TERBERG ROSROCA GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

Company Registration No. 09996120

Directors	G Johannes Maria Terberg I Roland Metcalfe J Puig Perez R Roca Enrich P Johannes van der Kroft Deya Capital S.C.R De Regimen Simplificado S.A.
Company number	09996120
Registered office	Dennis Eagle Heathcote Way Heathcote Industrial Estate Warwick United Kingdom CV34 6TE
Solicitors	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Auditor	Deloitte LLP Statutory Auditor Birmingham United Kingdom

Group Description

TERBERG RosRoca Group Limited (the "Group") was formed in 2016 by the integration of two of the leading groups in Europe for refuse collection equipment: Ros Roca Environment S.L. (based in Tàrrega, Spain) and Terberg Environmental B.V. a division of Royal Terberg Group B.V. (based in IJsselstein, The Netherlands). This formed a leading international group providing innovative solutions for the recycling and waste disposal industry. Terberg Environmental Holding B.V. has the majority shareholding in the merged company (69.17%).

Principal activities

The principal activity of the Group is the design, manufacture, distribution and servicing of refuse collection vehicles (RCV's) and cleaning vehicles for the waste industry. These activities are performed mainly in Europe through the following companies:

- UK – Dennis Eagle Limited

The principal activity of Dennis Eagle Limited is the design, manufacture and servicing of RCV's. Its trading division, Terberg Matec UK, manufactures special vehicles for the recycling business and distributes lifters for RCV's. They continue to develop the next generation of RCV's in support of the future growth and profitability of the Group.

- Spain – Ros Roca S.A.U., Envirorent XXI, S.L. and Ros Roca Farid S.L.

The principal activity of Ros Roca S.A.U. is the design and manufacture of rear end loaders and containers for waste collection from the factory in Tàrrega. The company operates in the sales and servicing equipment markets for waste collection and street cleaning for the Spanish market.
Envirorent XXI, S.L. is a renting business for waste collection equipment within the Spanish market.
Ros Roca Farid S.L. is a 50% joint venture with Farid Group (Italy) for the distribution into the Spanish market of Farid equipment. As at 31 December 2019 Ros Roca Farid S.L. is in liquidation.

- Netherlands – Terberg Machines B.V. and Terberg Matec Nederland B.V.

Terberg Machines B.V. manufactures lifters for RCV's in the factory in IJsselstein and distributes to all markets through the network of subsidiaries of the Group and external distributors.
Terberg Matec Nederland B.V. distributes and services RCV's and cleaning equipment for the Dutch market.

- France – Eurovoirie S.A. and Terberg Matec SAS.

Eurovoirie S.A. manufactures from the factory in Senlis a range of street cleaning equipment, and it distributes and services the full range of the Group products in the French market. Terberg Matec SAS services and distributes RCV's in the French market. As at 31 December 2019 the RCV activities in Eurovoirie were transferred to Terberg Matec SAS, further details of this transaction can be found within note 13 of these statements.

- Germany – HS Fahrzeugbau GmbH

HS Fahrzeugbau GmbH manufactures side and front loaders, from the factory in Emstek, aimed mainly for the German market it distributes and services the full range of the Group products in the German market.

- Belgium – Terberg Matec Belgium BvbA

Terberg Matec Belgium BvbA distributes and services RCV's and cleaning equipment for the Belgium market.

- Portugal - Resitul Equipamentos Serviços e Tecnologias Ambientais LDA

Resitul Equipamentos Serviços e Tecnologias Ambientais LDA BvbA distributes and services RCV's and cleaning equipment for the Portuguese market.

- Poland – Terberg Matec Polska Sp.zo.o

Terberg Matec Polska Sp.zo.o distributes and services RCV's and cleaning equipment for the Polish market.

- US – Dennis Eagle Inc.

Dennis Eagle Inc. is a subsidiary of Dennis Eagle Limited and has been set up to assemble and distribute low entry chassis in the US and Canadian markets.

Sales to regions other than those noted above are serviced through distributors.

Main financial indicators

The directors consider growth in turnover, net financial debt and EBITDA as the main financial indicators to measure the Group's performance, together with cash flow generation.The following tables show the reported period compared with previous year:

Turnover analysed by geographical market

	2019 €'000	Restated 2018 €'000
Turnover:		
United Kingdom*	**251,191**	241,830
Rest of Europe	**211,836**	193,361
Far East, Africa, South America and Australia	**11,396**	13,513
	474,423	448,704

Turnover for 2019 for the different companies within the Group was in line with the Directors' expectations. Growth has been strong in the Spanish and German market with a 19% and 22% increase compared with 2018. In all other major European markets turnover has grown. UK has grown by 1%, France 6% , Benelux 9% and Poland 9% compared to turnover 2018.

EBITDA is used to measure the financial performance of the Group. The table below shows the reconciliation between operating profit and EBITDA for 2019:

	Notes	2019 €'000	2018 €'000
Operating profit		20,368	16,301
Depreciation of tangible assets	4	3,435	3,159
Amortisation of intangible assets	4	13,959	14,442
Net impairment loss on R&D and government grant release	4	(29)	3,320
EBITDA		37,733	37,222
%/Sales		**8.0%**	**8.4%**

The EBITDA for 2019 is in line with the Directors' expectations. It increased by €0.5 million, compared to 2018, mainly due to additional contributions from Spain and UK and reduced expenditure on costs related to the IT implementation of a new groupwide enterprise resource planning (ERP) system. EBITDA margin was slightly lower because of the increase in sales of traded equipment and third party chassis in the total turnover, which carries lower/zero margin. Included in EBITDA are expenses of €2.2 million (2018: €3.0 million) which relate to the implementation expenses of the new ERP system.

In 2019 non-recurring expenses include €0.6 million related to a bonus paid to all staff for the achievement of Royal Terberg Group B.V. reaching 150 years in business (2018: €0 million) and €0.3 million for professional fees related to restructuring (2018: €0.01 million). The restructuring fees 2019 were as a result of the impending sale of Eurovoirie S.A. (see note 13 for further details).

Net cash flow was €10.2 million in 2019 (2018: €0.4 million) and was impacted especially by repayment of debt (€9.3 million), capital expenditure of €9.9 million and an increase in working capital of €9.4 million

Market conditions

The main market for the Group is the UK.

The UK market has been very active during 2019 where we have been very successful in securing orders. Our market share for bodywork and for chassis has shown a significant improvement over 2019. This enabled the company to realise higher binlift, body and chassis output levels. In addition the company closed the year with a substantially higher order book.

Parts activity was also higher than 2018. UK sales have been stronger than expected but there was a slight reduction in export sales. Service volumes have been buoyant.

The rest of the Group's market is predominantly in Continental Europe, served through the legal entities and distributors operating in each geographical market.

The Spanish activities showed a significant growth mainly due to a growth in export activities, both to own distribution companies as to external distributors.

Furthermore, service and parts activities have shown an increase, partly due to the opening of the Madrid based service center in the second half of the previous financial year. The domestic sales were level with 2018, with a more even spread of sales over the regions compared to previous years. Due to an expansion of the rental fleet, the turnover of Envirorent in Spain also increased.

The French RCV market was still strong in 2019 and the company has been able to reinforce its position with important customers as preferred supplier. RCV related turnover increased compared to the previous year. The sweeper & washer related activity was slightly lower than 2018.
The market demand in Germany for Single Man Operating Vehicles (Front and Sideloaders) continued to grow in 2019, altogether with an increase in market share. This resulted in the factory almost operating at full capacity in 2019.

In the Benelux region volumes in both RCV and trade equipment increased, contributing to the good factory loads in mainly Spain and Germany.
In Poland, the company moved to a new facility where it is now possible to mount bodies on chassis. This contributed to the growth in the turnover of this entity.

In 2020 we currently face the issue of the Covid-19 pandemic. Waste collection in general is an essential industry and as a consequence this ensures a continuing demand.

Since year end 2019 we have seen a substantial increase in the total position of orders in hand. This increase continued during 2020, where Covid-19 started to impact Europe significantly. Further details are discussed within Going concern in the director's report on pages 9 to 10.

Product development

Product development continues to be driven by legislative, environmental and increasingly, public and road safety requirements. We continue to invest in the next generation of lifters, refuse collection and speciality vehicles, including alternative powertrains which serve to further grow our market presence. Some notable developments are close to launch in the market.

During 2019, the Group invested €4.2 million in the development of the next generation RCVs, containers and lifters. €3.1 million of the invested amount was capitalised.

Financial Performance

The turnover increase of €25.7 million (5.7%) resulted in an increase in gross margin of €4.5 million. Gross margin as a percentage of sales decreased slightly to 25.9% as a result of the higher part of traded equipment and third party chassis in the total turnover which attracts low/zero margins.
Selling and administration expenses increased by €0.4 million.

In the consolidated statement of comprehensive income, operating profit increased by €4.1million as a result of the higher activity in Spain and Germany and the one-off impact of the net impairment of R&D in 2018 of €3.3 million.

Interest expenses are €8.3 million lower than in 2018 and are positively impacted by the repayment of a junior debt on 21 December 2018 and a senior debt which was obtained instead at the same date. The interest on the senior loan is charged at a lower rate than the interest on the junior loan, creating a lower charge in 2019. Furthermore, since 21 December 2018 the interest on the shareholders loan was reduced from 9.7% to 5%. Interest expenses are also lower than 2018 due to positive foreign exchange differences of €4.0 million.

The net profit for the year was €15.7 million (2018: €3.8 million).

Total net assets at year end increased by €12.8 million up to €60.4 million and total loans and overdrafts reduced by €2.5 million to €82.3 million at year end (see note 18 and 19). This improvement, altogether with a substantially increased cash position, significantly improves the financial ratios of the Group.

The level of order book has increased substantially compared to 2018 and supports a positive outlook for 2020, with growth anticipated in both turnover and profit.

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

The Board of Directors have set up an organizational structure with clear reporting lines and delegated authorities. In line with these authorities, the Board has delegated powers to the management board in which local management teams are represented.

The Board of Directors of Terberg RosRoca Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out is s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2019.

With respect to long term decisions
As part of the family owned Royal Terberg Group, who celebrated its 150 year birthday in 2019, Terberg RosRoca Group Limited's (TRRG) focus is long term orientated. To secure long term growth and continuity, the company seeks to grow both organically and via strategic investments. The organic growth is periodically reviewed by monitoring equipment volumes and after sales. In the governance structure, strategic investments are approved by the Board of Directors. One of the examples of decisions in 2019 taken to promote long term growth was the approval to start up an assembly facility for chassis in the USA, a new market for TRRG.

To secure the long term continuity of the business the company is funded in a conservative way. At its founding in 2016, TRRG obtained a credit facility from a bank syndicate altogether with a loan from a subsidiary of the majority shareholder. The loan from the bank syndicate is reviewed on an annual basis to check its appropriateness. The repayment of the final installment of the credit facility is scheduled in 2021. We are confident based on for example, our performance and excellent levels of orders in hand, to reach an agreement with the banks in 2020 on the extension and/or refinancing of the current facility.

With respect to the interest of staff
TRRG operates in a decentralized way. As a result, it is the responsibility of local management teams to cooperate with representatives of local staff. On a monthly basis, all major actions across TRRG are reviewed at management board level, in particular as far as health and safety issues are concerned.

Strategic matters are discussed and approved by the Board of Directors. As an example we refer here to the positive discussions the company has had with representatives of the French staff relating to the divestment of Eurovoirie SAS in 2019 (see note 13) and the approval of the related process steps by the board of directors.

