the group changing its policy with regard to the amortisation of goodwill. The effects of the change in policy are summarised below.

	31 December 2009 £000	31 December 2008 £000
<b>Profit and loss account</b>		
Administrative expenses	-	524
Increase in profit for the financial period	-	524
<b>Balance sheet</b>		
Goodwill	-	524
Increase in net assets	-	524