The group have internal policies, at entity level, which detail the process for union disputes. Any disputes are managed by the HR teams and discussed and reviewed by the Board of Directors. Further details around employee interests are discussed on page 10 of the directors report.

Local management is responsible to comply with all local instructions and regulations which are issued as a consequence of the Covid-19 outbreak. The actions taken are reported to the Board of Directors periodically and monitored by the Directors on this bases.

With respect to customers, suppliers and environment
Local management teams are responsible for managing the relationship with customers and suppliers and have the support from the management board and Board of Directors. Major events are discussed on a monthly basis in the management board and in case of a strategic impact in the Board of Directors as well.

TRRG recognizes the importance of its contribution to protect the environment and to reduce carbon foot print. As part of our business review processes we encourage our subsidiaries to contribute to solving the environmental challenges. These issues are discussed further within the Environmental report which forms part of the Directors report.

With respect to high standards of business conduct
By means of the Code of Conduct, the Board of Directors encourages management to maintain a reputation for high standards of business conduct. Furthermore the operations of the company are

underpinned by the key values of Royal Terberg Group B.V. which are communicated to all staff: spirit of enterprise, focus on innovation and change, customer friendliness, flexibility, integrity and quality.

With respect to the shareholders
It is the intention of the Board of Directors to behave responsibly towards the shareholders of the company.

Facility agreements and term loans

On 19 February 2016 the Group obtained a credit facility of €155 million from a bank syndicate. The facility consisted of a mixture of a Senior loan and a Revolving Credit facility.

Principal risk and uncertainties

Potential risks and uncertainties continue to be linked to the impact from the wider economy in terms of British pound and US dollar exchange rates against the euro, inflationary pressures and investment returns.

Current trading remains robust and unaffected by the Brexit negotiations. We currently navigate through the turmoil of the lack of clarity on potential trading arrangements for example by hedging of currency risks. A mitigating factor of the impact of Brexit on the company is the fact that Dennis Eagle Ltd manufactures and sells mainly in the UK itself. Like in 2019, we will anticipate on possible disturbances in the supply chain with building a safety stock buffer in time.

Management monitors foreign currency exposure regularly, putting hedging in place as necessary. We seek to mitigate the impact of inflationary pressures by a combination of working closely with our supply base as well as reviewing our selling prices relative to the market conditions.

Climate change is also a principal risk and uncertainty to the Group and is discussed further in the environmental section of the directors report.

The Group's continued success is dependent upon the successful launch to market of both product enhancements and next generation products currently in development. There is a formalised review process in place where we regularly assess the ongoing suitability and marketability of all projects to ensure maximum future returns are secured.

During the outbreak of Covid-19 we have experienced no reduction in resources or funds which are available for the development of new products. For this reason, we do not expect a significant delay in the time to market the most important products. We do not expect that Covid-19 has an adverse impact in the long term on market demand for the major projects.

With respect to the uncertainties relating to Covid-19 we refer here to Going Concern on pages 9 to 10.

Pension liability risk

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

The group's UK retirement net pension obligation reflected on the balance sheet for the current year is €6,765,000 (2018: €5,724,000). The net pension obligation increased this year mainly due to the reduction in the discount rate.

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

The previous funding valuation was on 5th April 2018 and showed a deficit of €11,473,000. The Group agreed to pay contributions of €17,114 per month from 6th April 2019. The Group is expected to pay contributions of €211,640 during the year ended 31 December 2020. This contribution schedule will remain the same until 5th April 2021.

Following the emergence of the COVID-19 coronavirus pandemic and the associated changes in corporate bond yields, the retirement benefit deficit as at 30 April 2020 is estimated to be €7,600,000.

Sensitivity on the discount rate and retail price inflation is disclosed within note 23 of the financial statements.

Health and safety

It is the Group'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 Group or who are disabled at the time of applying for employment.

Approved by the Board of Directors

and signed on behalf of the Board

P van der Kroft

Director

Date: 22 May 2020

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

General

The Group was formed in 2016.

The statutory accounts of the parent company are included after the consolidated accounts.

Financial and cash-flow risk management objectives and policies

The Group's activities are exposed to a number of financial risks including, currency risk, credit risk, liquidity risk and interest rates risk.

Currency risk

The Group´s reporting currency is euros. The Group trades mainly in British pounds and euros and therefore is exposed to foreign exchange movements. To hedge this situation, the credit facilities of the Group have been structured in proportion to the currency similar to its trading positions so there is a natural hedge (see note 19). On a short term basis, the different companies of the Group use forward contracts as a tool to hedge the net exposure in currencies.

Credit risk

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

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of countries, counterparties and customers.

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

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the companies within the Group have access to a short term Group Revolving Credit Facility provided by its bankers.

The repayment of the final installment of the credit facility is scheduled in 2021. The directors are confident based on for example, the Group performance and excellent levels of orders in hand, to reach an agreement with the banks in 2020 on the extension and/or refinancing of the current facility.

Interest rate risk

The Group has certain credit facilities (see note 19) which are exposed to variability of interest rate as they are linked to LIBOR and EURIBOR rates. In order to hedge this position, 60 - 65% of the credit exposure is covered by an interest rate swap (see details in note 20).

Country of incorporation

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

Dividends

During the year and after the year ended 31 December 2019 the Company did not declare or propose any dividends (2018: €0).

Post balance sheet events

The consequences of the Covid-19 outbreak are designated as subsequent events after 31 December 2019. The outbreak does not provide further information about the actual situation as at 31 December 2019 and any consequences have therefore not been included in the financial statements for 2019.

Covid-19 started impacting our businesses by the end of March 2020 through disruptions in the supply chain. As a result of the Covid-19 outbreak, the turnover and operating profit of the Group will be mainly affected in the month of April 2020 creating lower turnover than in the same month of 2019. Because of the very strong order book, we expect the Group to recover in the months thereafter. However, this will also depend on how the outbreak of the coronavirus can be controlled by local governments.

Following the emergence of the COVID-19 coronavirus pandemic and the associated changes in corporate bond yields, the pension fund deficit saw an increase in the period to 30 April 2020 but will continue to change with market conditions. Further details are disclosed in the strategic report.

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

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

On 13 January 2020 the Group sold its investment in Eurovoirie, further details are discussed within note 13.

Research and development

During 2019 the Group capitalised research and development costs of €3.1 million (2018: €4.2 million). Details of research and development activities can be found in the Strategic Report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 19 and 20 to the financial statements includes additional information on the Group's exposures to currency risk, price risk, credit risk and liquidity and interest risk. In determining that the Group is a going concern these risks have been considered by the directors.

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

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

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

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

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

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

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

The Group is partly funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving Credit facility provided by a syndicate of European banks. These facilities are provided to Terberg RosRoca Group Limited and are subject to financial covenants. These are the Net debt leverage (covenant 2.75) and Interest cover covenant (covenant 4.0) and are reported on a quarterly basis.

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

- a shutdown of the major factories in April followed by a start up in May,
- aggressive assumptions on working capital needs due to buffer stock and potentially delayed debtors collections.
- just limited reductions in capital expenditure and an expenditure for acquisitions.
- In this scenario we assumed production to continue at 2019 levels as from June 2020. As an additional sensitivity analysis, EBITDA was lowered in the period June 2020-December 2020 by circa 20%.

Management's scenario analysis shows that the main covenants have adequate headroom. The Net debt leverage covenant is in the worse case 1,7 which results in a very significant headroom of 40% of the covenant. Interest cover in the reasonable worse case scenario is 12 and well above the covenant.

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

After making enquiries, obtaining and reviewing managements projections, assessing the cash flow forecasts, assessing the impact of Covid-19 and the potential impact of Brexit and checking the projected compliance of the bank covenants, the directors have a reasonable expectation that the Group has adequate resources to meet its obligations and continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements. Accordingly, the directors continue to adopt the going concem basis in preparing the Consolidated Annual Report and Financial Statements.

Directors

The directors were appointed in 2016 as part of the process of the integration of Terberg Enviromental B.V. and Ros Roca Enviroment S.L. and they have all served throughout the period and up to the date of signing of the financial statements.

George M. Terberg	(appointed 9 February 2016)
Ian R Metcalfe	(appointed 13 April 2016)
Juan Puig Pérez	(appointed 13 April 2016)
Ramón Roca Enrich	(appointed 13 April 2016)
Paul van der Kroft	(appointed 13 April 2016)
Deya Capital S.C.R De Regimen Simplificado S.A.	(appointed13 April 2016)

Directors' and officers' liability

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

Employment report

The Group supports employee involvement in all its operating companies. Dennis Eagle Limited was awarded "Investor in People" for Warwick in 2004 and accreditation was reconfirmed in 2016.
The Group has a team based approach with regular briefings being held to review not only the financial performance, but also the other perspectives of people, processes, competition and customer focus of the business.

Disabled employees

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

The Group makes adjustments to accommodate disabled employees where it is possible and reasonable. The Group trains its managers and those responsible for recruitment on understanding and avoiding discrimination in order to promote equality.

Environmental report

The Group is committed to prevent pollution and to follow environmental good practice in all elements of the business.

Environmental policies are developed at local level and most companies within the Group have 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. Each of Dennis Eagle Limited, Ros Roca S.A.U., and Terberg Machines B.V. hold ISO14001, which recognises the application of the policies and commitments to the continuous improvement in respect of the achievement of our environmental objectives.The policies to date have included for example:

- The investment in solar panels to power some of the manufacturing facilities to reduce the consumption of non-renewable energy.
- The UK region has invested heavily in the development of an electric Refuse Collection Vehicle (eCollect) to support the market demand for zero emission vehicles.

The Group will continue to manage environmental impacts in the context of an expanding business by building on the best practice examples of performance improvements delivered so far, i.e. lean manufacturing principles, policies related to sourcing recyclable manufacturing materials and the development of commercially sustainable products. Future developments can be found within the strategic report.

Charitable contributions

Donations of the Group to charities amounted to €14,443 (2018: €32,731).

Auditor

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

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

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

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

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

P van der Kroft
Director

Date: 22 May 2020

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Terberg RosRoca Group Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and the parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 31; and
- the related notes to the parent company financial statements 1 to 8.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

PG

Peter Gallimore FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date: 22 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Notes	2019 €'000	Restated 2018 €'000
Turnover**	3	**474,423**	448,704
Cost of sales**		**(351,431)**	(330,205)
Gross profit		**122,992**	118,499
Selling and distribution costs		**(6,416)**	(7,598)
Administrative expenses*		**(96,208)**	(94,600)
Operating profit		**20,368**	16,301
Interest receivable and similar income	7	**4,793**	753
Interest payable and similar charges	8	**(6,561)**	(10,803)
Profit before taxation		**18,600**	6,251
Tax on profit	9	**(2,938)**	(2,499)
Profit for the financial year		**15,662**	3,752
Actuarial (loss)/gain on defined benefit pension schemes		**(1,497)**	200
Currency translation differences		**(1,467)**	343
Cash flow hedge (loss)/gain arising in the year		**(45)**	341
Tax relating to other comprehensive income		**189**	(8)
Other comprehensive income		**(2,820)**	876
Total comprehensive income		**12,842**	4,628

The statement of comprehensive income has been prepared on the basis that all operations are continuing.

*The administrative expenses in 2018 include net impairment charges of capitalised development costs of €3,320,000

**2018 Comparative figures for turnover and cost of sales have been restated to include zero margin distributor sales in the UK for an amount of €7,753,000. The impact was solely related to the Terberg Matec UK division with the reason for this error being due to incorrect application of the revenue recognition policy to these sales.

TERBERG ROSROCA GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 Company Registration No. 09996120

Group	Notes	2019	2018
		€'000	€'000
Fixed assets			
Goodwill	11	**50,932**	57,860
Other intangible assets	11	**48,849**	48,479
Tangible fixed assets	12	**20,018**	17,375
Other investments	14	**128**	728
		119,927	124,442
Current assets			
Stocks	16	**72,821**	68,380
Debtors	15, 17	**101,631**	97,972
Cash at bank and in hand		**33,107**	21,945
		207,559	188,297
Creditors: amounts falling due within one year	18	**(120,825)**	(118,202)
Net current assets		**86,734**	70,095
Total assets less current liabilities		**206,661**	194,537
Creditors: amounts falling due after more than one year*	19	**(118,664)**	(121,598)
Provisions for liabilities	21	**(27,644)**	(25,428)
Net assets		**60,353**	47,511
Capital and reserves			
Called-up share capital	24	**62,798**	62,798
Merger Reserve	25	**(27,074)**	(27,074)
Pension reserve	25	**(6,423)**	(5,115)
Cash flow hedge reserve	25	**(12)**	(6)
Translation reserve	25	**(5,140)**	(3,487)
Profit and loss reserves	25	**36,204**	20,395
Total capital employed		**60,353**	47,511

* Includes a shareholder's loan provided by a subsidiary of the majority shareholder of €41,901,000 (2018: €39,855,000).

The financial statements were approved by the board of directors and authorised for issue on 22 May 2020 and are signed on its behalf by:

P van der Kroft

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Group	Notes	Share Capital	Merger reserve	Pension Reserve	Cash Flow Hedge Reserve	Trans-lation reserve	Profit and loss reserves	Total
		€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2018		62,798	(27,074)	(5,307)	(347)	(3,830)	16,643	42,883
Year ended 31 December 2018:								
Profit for the year		-	-	-	-	-	3,752	3,752
Other comprehensive income, net of taxation:								
Actuarial income on defined benefit pension schemes	23	-	-	200	-	-	-	200
Currency translation differences		-	-	-	-	343	-	343
Cash flow hedge income arising in the year		-	-	-	341	-	-	341
Tax relating to other comprehensive income		-	-	(8)	-	-	-	(8)
Total comprehensive income for the year		-	-	192	341	343	3,752	4,628
At 31 December 2018		62,798	(27,074)	(5,115)	(6)	(3,487)	20,395	47,511
At 1 January 2019		62,798	(27,074)	(5,115)	(6)	(3,487)	20,395	47,511
Year ended 31 December 2019:								
Profit for the year		-	-	-	-	-	15,662	15,662
Other comprehensive income, net of taxation:								
Actuarial loss on defined benefit pension schemes	23	-	-	(1,497)	-	-	-	(1,497)
Cash flow hedge loss arising in the year		-	-	-	(45)	-	-	(45)
Currency translation differences		-	-	-	39	(1,653)	147	(1,467)
Tax relating to other comprehensive income		-	-	189	-	-	-	189
Total comprehensive income for the year		-	-	(1,308)	(6)	(1,653)	15,809	12,842
At 31 December 2019		62,798	(27,074)	(6,423)	(12)	(5,140)	36,204	60,353

Group	Notes	2019 €'000	2018 €'000
Net Cash flows from operating activities	31	**28,226**	22,704
Cash flows from investing activities			
Proceeds from sale of fixed assets		**500**	446
Purchase of fixed assets		**(6,835)**	(6,776)
Additions in financial fixed assets		**(79)**	-
Disposal of financial fixed assets		**4**	-
Capitalised R&D expenditure net of government grants received		**(3,088)**	(3,355)
Interest received		**26**	25
Net cash flows from investing activities		**(9,472)**	(9,660)
Cash flows from financing activities			
New finance leases raised		**874**	907
Repayment of senior term loan		**(9,292)**	(8,037)
Repayment of other long term loans		**(25)**	(130)
Increase/(decrease) in bank overdraft		**3,305**	(130)
Interest paid		**(3,035)**	(5,098)
Repayment of obligations under finance leases		**(332)**	(151)
Net cash flows from financing activities		**(8,505)**	(12,639)
Net increase in cash and cash equivalents		**10,249**	405
Cash and cash equivalents at beginning of year		**21,945**	21,652
Effect of foreign exchange rate changes		**913**	(112)
Cash and cash equivalents at end of year		**33,107**	21,945
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		**33,107**	21,945

1 Accounting policies

Company information

Terberg RosRoca Group Limited ("the Company") is a private limited company domiciled and incorporated in the United Kingdom, registered in England and Wales. The registered office is Dennis Eagle Heathcote Way, Heathcote Industrial Estate, Warwick, CV34 6TE.

The Group consists of Terberg RosRoca Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities are set out in the Strategic Report on page 2 to 7.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of "the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008", and under the historical cost convention, modified to include certain financial instruments at fair value.

The consolidated financial statements are presented in euros, which is the presentational currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole €1,000, except where otherwise indicated.

The functional currency of the parent company is British pounds, therefore the parent company balance sheet and related notes have been presented in British pounds on page 58 to 72 in the financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Terberg RosRoca Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2019.

Business combinations

On 19 February 2016 the Company acquired Ros Roca Environment S.L. and Terberg Environmental B.V. Merger accounting principles have been applied in relation to the contribution of Terberg Environmental B.V. to Terberg RosRoca Group Limited, reflecting that this element of the transaction represents a common control transaction. Business combination accounting principles (i.e. the purchase method of accounting) have been applied to the contribution of Ros Roca Environment S.L. to Terberg RosRoca Group Limited. The assets and liabilities were remeasured to fair value at the date of their acquisition.

The cost of a business combination is the fair value at the acquisition date, of the assets acquired, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The financial statements of the Company are consolidated in these financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, note 19 and 20 to the financial statements includes additional information on the Group's exposures to currency risk, price risk, credit risk and liquidity and interest risk. In determining that the Group is a going concern these risks have been considered by the directors.

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

Mid February 2020, the Covid-19 virus had spread throughout most of Europe. Towards the end of March, the world wide Covid-19 pandemic started

1 Accounting policies

to impact our business as well. When analyzing the impact of the virus on the Group, the most important risks and uncertainties for the Group are the availability of the work force, disruptions in the supply chain of foreign chassis on which we mount our bodies and disruptions in the supply chain of critical components to produce our binlifts, bodies and chassis.

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

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

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

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

The Group is partly funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving Credit facility provided by a syndicate of European banks. These facilities are provided to Terberg RosRoca Group Limited and are subject to financial covenants. These are the Net debt leverage (covenant 2.75) and Interest cover covenant (covenant 4.0) and are reported on a quarterly basis.

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

- a shutdown of the major factories in April followed by a start up in May,
- aggressive assumptions on working capital needs due to buffer stock and potentially delayed debtors collections.
- just limited reductions in capital expenditure and an expenditure for acquisitions.
- In this scenario we assumed production to continue at 2019 levels as from June 2020. As an additional sensitivity analysis, EBITDA was lowered in the period June 2020-December 2020 by circa 20%.

Management's scenario analysis shows that the main covenants have adequate headroom. The Net debt leverage covenant is in the worse case 1,7 which results in a very significant headroom of 40% of the covenant. Interest cover in the reasonable worse case scenario is 12 and well above the covenant.

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

After making enquiries, obtaining and reviewing managements projections, assessing the cash flow forecasts, assessing the impact of Covid-19 and the potential impact of Brexit and checking the projected compliance of the bank covenants, the directors have a reasonable expectation that the Group has adequate resources to meet its obligations and continue in operational existence for the foreseeable future, being a period of at least 12

1 Accounting policies (continued)

months from the date of signing and approving these financial statements. Accordingly, the directors continue to adopt the going concem basis in preparing the Consolidated Annual Report and Financial Statements.

Turnover

Turnover represents the amounts (excluding sales taxes) derived from the provision of goods and services to customers. For vehicle sales tumover is recognised at the point when the economic ownership is transferred, which is effective 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 services sales turnover is recognised when the goods are despatched or the service is performed.

Government grants

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

Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible fixed assets goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off evenly over 10 years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Goodwill is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

On disposal, the difference between the net disposal proceeds and the carrying amount of goodwill is recognised in profit or loss.

Intangible fixed assets other than goodwill

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Goodwill	10 years
Development costs	10 years
Patents	10 -18 years
Trademarks	20 years
Customer relationships	7 years

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

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

Tangible fixed assets

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

Freehold buildings	20 - 40 years
Plant and machinery	2 - 10 years
Fixtures, fittings and equipment	3 - 5 years
Motor vehicles	3 - 5 years

1 Accounting policies (continued)

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Investments which are held for sale, are classified as assets held for sale and categorised within the normal balance sheet caption (note 14). They are valued at the lower of book value and fair value less costs to sell.

Impairments of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value using the First In, First Out ("FIFO") methodology. In determining the cost of raw materials, consumable 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.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Financial assets at fair value through profit or loss
Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

Financial liabilities
Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Financial liabilities at fair value through profit or loss
Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Group's obligations are discharged, cancelled, or they expire. Furthermore, if an existing borrower and leder exchange financial instruments with substantially different terms the transaction will be accounted for as an extinguishment of the original financial liability and the recognition of the new financial liability.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

1 Accounting policies (continued)

Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

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

To qualify for hedge accounting, the Group documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

The Group elects to adopt hedge accounting for interest rate swaps when:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and
- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Cash flow hedge - hedge of variable interest rate risk. Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge.

The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in profit or loss. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in profit or loss in the year(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to profit or loss when the variable rate interest is recognised in profit or loss.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the Group documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to profit or loss, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

1 Accounting policies (continued)

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, and interests in jointly controlled entities, that will be assessed to or allow for tax in a future year except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the year it arises.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

An incentive plan is applicable for senior management team members. To the extent that certain performance indicators have been achieved, the relating consideration which has not been paid yet, has been accrued.

Retirement benefits

For defined contribution schemes the amount charged to profit and loss 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.

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

1 Accounting policies (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

The defined net benefit pension liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as tangible fixed assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. They are consequently depreciated over the shorter of the lease terms and their useful lives. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant year rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

The Directors have chosen to present the Group consolidated financial statements in euros and to present the Company only financial statements in British pounds.

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date or the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

All assets and liabilities (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences arising on translation of the opening balance sheet and the date of acquisition at the closing rate and the profit for the year at the average rate compared to the closing rate are recognised in other comprehensive income and accumulated in equity.

2 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

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

Critical judgements in applying the Group's accounting policies

The directors consider the following to be the critical accounting judgements of the Group:

Recoverability of deferred tax assets
Recoverability of deferred tax assetsIncluded within deferred tax assets is a recoverable amount of €2,758,798 related to deferred tax asset in Ros Roca S.A.. The company assesses that profitability of the entity is sufficient to support the valuation of the tax asset.

Disposal of a subsidiary undertaking
During the year 2019 Terberg Ros Roca Group Limited entered a sale and purchase agreement with Bucher Industries France SAS for the sale of Eurvoirie. Further details of this transaction can be found within note 13. The board consider the transaction to have taken place on 13 January 2020 as the transfer of ownership and control of shares took place on this date. As at 31 December 2019, and throughout the entire year, Eurovoirie was owned and controlled by Terberg RosRoca Group Limited therefore the application of discontinued operations does not apply in 2019 and will apply therefore in 2020.

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

Development costs have been capitalised in accordance with FRS 102 section 18 'Intangible Assets other than Goodwill' and are therefore not treated, for dividend purposes, as an unrealised loss.

Key sources of estimation uncertainty

Defined Benefit Pension scheme
The Directors have obtained formal actuarial valuations of the Group's defined benefit pension schemes at the year end. The key judgements used in the actuarial assumptions are the discount rate, inflation rates and mortality assumptions.

Inflation rates which are based on the yields on AA corporate bonds and the long term outlook for RPI inflation respectively.

Mortality assumptions are based on 95% of the S2PA tables with CMI 2018 projections using a long term improvement rate of 1.25% pa. and smoothing parameter 7 and an initial addition parameter of 0% (2018: 95% of the S2PA tables with CMI 2017 projections using a long term improvement rate of 1.25% pa and smoothing parameter 7.5). 75% of members are assumed to take the maximum tax free cash possible based on the current factors in force (2018: 75% of members are assumed to take the maximum tax free cash possible). 80% of members are assumed to be married at retirement or earlier death (2018: 80% of members are assumed to be married at retirement or earlier death).

Warranty provision
The warranty provision is recorded to recognise expected future costs incurred under warranty claims for products sold before the balance sheet date. This provision is for expected warranty claims on vehicles sold. The warranty provision is assessed based on the historical information; especially the last six months' spend of the year's actual claims history.

Legal provisions
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3 Turnover

An analysis of the Group's revenue is as follows:

	2019	Restated 2018
	€'000	€'000
Sales of goods*	**427,324**	406,499
Rendering of services	**47,099**	42,205
	474,423	448,704

An analysis of the Group's turnover by geographical market is set out below.

	2019	Restated 2018
	€'000	€'000
Turnover:		
United Kingdom*	**251,191**	241,830
Rest of Europe	**211,836**	193,361
Far East, Africa, South America and Australia	**11,396**	13,513
	474,423	448,704

*2018 Comparative figures for turnover and cost of sales have been restated to include zero margin distributor sales in the UK for an amount of €7,753,000. The impact was solely related to the Terberg Matec UK division with the reason for this error being due to incorrect application of the revenue recognition policy to these sales.

4 Profit before taxation for Group

	2019	Restated 2018
	€'000	€'000
Profit before tax is stated after charging/(crediting):		
Inventory recognised as an expense*	**342,221**	322,836
Depreciation of owned tangible fixed assets	**3,435**	3,159
Gain on disposal of fixed assets	**(95)**	(9)
Amortisation of intangible assets	**13,959**	14,442
Impairment loss on R&D	**-**	6,198
Release on government grants	**(29)**	(2,878)
Exchange loss	**773**	(6)
Research and development costs	**1,054**	1,054
Operating lease charges	**6,698**	6,016
Extraordinary expenses:		
· IT Implementation costs	**2,243**	2,958
Non-recurrent expenses:		
· 150 year bonus award	**558**	-
Restructuring costs:		
· Professional services for the restructuring	**340**	10

*2018 Comparative figures for turnover and cost of sales have been restated to include zero margin distributor sales in the UK for an amount of €7,753,000. The impact was solely related to the Terberg Matec UK division with the reason for this error being due to incorrect application of the revenue recognition policy to these sales.

4 Profit before taxation for Group (continued)

Fees payable to the company's auditor and its associates

	2019	2018
	€'000	€'000
For audit services:		
Audit of the Group's and company's financial statements	**181**	163
Audit of the company's subsidiaries	**326**	292
Total audit fees	**507**	455
For other services:		
Audit-related assurance services	**7**	6
Taxation compliance services	**30**	58
Total non-audit fees	**37**	64

5 Group Employees

The average monthly number of persons (including directors) employed by the Group during the year was:

	2019	2018
	No	No
Production	**1,097**	1,018
Distribution and selling	**375**	362
Administration	**279**	278
	1,751	1,658

Their aggregate remuneration comprised:	2019	2018
	€'000	€'000
Wages and salaries	**67,282**	61,802
Social security costs	**10,422**	9,982
Pension costs	**3,630**	3,071
	81,334	74,855

Included in the above are redundancy and associated costs amounting to €121,000 (2018: €128,000).

6 Directors' remuneration

	2019	2018
	€'000	€'000
Remuneration for qualifying services	**347**	347

The highest paid director receives an annual amount of €300,000 (2018: €300,000). There are no directors for whom retirement benefits are accruing under defined benefit schemes.

6 Directors' remuneration (continued)

Key management personnel

	2019 €'000	2018 €'000
Remuneration for qualifying services	**1,235**	1,275
Company contributions to defined contribution pension scheme	**92**	57
Sums paid to third parties for services	**412**	424
	1,739	1,756

For the purposes of the above analysis, key management personnel are members of the board of directors and the management board.

7 Group Interest receivable and similar income

	2019 €'000	2018 €'000
Finance income on pension scheme assets (note 23)	**787**	731
Other interest income	**4**	4
Interest on bank deposits	**22**	18
Foreign exchange on external loan	**3,980**	-
Total interest receivable and similar income	**4,793**	753

8 Group interest payable and similar charges

	2019 €'000	2018 €'000
Interest on bank overdrafts and loans	**(2,743)**	(4,098)
Interest payable to associated companies*	**(2,033)**	(3,670)
Finance cost on pension scheme liabilities (note 23)	**(1,004)**	(929)
Amortisation of debt issue costs	**(593)**	(964)
Interest on derivative SWAP arrangements	**(37)**	(138)
Interest on finance leases	**(31)**	(18)
Other charges	**(120)**	(103)
Foreign exchange on external loans	-	(883)
Total interest payable and similar income	**(6,561)**	(10,803)

* The interest payable relates to the €30 million loan provided by Terberg Environmental UK Ltd, a subsidiary of the majority shareholder. Further details are specified in note 19.

9 Group Taxation

	2019 €'000	2018 €'000
Current tax		
UK corporation tax	**2,542**	1,371
Foreign tax	**1,415**	1,999
Adjustments in respect of prior years		
- UK corporation tax	**(296)**	(52)
- Foreign tax	**(398)**	(58)
Total current tax	**3,263**	3,260
Deferred tax		
Origination and reversal of timing differences	**(872)**	(1,007)
Utilisation recognised tax losses	**441**	-
Adjustment in respect of prior years - UK	**106**	243
Adjustment in respect of prior years – Foreign	**-**	3
Total deferred tax	**(325)**	(761)
Total tax charge	**2,938**	2,499

A provision for current taxation in the UK has been made at 19% (2018: 19%). At Budget 2016, the government announced a reduction of corporation tax rates in the UK to 17% for the financial year beginning 1 April 2020.The planned reduction was cancelled in November 2019 and the corporation tax rate is set to remain at 19%.

The Group has measured its UK deferred tax assets and liabilities at the end of the reporting period at 17% (2018: 17%) and its Spanish deferred tax assets and liabilities at 25% (2018: 25%).

9 Group taxation (continued)

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

	2019 €'000	2018 €'000
Group profit before tax	**18,600**	6,251
Tax on Group profit at standard UK corporation tax rate of 19% (2018: 19%)	**3,534**	1,188
Effects of:		
- Differences between UK and overseas corporate tax rates	**397**	249
- Expenses that are not deductible for tax purposes	**1,886**	2,069
- Tax losses not recognised	**-**	452
- Utilisation of previously unrecognised tax losses	**192**	(1)
- Adjustments in respect of prior years	**(571)**	134
- Difference between current and deferred tax rates	**(33)**	65
- Research and development tax credit	**(356)**	(449)
- Patent box incentive	**(852)**	(645)
- Other	**(1,259)**	(563)
Group total tax charge for the year	**2,938**	2,499

10 Dividends

During the years 2019 and 2018 the Company has not declared any dividends.

11 Intangible assets

Group	Positive goodwill €'000
Cost	
At 1 January 2019	80,762
Exchange movement	1,863
At 31 December 2019	**82,625**
Amortisation and impairment	
At 1 January 2019	22,902
Amortisation charged in the year	8,159
Exchange movement	632
At 31 December 2019	**31,693**
Carrying amount	
At 31 December 2019	**50,932**
At 31 December 2018	57,860

Goodwill arising as a result of the acquisition of subsidiaries that took place in February 2016.

Amortisation charged in the year is included within administration costs on the statement of comprehensive income.

11 Intangible assets (continued)

Group	Development Costs	Software	Patents	Trade-marks	Customer relation-ships	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 January 2019	12,514	956	20,957	11,495	18,910	**64,832**
Additions	3,088	915	1	-	-	**4,004**
Disposals	(9)	(1)	-	-	-	**(10)**
Reclassifications	482	-	-	-	-	**482**
Exchange movement	738	48	980	360	817	**2,943**
At 31 December 2019	**16,813**	**1,918**	**21,938**	**11,855**	**19,727**	**72,251**
Amortisation and impairment						
At 1 January 2019	1,905	-	4,257	1,628	8,563	**16,353**
Disposals	(9)	(1)	-	-	-	**(10)**
Amortisation charged in the year	649	-	1,494	583	3,074	**5,800**
Reclassifications	449	-	-	-	-	**449**
Exchange movement	114	-	241	61	394	**810**
At 31 December 2019	**3,108**	**(1)**	**5,992**	**2,272**	**12,031**	**23,402**
Carrying amount						
At 31 December 2019	**13,705**	**1,919**	**15,946**	**9,583**	**7,696**	**48,849**
At 31 December 2018	10,609	956	16,700	9,867	10,347	48,479

Amounts included within Patents, Trade Marks and Customer Relationships arise as a result of purchase price allocation adjustments following the merger and incorporation of Terberg RosRoca Group Limited in 2016 (further details are discussed within note 23). The amortisation period is disclosed for each asset group within the accounting policies note 1 of the financial statements. The remaining useful life of patents is 14 years, Trademarks 16 years and customer relationships 3 years.

Development costs consist of capitalised R&D, further details can be found within the Strategic Report on page 4. Dennis Eagle account for €13 million of capitalised development expenditure (2018: €10 million). The remaining useful life of each capitalised project within Dennis Eagle which has been amortised varies between 1 to 5 years.

12 Tangible fixed assets

Group	Freehold, land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor Vehicles	Assets under con-struction	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 January 2019	6,762	11,811	6,256	2,490	1,698	**29,017**
Additions	374	2,033	909	1,262	1,341	**5,919**
Disposals	(11)	(98)	(194)	(719)	-	**(1,022)**
Reclassifications	(3)	345	104	-	(479)	**(33)**
Exchange movement	362	521	159	12	9	**1,063**
At 31 December 2019	**7,484**	**14,612**	**7,234**	**3,045**	**2,569**	**34,944**
Depreciation and impairment						
At 1 January 2019	1,649	5,525	3,600	868	-	**11,642**
Disposals	(11)	(62)	(189)	(354)	-	**(616)**
Depreciation charged in the year	270	1,715	1,063	387	-	**3,435**
Exchange movement	91	265	101	8	-	**465**
At 31 December 2019	**1,999**	**7,443**	**4,575**	**909**	**-**	**14,926**
Carrying amount						
At 31 December 2019	**5,485**	**7,169**	**2,659**	**2,136**	**2,569**	**20,018**
At 31 December 2018	5,113	6,286	2,656	1,622	1,698	17,375

The net book value of finance leases included in the category of motor vehicles is €1,716,000 (2018: €1,236,000).

13 Investments in subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
Terberg Environmental B.V.	Ordinary	Baronieweg 23, Postbus 127, 3400 AC IJsselstein, Netherlands	100%	-	Dormant
Terberg Matec Nederland B.V.	Ordinary	Industrieweg 3, Postbus 127, 3400 AC IJsselstein, Netherlands	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Terberg Machines B.V.	Ordinary	Baronieweg 23, Postbus 127, 3400 AC IJsselstein, Nederland	100%	-	Design, manufacture, distribution of lifters for RCV's
Terberg Matec Belgium BvbA	Ordinary	Oosterring 23, 3600, Genk, Belgium	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Terberg Matec Polska SP ZOO	Ordinary	Świecice, ul. Zaborowska 1, 05-860,Plochocin, Poland	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Ros Roca, S.A.U.	Ordinary	Avda Cervera S/N 25300, Tàrrega, Spain	100%	-	Design, manufacture, distribution and servicing of Rear end loaders (RCV's), street cleaning equipment and containers for waste collection
Resitul Equipamentos Serviços e Teconologias Ambientáis LDA	Ordinary	Nücleo Empresarial da Venda do Pinheiro, Rua D 66, Lisbon, Portugal	100%	-	Distribution and servicing of RCV's and street cleaning equipment
HS Fahrzeugbau GmbH	Ordinary	Süd-Allee 13-15, 49685, Emstek, Germany	100%	-	Design, manufacture, distribution and servicing of Side and front loaders (RCV's)

13 Investments in subsidiaries (continued)

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
Eurovoirie SAS	Ordinary	40, avenue Eugène Gazeau, 60300, Senlis, France	100%	-	Production and distribution and servicing of street cleaning equipment. Distribution and servicing of RCV's
Terberg Matec SAS	Ordinary	40, avenue Eugène Gazeau, 60300, Senlis, France	100%	-	Distribution and servicing of RCV's
Terberg Matec UK Limited	Ordinary	Leacroft Road Birchwood, Warrington Cheshire, WA3 6PJ UK	100%	-	Dormant
Dennis Eagle Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	100%	-	Design, manufacture, distribution and servicing of RCV's. Manufacture and services special vehicles for recycling business and distribution lifters for RCV's
Refuse Services Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	-	100%	Dormant
Dennis Eagle Group Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	-	100%	Dormant
Dennis Eagle Inc.	Ordinary	2^{10}1 47th Street Sarasota Florida 34234-3149 USA	-	100%	Distribution and servicing of RCV's
EnviroRent XXI, S.L.U.	Ordinary	Avda Cervera S/N 25300, Tàrrega, Spain	-	100%	Renting out waste collection systems
Ros Roca Malaysia SDN BHD	Ordinary	Selangor Darul Ehsan, Malaysia	-	100%	Dormant
TWP (NEWCO) 151 Limited	Ordinary	Leacroft Road Birchwood, Warrington Cheshire, WA3 6PJ UK	-	100%	Dormant

13 Investments in subsidiaries (continued)

The main activities of Eurovoirie SAS can be split between the distribution and servicing of RCV's and sweepers & washers. In 2019, it was decided to sell the sweeper & washer activities of the French entity by selling the shares of Eurovoirie SAS and carving out the RCV related activities prior to the sale of the shares. On 3 December 2019 a share purchase agreement was made between Bucher Industries France SAS and Terberg RosRoca Group Limited for the sale of the shares in Eurovoirie SAS. At 31 December 2019 by way of partial contribution of all assets, the assets and liabilities (at net book value) of the RCV business were transferred from Eurovoirie SAS to the newly incorporated entity Terberg Matec SAS. At 31 December 2019 the remaining value of the net assets in Eurovoirie was €5,142,582 (2018: €7,373,683). The closing of the transaction of the sale of the shares in Eurovoirie SAS took place on 13 January 2020.

14 Other investments

	Other investments	Investments held for sale or resale	Total other investments
	€'000	€'000	€'000
Cost			
At 1 January 2019	**128**	**600**	**728**
Disposal		**(600)**	**(600)**
At 31 December 2019	**128**	**-**	**128**
Carrying amount			
At 31 December 2019	**128**	**-**	**128**
At 31 December 2018	128	600	728

Details of the Group's joint ventures at 31 December 2019 are as follows:

Other investments

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
Brillance Ros Roca Sanitary Automotive Equipment (Dalian) Co. Limited	Ordinary	Dalian, China	-	50%	Manufacturer of RCVs
Ros Roca Farid, S.L. - in liquidation	Ordinary	Carretega del Mig 197,08907, Hospitalet del Llobregat, Spain	-	50%	Distribution of Farid equipment into the Spanish market
SSV Environment SAS	Ordinary	42/46 Rue Andrei Sakharov 93140 Bondy France	-	20%	Financing RCVs

As part of the conditions of the sale of Eurovoirie mentioned in section 13, the shares of SSV Environment SAS were sold to Bucher Industries France SAS on 13 January 2020.

15 Group Debtors: amounts falling due after more than one year

	2019 €'000	2018 €'000
Deferred tax asset (see note 22)	**4,712**	4,946
Rental deposits	**489**	441
Other long term debtors	**618**	-
	5,819	5,387

Included within other long term debtors is an amount relating to a receivable of €600,000 in relation to consideration deferred for the sale of investments held for resale to a shareholder of Terberg RosRoca Group Limited. The amount will be repaid in September 2021.

16 Stock

	2019 €'000	2018 €'000
Raw materials and consumables	**30,614**	27,955
Work in progress	**30,216**	27,748
Finished goods and goods for resale	**11,991**	12,677
	72,821	68,380

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

17 Group Debtors: amounts falling due within one year

	2019 €'000	2018 €'000
Trade debtors	**88,693**	86,282
Corporation tax recoverable	**3,379**	2,658
Amounts due from group undertakings	**409**	202
VAT	**890**	319
Other tax and social security receivable	**17**	-
Derivative financial instruments	**-**	147
Other debtors	**710**	1,630
Prepayments and accrued income	**1,714**	1,347
	95,812	92,585

Amounts due from group undertakings are repayable on demand as no repayment schedule has been agreed. Interest on the amount due from group undertakings is charged on an annual basis according to the interest of the external senior loan, depending on the currency of the loan.

Included within other debtors is an amount due from a former member of the key management personnel of €0.1m repayable in December 2021, interest is charged on this loan at commercial rates.

18 Group Creditors: amounts falling due within one year

	2019 €'000	2018 €'000
Loans and overdrafts	**12,857**	9,236
Obligations under finance leases	**388**	222
Corporation tax payable	**2,046**	358
VAT	**7,069**	4,933
Other taxation and social security	**2,886**	2,867
Derivative financial instruments	**1,002**	-
Trade creditors	**64,046**	69,340
Amounts due to group undertakings	**1,084**	2,206
Other creditors	**1,021**	1,230
Accruals and deferred income	**24,696**	25,221
Deferred income - extended warranty	**3,730**	2,589
	120,825	118,202

Amounts due to group undertakings are repayable on demand as no repayment schedule has been agreed. Interest on the amount due to group undertakings is charged on an annual basis according to the interest of the external senior loan, depending on the currency of the loan.

19 Group Creditors: amounts falling due after more than one year

	2019 €'000	2018 €'000
Loans and overdrafts	**69,470**	75,595
Obligations under finance leases	**1,139**	764
Amounts due to group undertakings	**41,901**	39,855
Accruals and deferred income	**1,628**	1,451
Deferred income - Extended warranty	**4,293**	3,770
Other creditors	**233**	163
	118,664	121,598

Grant funding of €1,242,000 (2018: €1,203,000) in respect of research and development projects is included within accruals and deferred income above.

19 Group Creditors: amounts falling due after more than one year (continued)

Group long term loans and overdrafts including obligations under finance leases are repayable as follows:

Long term bank loans	**2019**	**2018**
	€'000	**€'000**
Between one and two years	**70,100**	9,335
Between two and five years	**-**	67,409
	70,100	76,744
Less finance charges allocated to later periods	**(688)**	(1,230)
	69,412	75,514

Financial Institutions	**2019**	**2018**
	€'000	**€'000**
Between one and two years	**384**	253
Between two and five years	**813**	593
	1,197	846

Total long term loans and overdrafts	**2019**	**2018**
	€'000	**€'000**
Between one and two years	**70,484**	9,588
Between two and five years	**813**	68,002
	71,297	77,590
Less finance charges allocated to later periods	**(688)**	(1,230)
	70,609	76,360

Finance charges allocated to later periods represents debt issue costs capitalised and written off over the term of the loan

19 Group Creditors: amounts falling due after more than one year (continued)

On 19 February 2016 the Group obtained a credit facility of €155m from a bank syndicate. The facility consisted of a Senior loan and a Revolving facility. At that date the applicable exchange rate was 1.3 EUR/GBP.

Facility	**2019**			**2018**
	Total €'000	**£'000 (£ at 1.3)**	**€'000**	**Total €'000**
Senior Term Loan:				
Original Term Loan	**90,000**	45,162	31,500	90,000
New Term Loan	**25,000**	12,545	8,750	25,000
	115,000	57,707	40,250	115,000
Revolving Credit Facility (RCF)	**40,000**	-	40,000	40,000
Total credit line	**155,000**	57,707	80,250	155,000
Repayments on the Senior Term loan in 2019:		5,018	3,500	

Credit facility

Key features of the credit facility:

- Interest is based on Euribor/Libor plus a margin. The margin is determined by using the quarterly covenant calculations. The British pounds interest rate is hedged, as required by the banks under the financing agreement.
- The Group has fully drawn down on the Senior Term loan. €16 million of the RCF facility of a total €40 million has been allocated to the subsidiaries for ancillary facilities such as bank guarantees, forward contracts and bank overdrafts.
- The companies Terberg RosRoca Group Limited, Ros Roca S.A.U., Dennis Eagle Limited and Terberg Machines B.V. are guarantors for the facility. The guarantors have pledged their freehold land, intellectual property rights, stock (including moveable assets), receivables and bank accounts. The value of inventories pledged was €39 million (2018: €33 million).
- The Senior Loan is scheduled to be repaid in February 2021. The directors are confident based on for example, the Group performance and excellent levels of orders in hand, to reach an agreement with the banks in 2020 on the extension and/or refinancing of the current facility.
- The Senior Term loan has regular instalment payments.

At 31 December 2019 the Group has utilised €6.2 million (2018: €2.0 million) of the total RCF facility of €40 million for FX contracts, overdraft, RCF loans and bank guarantees.

The LIBOR interest rate for the long term loans was fixed via an interest swap at 1%, until 2020.

Shareholder's loan

On 19 February 2016 Terberg RosRoca Group Limited entered into a loan agreement of a principal amount of €30 million with its parent company, Terberg Environmental Holding B.V.. This loan was transferred in 2017 to Terberg Environmental UK Limited, a subsidiairy of Royal Terberg Group B.V.. Interest is accrued and capitalised as part of the loan balance every 6 months. The cumulative interest and loan balance is payable on 31 December 2021.

Interest is charged on the shareholder's loan at 5% (2018: 9.7%).

20 Group Financial instruments

	Notes	2019 €'000	2018 €'000
Financial assets	17		
Measured at fair value through profit or loss:			
Derivative financial assets		-	114
Measured at fair value through other comprehensive income:			
Derivative financial assets		-	33
Measured at undiscounted amount receivable:			
Trade debtors		**88,693**	86,282
Other debtors		**1,714**	1,322
Amounts due from group undertakings		**409**	202
		90,816	87,953
Financial liabilities	18, 19		
Measured at fair value through profit or loss:			
Derivative financial liabilities		**990**	-
Measured at fair value through other comprehensive income:			
Derivative financial liabilities		**12**	-
Measured at amortised cost:			
Loans and overdrafts		**78,812**	84,597
Measured at undiscounted amount payable:			
Loans and overdrafts		**3,515**	234
Obligations under finance leases		**1,527**	986
Trade and other creditors		**65,300**	70,733
Amounts due to group undertakings		**42,985**	42,061
		193,141	198,611

20 Financial instruments (continued)

Forward Foreign Currency Contracts

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

Group 2019	2019 Average contractual exchange rate	2019 Notional value	2019 Fair value	2018 Average contractual exchange rate	2018 Notional value	2018 Fair value
	€'000	€'000	€'000	€'000	€'000	€'000
Buy Euros	**1.12**	**16,935**	**(866)**	1.12	19,920	108
Buy US dollars	**1.26**	**2,373**	**(124)**	1.29	2,163	6
		19,308	**(990)**		22,083	114

Losses on foreign exchange contracts of €1,104,000 (2018: gains of €443,000) were recognised in the profit and loss.

Interest rate swaps

The Group uses interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of €48.3 million fix interest payments on variable rate debts at an average rate of 1.0% until 2020. The fair values of interest rate swaps are determined using yield curves supplied by the third party banks. The fair value at 31 December 2019 of €12,000 (2018: (€33,000)) has been recognised within derivative financial instruments.

All interest rate swaps meet the conditions for hedge accounting, as set out in the accounting policies.

The fair value of variable to fixed interest rate swaps that is effective in offsetting the variable interest rate risk on variable rate debt of British Pound 49 million has been recognised in other comprehensive income and will be released to profit or loss over the term of the swap agreement which expires in February 2020. The cash flows in respect of the swap occur 6 monthly from 19 August 2016 until the agreement expires in February 2020.

21 Group Provisions for liabilities

	2019	2018
	€'000	€'000
Warranties	**6,644**	5,446
Litigations and restructuring	**1,094**	1,151
Terminated business	**106**	183
Other provisions	**909**	636
	8,753	7,416
Deferred tax liabilities (note 22)	**8,581**	9,027
Provision for net defined benefit scheme deficit (note 23)	**10,310**	8,985
	27,644	25,428

21 Group provisions for liabilities (continued)

Movements on provisions excluding deferred tax liabilities:

Group

	Warranties	Litigations and restructuring	Terminated business	Other Provisions	Total
	€'000	€'000	€'000	€'000	€'000
Group					
Opening provisions	5,446	1,151	183	636	**7,416**
Additional provision in year	7,515	382	-	575	**8,472**
Utilised in the year	(5,776)	(428)	(77)	(448)	**(6,729)**
Release to P&L	(638)	(260)	-	-	**(898)**
Reclassification	-	249	-	146	**395**
Foreign exchange movement	97	-	-	-	**97**
31 December 2019	**6,644**	**1,094**	**106**	**909**	**8,753**

Litigations and Restructuring costs, terminated business and other provisions

It is expected that the majority of this expenditure will be incurred over the next 12 months.

Ros Roca SA is waiting resolution of a Court proceeding initiated in 2012 in relation to an alleged fraudulent simulation of an agency contract. The Directors have concluded that the requirements for a provision under FRS 102 have not been met at the balance sheet date, and therefore no provision was recognised.

Warranties

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

22 Group Deferred taxation

	2019 €'000	2018 €'000
Deferred tax liabilities	**(8,581)**	(9,027)
Deferred tax assets	**4,712**	4,946
Net position at 31 December 2019	**(3,869)**	(4,081)

The major deferred tax liabilities and assets recognised are:

Group deferred tax labilities:	2019 €'000	2018 €'000
Assets measured at fair value	**7,424**	8,044
Movement in general provision	**15**	-
Intangibles - capitalised development costs	**1,142**	983
	8,581	9,027

Group deferred tax assets:	2019 €'000	2018 €'000
Tax losses	**2,980**	3,421
Deferred tax arising in relation to retirement benefit obligation	**1,150**	973
Movement in general provisions	**-**	87
Assets qualifying for capital allowance	**17**	53
Tax provision on intercompany inventory profit elimination	**538**	412
Timing Difference Fixed Assets	**27**	-
	4,712	4,946

The recoverability of the deferred tax assets have been assessed. Deferred tax assets were only accounted for when they can be compensated by future tax charges.

The movements on deferred taxation is shown below:

Group	**Deferred tax assets €'000**	**Deferred tax liabilities €'000**	**Total €'000**
Group			
Opening provisions	4,946	(9,027)	**(4,081)**
Charge to profit and loss (note 9)	(420)	745	**325**
Charge to other comprehensive income	189	-	**189**
Reclassification	(38)	38	**-**
Foreign exchange movement	35	(337)	**(302)**
	4,712	**(8,581)**	**(3,869)**

23 Retirement benefits schemes

(a) Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom, Netherlands and Belgium. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions payable by the Group charged to the profit and loss account for these schemes amounted to €3,175,000 (2018: €2,771,000). In addition the Group contributes to other European pension schemes of €455,000 (2018: €300,000), see note 5. Contributions totalling €298,000 (2018: €703,000) were payable to the fund at the year end and are included in creditors.

(b) Defined benefit schemes – UK schemes

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

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

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

The Company expects to pay contributions of €211,640 (£180,000) in the year to 31 December 2020, which reflects the amounts specified in the current Schedule of Contributions.

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

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

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

Sectionalisation

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

The Scheme now comprises two sections as follows:

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

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

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

Sensitivity analysis

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

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

23 Retirement benefits schemes (continued)

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

RPI and CPI assumptions

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

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

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

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	2019	2018
	SVG 2000 Pension and assurance scheme %	SVG 2000 Pension and assurance scheme %
Key assumptions used:		
Discount rate	2.1	2.9
Future pension increases	3.1	3.3
Inflation – RPI	3.2	3.4
Inflation – CPI	2.3	2.3

Mortality assumptions

Mortality assumptions are based on 95% of the S2PA tables with CMI 2018 projections using a long term improvement rate of 1.25% pa. and smoothing parameter 7 and an initial addition parameter of 0% (2018: 95% of the S2PA tables with CMI 2017 projections using a long term improvement rate of 1.25% pa and smoothing parameter 7.5). 75% of members are assumed to take the maximum tax free cash possible based on the current factors in force (2018: 75% of members are assumed to take the maximum tax free cash possible). 80% of members are assumed to be married at retirement or earlier death (2018: 80% of members are assumed to be married at retirement or earlier death).

	2019	2018
	SVG 2000 Pension and assurance scheme	SVG 2000 Pension and assurance scheme
Retiring today:		
Males	21.9	22.4
Females	23.8	24.3
Retiring in 20 years:		
Males	23.3	23.8
Females	25.3	25.8

23 Retirement benefits schemes (continued)

Movements in the present value of the defined benefit obligation:

	2019	2018
	SVG 2000 Pension and assurance scheme €'000	SVG 2000 Pension and assurance scheme €'000
At 1 January	**32,421**	35,658
Interest cost	**945**	874
Actuarial (gains)/losses	**3,916**	(2,153)
Benefits paid	**(1,238)**	(1,581)
Impact of foreign exchange	**1,940**	(377)
At 31 December	**37,984**	32,421

Movements in the fair value of plan assets:

	2019	2018
	SVG 2000 Pension and assurance scheme €'000	SVG 2000 Pension and assurance scheme €'000
Opening balance	**26,697**	29,695
Interest income	**784**	728
Return on plan assets (excluding amounts included in net interest cost)	**2,805**	(2,103)
Contributions from the employer	**575**	270
Benefits paid	**(1,238)**	(1,581)
Impact of foreign exchange	**1,596**	(312)
Closing balance	**31,219**	26,697

23 Retirement benefits schemes (continued)

The analysis of the scheme assets at the reporting date were as follows:

	2019	2018
	SVG 2000 Pension and assurance scheme €'000	SVG 2000 Pension and assurance scheme €'000
Equity instruments & DCFs	**23,669**	18,863
Bond and gilts	**7,364**	7,735
Other assets	**186**	99
	31,219	26,697

Defined benefit schemes – European schemes

The Group operates defined benefit plans for qualifying employees of its subsidiary in Germany. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2019 by Mr Vitus Schmitz-Zondervan and Ms Barbel Schmeing, DAV Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	2019		2018	
	Fahrzeugbau full plan %	Fahrzeugbau individual plan %	Fahrzeugbau full plan %	Fahrzeugbau individual plan %
Discount rate	0.8	0.8	1.8	1.8
Future pension increases	1	1	1	1
Inflation	1	1	1	1

Mortality assumptions

The mortality tables used are the "Heubeck -Richtaffeln 2018 G". The table below shows the representative mortality probabilities.

	2019		2018	
	Fahrzeugbau full plan	Fahrzeugbau individual plan	Fahrzeugbau full plan	Fahrzeugbau individual plan
Retiring today				
Total	12.4	19.3	11.9	18.6

23 Retirement benefits schemes (continued)

Movements in the present value of the defined benefit obligation:

	2019			2018		
	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Opening balance	3,150	294	**3,444**	3,399	305	**3,704**
Current service cost	-	7	**7**	-	6	**6**
Interest cost	55	4	**59**	50	5	**55**
Actuarial losses/(gains)	327	59	**386**	(133)	(17)	**(150)**
Benefits paid	(165)	(5)	**(170)**	(166)	(5)	**(171)**
Closing balance	**3,367**	**359**	**3,726**	**3,150**	**294**	**3,444**

Movements in the fair value of plan assets:

	2019			2018		
	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Opening balance	121	62	**183**	125	-	**125**
Reimbursement rights	-	-	**-**	-	59	**59**
Interest income	2	1	**3**	2	1	**3**
Return on plan assets (excluding net interest on the net defined benefit liability)	3	0	**3**	4	-	**4**
Benefits paid	(9)	-	**(9)**	(10)	-	**(10)**
Contributions	-	2	**2**	-	2	**2**
Closing balance	**117**	**65**	**182**	**121**	**62**	**183**

23 Retirement benefits schemes (continued)

The analysis of the scheme assets at the reporting date were as follows:

Fair value of assets

	2019			2018		
	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total	Fahrzeugbau full plan	Fahrzeugbau individual plan	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Equity instruments	117	65	182	121	62	183

Scheme summary:

Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2019
	€'000	€'000	€'000	€'000
Current service cost	-	-	6	6
Net interest on defined benefit liability/(asset)	161	53	3	217
	161	53	9	223

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2018
	€'000	€'000	€'000	€'000
Current service cost	-	-	6	6
Net interest on defined benefit liability/(asset)	146	48	4	198
	146	48	10	204

23 Retirement benefits schemes (continued)

Amounts taken to other comprehensive income:

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2019
	€'000	€'000	€'000	€'000
Actuarial changes related to obligations and return on plan assets	1,110	328	59	**1,497**
	1,110	**328**	**59**	**1,497**

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2018
	€'000	€'000	€'000	€'000
Actuarial changes related to obligations and return on plan assets	50	133	17	**200**
	50	**133**	**17**	**200**

The amount included in the statement of financial position arising from the Group's obligations in respect of defined benefit plans are as follows:

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2019
	€'000	€'000	€'000	€'000
Present value of defined benefit obligation	(37,984)	(3,367)	(359)	**(41,710)**
Fair value of plan assets	31,219	117	64	**31,400**
Net liability	**(6,765)**	**(3,250)**	**(295)**	**(10,310)**

23 Retirement benefits schemes (continued)

	SVG 2000 Pension and assurance scheme	Fahrzeugbau full plan	Fahrzeugbau individual plan	2018
	€'000	€'000	€'000	€'000
Present value of defined benefit obligation	(32,421)	(3,150)	(294)	**(35,865)**
Fair value of plan assets	26,697	121	62	**26,880**
Net liability	**(5,724)**	**(3,029)**	**(232)**	**(8,985)**

24 Share Capital

	2019
	€'000
Allotted, issued and full paid:	
49,352,911 ordinary shares of £1 each	**62,798**
At 31 December 2018 and 31 December 2019	**62,798**

On incorporation the company issued 1 ordinary share for a consideration of £1.

On 19 February 2016 the Company issued 49,352,911 ordinary shares to acquire the shares of Terberg Environmental B.V. and the shares of Ros Roca Enviroment S.L. The allocation of the issued shares was £27,983,100 for Terberg Environmental B.V. and £21,369,810 for Ros Roca Enviroment S.L.
The share capital is accounted for in euro at the exchange rate of 19 February 2016 of 1.27.

The shares issued to acquire Terberg Environmental B.V. (£27,983,100) qualify for share premium relief under section 611 of the Company's Act 2006. As the previous carrying value of Terberg Environmental B.V. was lower than the nominal value of the shares issued, no share premium has been recorded for the issue of shares.

The acquisition of Ros Roca Environment S.L. qualifies for merger relief under section 612 of the Companies Act 2006 and as such the difference between the fair value of the consideration received and the nominal value of the shares issued (€6,451,000) has been recorded in the merger reserve.

25 Reserves

Merger reserve
The difference between the nominal value of shares issued and the fair value of the entities acquired.

Pension reserve
The cumulative actuarial gains and losses on the defined benefit pension scheme.

Cash flow hedge reserve
Gains and losses arising on effective fixed to floating interest rate swaps which have been designated as hedges for hedge accounting purposes.

Translation reserve
The Group's foreign exchange gains and losses on the retranslation of the results and net assets of the Group's foreign subsidiaries.

Profit and loss account
The profit and loss account represents cumulative profits and losses, net of dividends paid.

26 Operating lease commitments

Lessee:

At the reporting end date the Group had outstanding commitments for future lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	€'000	€'000
Within one year	**6,619**	6,358
Between one and five years	**15,448**	12,124
After five years	**6,355**	7,369
	28,422	25,851

27 Capital commitments

At 31 December 2019 and at 31 December 2018 the Group had no capital commitments

28 Related party transactions

Other related party transactions

During the year ended 31 December 2019 the Group purchased from or sold to its related parties various goods and services in the ordinary course of business. The amounts are as follows:

	2019	2018
	€'000	€'000
Purchases		
Terberg Group BV and non Terberg RosRoca Group entities	**6,431**	**7,389**
RosRoca Group sl and related parties	**858**	**868**
M&K Management Services Limited	**54**	**110**
DEYA Capital	**-**	**1**
Juan Puig	**-**	**1**
	7,343	**8,369**
Sales		
Terberg Group BV and non Terberg RosRoca Group entities	200	141
RosRoca Group sl and related parties	679	21
	879	**162**

The outstanding receivable and payable balances are included in amount falling due within one year to or from group undertakings. Interest is charged according to the interest of the external senior loan, depending on the currency of the loan.

Included within other debtors is an amount due from a former member of the key management personnel of €0.1m repayable in December 2021, interest is charged on this loan at commercial rates.

Included within other long term debtors is an amount relating to a receivable of €600,000 in relation to consideration deferred for the sale of investments held for resale to a shareholder of Terberg RosRoca Group Limited. The amount will be repaid in September 2021.

Remuneration of key management personnel

Remuneration of key personnel is detailed in note 6 to the accounts.

29 Controlling party

The directors consider the ultimate parent undertaking to be Royal Terberg Group B.V., a company incorporated in the Netherlands. Copies of the financial statements of Royal Terberg Group B.V. are available from its registered office, Newtonstraat 2, 3401 JA IJsselstein, The Netherlands.

TRRG Holding Limited is the immediate parent. The largest group for which consolidated accounts are prepared, including Terberg RosRoca Group Limited, is Royal Terberg Group B.V.

30 Post balance sheet events

The consequences of the Covid-19 outbreak are designated as subsequent events after 31 December 2019. The outbreak doesnot provide further information about the actual situation as at 31 December 2019 and any consequences have therefore not been included in the financial statements for 2019.

Covid-19 started impacting our businesses by the end of March 2020 through disruptions in the supply chain. As a result of the Covid-19 outbreak, the turnover and operating profit of TRRG will be mainly affected in the month of April 2020 creating lower turnover than in the same month of 2019. Because of the very strong order book, we expect the Group to recover in the months thereafter. However, this will also depend on how the outbreak of the coronavirus can be controlled by local governments.

Following the emergence of the COVID-19 coronavirus pandemic and the associated changes in corporate bond yields, the pension fund deficit saw an increase in the period to 30 April 2020 but will continue to change with market conditions. Further details are disclosed in the strategic report.

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

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

On 13 January 2020 the Group sold its investment in Eurovoirie, further details are discussed within note 13.

31 Reconciliation of operating profit to cash generated from operations

Group	2019 €'000	Restated 2018 €'000
Operating profit	**20,368**	**16,301**
Adjustments for:		
Depreciation	**3,435**	3,159
Amortisation	**13,959**	14,442
Impairment loss on R&D net of government grants released	**-**	3,320
Release on government grant	**(29)**	-
Derivative fair value adjustment*	**990**	(114)
Gain on sale of fixed assets	**(95)**	(9)
Operating cash flows before movements in working capital	**38,628**	37,099
(Increase) in stocks	**(2,773)**	(8,370)
(Increase) in trade and other debtors	**(32)**	(9,971)
(Decrease)/increase in trade and other creditors*	**(6,284)**	8,642
Increase/(decrease) in provisions	**328**	(292)
Tax paid	**(1,641)**	(4,404)
Cash generated from operations	**28,226**	22,704

* 2018 Comparatives include a reclassification of exchange gains of €114,000 from movements in trade and other creditors. The reclassification is made in accordance with FRS 102 section 7.8(b).

Restrictions on cash and cash equivalents
At 31 December 2019, total cash and cash equivalents included cash amounting to €194,000 (2018: €634,000) is restricted and held as bank guarantees.

TERBERG ROSROCA GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 Company Registration No. 09996120

Company	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible fixed assets	3	**77**	116
Investments	4	**183,188**	182,777
		183,265	182,893
Current assets			
Debtors	5	**3,110**	3,100
Cash at bank and in hand		**1,090**	636
		4,200	3,736
Creditors: amounts falling due within one year	6	**(15,844)**	(22,381)
Net current liabilities		**(11,644)**	(18,645)
Total assets less current liabilities		**171,621**	164,248
Creditors: Amounts falling due after more than one year	7	**(94,672)**	(103,658)
Net assets		**76,949**	60,590
Capital and reserves			
Called up share capital	8	**49,353**	49,353
Cash flow hedge reserve		**(10)**	29
Profit and loss reserves		**27,606**	11,208
		76,949	60,590

The company has taken an exemption, as permitted by S408 Companies Act 2006, not to disclose the profit and loss account. The profit for the period ended 31 December 2019 was £16,398,000 (2018: loss £2,626,000).

The financial statements were approved by the board of directors and authorised for issue on 22 May 2020 and are signed on its behalf by:

Director

P van der Kroft

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

Company	Share capital	Cash flow hedging reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2018	49,353	(273)	13,834	**62,914**
Loss for the year	-	-	(2,626)	**(2,626)**
Other comprehensive income, net of taxation:				
Cash flow hedge gain arising in the year	-	302	-	**302**
At 31 December 2018	**49,353**	**29**	**11,208**	**60,590**

Company	Share capital	Cash flow hedging reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2019	49,353	29	11,208	**60,590**
Profit for the year	-	-	16,398	**16,398**
Other comprehensive income, net of taxation:			-	**-**
Cash flow hedge loss arising in the year	-	(39)	-	**(39)**
At 31 December 2019	**49,353**	**(10)**	**27,606**	**76,949**

1 Accounting policies

Company information

Terberg RosRoca Group Limited ("the Company") is a private limited company domiciled and incorporated in United Kingdom, registered in England and Wales. The registered office is Dennis Eagle Heathcote Way, Heathcote Industrial Estate, Warwick, United Kingdom, CV34 6TE. Terberg RosRoca Group Limited was incorporated on 9 February 2016.

The Company's principal activity is to act as a holding company for the Group.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The parent company financial statements are presented in British pounds, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year was £16,398,000 (2018: loss £2,626,000).

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in its individual financial statements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

Going concern

The results and activities of the Company are dependent on the going concern of the Group as the main activities of the Company are that of a holding company. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report. In addition, note 19 and 20 to the financial statements includes additional information on the Group's exposures to currency risk, price risk, credit risk and liquidity and interest risk. In determining that the Group is a going concern these risks have been considered by the directors.

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

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

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

1 Accounting policies (continued)

for a start-up of production and to comply with local Covid-19 legislation, we have put new work instructions in place, such as social distancing and invested in the necessary personal protective equipment to comply with local requirements.

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

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

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

The Group is partly funded via a subordinated shareholder loan in addition to structured financing via a mixture of Senior loan and Revolving Credit facility provided by a syndicate of European banks. These facilities are provided to Terberg RosRoca Group Limited and are subject to financial covenants. These are the Net debt leverage (covenant 2,75) and Interest cover covenant (covenant 4,0) and are reported on a quarterly basis.

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

- a shutdown of the major factories in April followed by a start up in May,
- aggressive assumptions on working capital needs due to buffer stock and potentially delayed debtors collections
- just limited reductions in capital expenditure and an expenditure for acquisitions.
- In this scenario we assumed production to continue at 2019 levels as from June 2020. As an additional sensitivity analysis, EBITDA was lowered in the period June 2020-December 2020 by circa 20%.

Management's scenario analysis shows that the main covenants have adequate headroom. The Net debt leverage covenant is in the worse case 1,7 which results in a very significant headroom of 40% of the covenant. Interest cover in the reasonable worse case scenario is 12 and well above the covenant.

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

After making enquiries, obtaining and reviewing managements projections, assessing the cash flow forecasts, assessing the impact of Covid-19 and the potential impact of Brexit and checking the projected compliance of the bank covenants, 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, being a period of at least 12 months from the date of signing and approving these financial statements, supported by the Group. Accordingly, the directors continue to adopt the going concern basis in preparing the Financial Statements.

Other income.

Interest income is accrued on a time-apportioned basis, by reference to the principle outstanding at the effective interest rate.

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its

1 Accounting policies (continued)

estimated residual value on a straight line basis over its expected useful life, as follows:

Fixtures, fittings and equipment 3 - 5 years

Fixed asset investments

Interests in subsidiaries, and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairments of fixed assets

At each reporting end date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets

1 Accounting policies (continued)

classified as fair value through profit or loss are measured at fair value.

Financial assets at fair value through profit or loss
Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement

constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Financial liabilities at fair value through profit or loss
Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

To qualify for hedge accounting, the Company documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).
The Company elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and

1 Accounting policies (continued)

- the changed in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in profit or loss. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in profit or loss in the year(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to profit or loss when the variable rate interest is recognised in profit or loss.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the Group documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to profit or loss, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, and interests in jointly controlled entities, that will be assessed to or allow for tax in a future year except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

1 Accounting policies (continued)

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

An incentive plan is applicable for senior management team members. To the extent that certain performance indicators have been achieved, the relating consideration which has not been paid yet, has been accrued.

The average number of people employed by the Company for the year ended 31 December 2019 was 5.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date or the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

All assets and liabilities (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated in to the Company's presentation currency at the rate ruling at the reporting date. Income and expenses are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

Derivatives valuation

Derivatives are recorded on the balance sheet at their fair value. The Directors have obtained a formal year end third party valuation of the derivatives from the issuer of the derivative instruments at each year end. The third party valuation has been reflected in the Financial Statements.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

During the year 2019 Terberg Ros Roca Group Limited entered a sale and purchase agreement with Bucher Industries France SAS for the sale of Eurvoirie. Further details of this transaction can be found within note 13. The board consider the transaction to have taken place on 13 January 2020 as the transfer of ownership and control of shares took place on this date. As at 31 December 2019, and throughout the entire year, Eurovoirie was owned and controlled by Terberg RosRoca Group Limited therefore the application of discontinued operations does not apply in 2019 and will apply therefore in 2020.

Critical judgements in applying the Group's accounting policies

There are no critical judgements made in the preparation of these financial statements.

Estimation uncertainty

Fixed asset investments are stated at cost less provision for impairment.
The carrying value of fixed asset investments in subsidiary and associated undertakings is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

3 Tangible Fixed Assets

	Fixtures and Fittings 2019 £'000
Cost	
At 1 January 2019 and 31 December 2019	**194**
Depreciation and Impairment	
At 1 January 2019	**(78)**
Depreciation charged in the year	**(39)**
At 31 December 2019	**(117)**
Carrying amount	
At 31 December 2019	**77**
At 31 December 2018	116

4 Investment in subsidiaries

	2019 £'000
Cost	
At 1 January 2019	**182,777**
Additions	**411**
Acquisitions	**1,187**
Disposal	**(1,187)**
At 31 December 2019	**183,188**
At 31 December 2018	**182,777**

4 Investments in subsidiaries (continued)

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
Terberg Environmental B.V.	Ordinary	Baronieweg 23, Postbus 127, 3400 AC IJsselstein, Netherlands	100%	-	Dormant
Terberg Matec Nederland B.V.	Ordinary	Industrieweg 3, Postbus 127, 3400 AC IJsselstein, Netherlands	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Terberg Machines B.V.	Ordinary	Baronieweg 23, Postbus 127, 3400 AC IJsselstein, Nederland	100%	-	Design, manufacture, distribution of lifters for RCV's
Terberg Matec Belgium BvbA	Ordinary	Oosterring 23, 3600, Genk, Belgium	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Terberg Matec Polska SP ZOO	Ordinary	Świecice, ul. Zaborowska 1, 05-860,Plochocin, Poland	100%	-	Distribution and servicing of RCV's and street cleaning equipment
Ros Roca, S.A.U.	Ordinary	Avda Cervera S/N 25300, Tàrrega, Spain	100%	-	Design, manufacture, distribution and servicing of Rear end loaders (RCV's), street cleaning equipment and containers for waste collection

4 Investments in subsidiaries (continued)

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
Resitul Equipamentos Serviços e Teconologias Ambientáis LDA	Ordinary	Nücleo Empresarial da Venda do Pinheiro, Rua D 66, Lisbon, Portugal	100%	-	Distribution and servicing of RCV's and street cleaning equipment
HS Fahrzeugbau GmbH	Ordinary	Süd-Allee 13-15, 49685, Emstek, Germany	100%	-	Design, manufacture, distribution and servicing of Side and front loaders (RCV's)
Eurovoirie SAS	Ordinary	40, avenue Eugène Gazeau, 60300, Senlis, France	100%	-	Production and distribution and servicing of street cleaning equipment. Distribution and servicing of RCV's
Terberg Matec SAS	Ordinary	40, avenue Eugène Gazeau, 60300, Senlis, France	100%	-	Distribution and servicing of RCV's
Terberg Matec UK Limited	Ordinary	Leacroft Road Birchwood, Warrington Cheshire, WA3 6PJ UK	100%	-	Dormant
Dennis Eagle Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	100%	-	Design, manufacture, distribution and servicing of RCV's. Manufacture and services special vehicles for recycling business and distribution lifters for
Refuse Services Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	-	100%	Dormant
Dennis Eagle Group Limited	Ordinary	Heathcote Industrial Estate, Warwick, CV34 6TE, UK	-	100%	Dormant
Dennis Eagle Inc.	Ordinary	2101 47th Street Sarasota Florida 34234-3149 USA	-	100%	Distribution and servicing of RCV's

4 Investments in subsidiaries (continued)

Name of undertaking	Class of shareholding	Address	Proportion of nominal value held Directly	Indirectly	Nature of business
EnviroRent XXI, S.L.U.	Ordinary	Avda Cervera S/N 25300, Tàrrega, Spain	-	100%	Renting out waste collection systems
Ros Roca Malaysia SDN BHD	Ordinary	Selangor Darul Ehsan, Malaysia	-	100%	Dormant
TWP (NEWCO) 151 Limited	Ordinary	Leacroft Road Birchwood, Warrington Cheshire, WA3 6PJ UK	-	100%	Dormant

The main activities of Eurovoirie SAS can be split between the distribution and servicing of RCV's and sweepers & washers. In 2019, it was decided to sell the sweeper & washer activities of the French entity by selling the shares of Eurovoirie SAS and carving out the RCV related activities prior to the sale of the shares. On 3 December 2019 a share purchase agreement was made between Bucher Industries France SAS and Terberg RosRoca Group Limited for the sale of the shares in Eurovoirie SAS. At 31 December 2019 by way of partial contribution of all assets, the assets and liabilities (at net book value) of the RCV business were transferred from Eurovoirie SAS to the newly incorporated entity Terberg Matec SAS. At 31 December 2019 the remaining value of the net assets in Eurovoirie was €5,142,582 (2018: €7,373,683). The closing of the transaction of the sale of the shares in Eurovoirie SAS took place on 13 January 2020.

5 Company Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts due from group undertakings	**2,276**	2,597
Corporation tax recoverable	**547**	302
VAT	**47**	11
Derivative financial instruments	**-**	29
Prepayments	**92**	20
Other debtors	**146**	139
	3,108	3,098
Amounts falling due after more than one year		
Rental deposits	**2**	2
	3,110	3,100

Amounts due from group undertakings are repayable on demand as no repayment schedule has been agreed. Interest on the amount due from group undertakings is charged on an annual basis according to the interest of the external senior loan, depending on the currency of the loan.

Included within other debtors is an amount due from a former member of the key management personnel of £0.1m repayable in December 2021, interest is charged on this loan at commercial rates.

6 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Loans and overdrafts	**7,995**	8,164
Amounts due to group undertakings	**6,151**	12,621
Derivative financial instruments	**10**	-
Tax and social security	**12**	18
Trade creditors	**91**	95
Accruals	**1,585**	1,483
	15,844	22,381

Amounts due to group undertakings are repayable on demand as no repayment schedule has been agreed. Interest on the amount due to group undertakings is charged on an annual basis according to the interest of the external senior loan, depending on the currency of the loan.

7 Creditors: Amounts falling due after more than one year

	2019 £'000	2018 £'000
Loans and overdrafts	**59,035**	67,848
Amounts due to group undertakings	**35,637**	35,810
	94,672	103,658

Company loans and overdrafts are repayable as follows:

Long term loans	2019 £'000	2018 £'000
Between one and two years	**59,620**	8,164
Between two and five years	**-**	60,789
	59,620	68,953
Less finance charges allocated to later periods	**(585)**	(1,105)
	59,035	67,848

7 Company creditors (continued)

On 19 February 2016 the Group obtained a credit facility of €155m from a bank syndicate. The facility consisted of a Senior loan and a Revolving facility.

Facility	2019			2018
	Total €'000	**£'000 (£ at 1.3)**	**€'000**	**Total €'000**
Senior Term Loan:				
Original Term Loan	**90,000**	45,162	31,500	90,000
New Term Loan	**25,000**	12,545	8,750	25,000
	115,000	57,707	40,250	115,000
Revolving Credit Facility (RCF)	**40,000**	-	40,000	40,000
Total credit line	**155,000**	57,707	80,250	155,000
Repayments on the Senior Term loan in 2019:		5,018	3,500	

Credit facility

Key features of the credit facility:

- Interest is based on Euribor/Libor plus a margin. The margin is determined by using the quarterly covenant calculations. The British pounds interest rate is hedged, as required by the banks under the financing agreement.
- The Group has fully drawn down on the Senior Term loan. €16 million of the RCF facility of a total €40 million has been allocated to the subsidiaries for ancillary facilities such as bank guarantees, forward contracts and bank overdrafts.
- The companies Terberg RosRoca Group Limited, Ros Roca S.A.U., Dennis Eagle Limited and Terberg Machines B.V. are guarantors for the facility. The guarantors have pledged their freehold land, intellectual property rights, stock (including moveable assets), receivables and bank accounts. The value of inventories pledged was €39 million (2018: €33 million).
- The Senior loan is scheduled to be repaid in February 2021.
- The Senior Term loan has regular instalment payments.

At 31 December 2019 the Group has utilised €6.2 million (2018: €2.0 million) of the total RCF facility of €40 million for FX contracts, overdrafts, RCF loans and bank guarantees.

The LIBOR interest rate for the long term loans was fixed via an interest swap at 1%, until 2020.

Shareholder's loan

On 19 February 2016 Terberg RosRoca Group Limited entered into a loan agreement of a principal amount of €30 million with its parent company, Terberg Environmental Holding B.V.. This loan was transferred in 2017 to Terberg Environmental UK Limited, a subsidiairy of Royal Terberg Group B.V.. Interest is accrued and capitalised as part of the loan balance every 6 months. The cumulative interest and loan balance is payable on 31 December 2021.

Interest is charged on the shareholder's loan at 5% (2018: 9.7%).

8 Share capital

	2019	2018
	£'000	£'000
Allotted, issued and fully paid:		
49,352,911 ordinary shares of £1 each	**49,353**	49,353

On incorporation the company issued 1 ordinary share for a consideration of £1.

On 19 February 2016 the Company's parent company issued 49,352,911 ordinary shares to acquire the shares of Terberg Environmental B.V. and the shares of Ros Roca Enviroment S.L. The allocation of the issued shares was £27,983,100 for Terberg Environmental B.V. and £21,369,810 for Ros Roca Enviroment S.L.

On the same day, the Company was inserted as an intermediate parent company and the investments in Terberg Environmental B.V. and Ros Roca Environment S.L. were acquired from the parent with an equivalent number of shares, 49,352,911 ordinary shares of £1 each.

The shares issued to acquire Terberg Environmental B.V. (£27,983,100) qualify for share premium relief under section 611 of the Company's Act 2006. As the previous carrying value of Terberg Environmental B.V. was lower than the nominal value of the shares issued, no share premium has been recorded for the issue of shares.

The acquisition of Ros Roca Environment S.L. qualifies for merger relief under section 612 of the Companies Act 2006 and as such the difference between the fair value of the consideration received and the nominal value of the shares issued (£5,080,000) has not been recorded in the Company's accounts