

Gunn JCB Limited

Directors' report and financial statements
for the year ended 31 December 2012

Registered number 00527818



Gunn JCB Limited

Directors' report and financial statements for the year ended 31 December 2012

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Gunn JCB Limited

Directors and advisers for the year ended 31 December 2012

Directors

G W F Smith
P Hartshorn (appointed 1 November 2012)
J H Bailey
J A Dolphin
S P Nixon
T Simcock (appointed 12 March 2012)

Company secretary

J H Bailey

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Freeth Cartwright LLP
Churchill House
Regent Road
Stoke on Trent
ST1 3RQ

Bankers

Barclays Bank Plc
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

Registered office

Atlantic Street
Broadheath
Altrincham
Cheshire
WA14 5DN

Registered number 00527818

Gunn JCB Limited

Directors' report for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2012

Business review and principal activity

Gunn JCB Limited is principally involved in the distribution and after sales support organisation of JCB construction, extraction, mechanical handling, agricultural, groundcare and industrial equipment. The company has a network of 9 strategically located depots (as well as home based staff) throughout the North West, Midlands, North and Mid Wales and the Isle of Man to enable it to provide a quick response to its customers.

The results for the year are set out in the financial statements on page 6. The directors consider the performance of the company to have been satisfactory during the year.

The company has enjoyed increased turnover in the year but gross profit came under severe pressure and this has resulted in lower profits for the financial year than those realised in 2011.

The company considers that it has adequate financial resources to cope with the current trading conditions.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Future outlook

The coming year 2013 will be challenging with continued competitive market conditions, however we anticipate that for the full year similar profits will be achieved to those enjoyed in 2012.

The directors are optimistic of the company's future performance and long term profitability.

Results and dividends

The profit and loss account for the year is set out on page 6. The results for the company show a profit before taxation on ordinary activities of £1,074,000 (2011 profit of £1,523,000) for the financial year and turnover of £88,100,000 (2011 £76,048,000).

During the year an interim dividend of £75 (2011 £150) per ordinary share was paid totalling £375,000 (2011 £750,000). The directors do not propose any final dividend (2011 £nil).

Donations

During the year the company donated £nil (2011 £1,458) to charity.

No political donations were made in the year or in the previous year.

Gunn JCB Limited

Directors' report for the year ended 31 December 2012 (continued)

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows

G W F Smith

P Hartshorn (appointed 1 November 2012)

J H Bailey

J A Dolphun

S P Nixon

T Simcock (appointed 12 March 2012)

The company maintains liability insurance for its directors and officers

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

Business risk

The key business risks affecting the company are considered to relate to competition from other suppliers of similar products and services, product availability, product innovation, employee retention, levels of demand (particularly within the house building and agricultural sectors) and market residual values for used equipment

Financial risk management

The company's operations expose it to a variety of financial risks that includes the effects of changes in commodity price risk, credit risk, liquidity risk and interest rate risk. The directors are aware that the company is susceptible to such changes and has in place a risk management programme that seeks to limit and mitigate the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs

The company seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department

Commodity price risk

The company is exposed to increases in raw materials costs, particularly steel and oil, which are reflected in the purchase price of plant and spare parts from manufacturers. The company is not in a position to manage this risk and relies on the manufacturers to maintain prices at a competitive level

In addition oil and energy costs have an effect on the company's transport and depot facility costs. The company reviews on regular basis prices paid in respect of these costs and searches the market for the most cost effective suppliers

Gunn JCB Limited

Directors' report for the year ended 31 December 2012 (continued)

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions

Interest rate risk

The company has interest bearing liabilities. New bank overdraft facilities were agreed with Barclays Bank plc on 3 July 2012. Interest is charged on the bank overdraft at a rate of 2.0% above the bank's base rate.

The company has a policy of maintaining debt at variable rates and the directors have in place a system to monitor levels of debt and the related interest cost. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Qualifying third party and pension scheme indemnity provisions

At the time this report is approved, no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions are in place for the benefit of one or more of the directors. At no time during the year were any such provisions in force for the benefit of one or more persons who were then directors.

Statement of directors' responsibilities

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

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

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

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

Gunn JCB Limited

Directors' report for the year ended 31 December 2012 (continued)

Disclosure of information to independent auditors

So far as each director is aware there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware

Each director has taken all steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the Board



J H Bailey
Company Secretary
27 March 2013

Gunn JCB Limited

Independent auditors' report to the members of Gunn JCB Limited

We have audited the financial statements of Gunn JCB Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

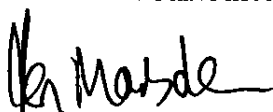
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 March 2013

Gunn JCB Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	1	88,100	76,048
Cost of sales		(80,809)	(68,273)
Gross profit		7,291	7,775
Administrative expenses		(5,840)	(6,021)
Operating profit	2	1,451	1,754
Interest payable and similar charges	3	(377)	(231)
Profit on ordinary activities before taxation		1,074	1,523
Tax on profit on ordinary activities	6	(292)	(425)
Profit for the financial year	18	782	1,098

All operations in the year are continuing

There is no material difference between the profit on ordinary activities before tax and the profit for the year stated above and their historical costs equivalents

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

The accounting policies and notes on pages 8 to 17 form an integral part of the financial statements

Gunn JCB Limited

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	1,901	1,390
Investment in subsidiary undertaking	9	4	4
		1,905	1,394
Current assets			
Stocks	10	11,695	8,631
Debtors	11	5,803	8,212
Cash at bank and in hand		2	2
		17,500	16,845
Creditors: amounts falling due within one year	12	(15,034)	(15,093)
Net current assets		2,466	1,752
Total assets less current liabilities		4,371	3,146
Creditors: amounts falling due after more than one year	14	(645)	(290)
Provisions for liabilities	16	(1,096)	(633)
Net assets		2,630	2,223
Capital and reserves			
Called up share capital	17	5	5
Profit and loss account	18	2,625	2,218
Total shareholders' funds	19	2,630	2,223

The financial statements on pages 6 to 17 were approved by the board of directors on 27 March 2013 and were signed on its behalf by



G W F Smith
Director

Gunn JCB Limited
Registered no 00527818

Gunn JCB Limited

Statement of accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout are set out below.

Tangible fixed assets

Tangible fixed assets are stated at cost. Cost includes the original purchase price of the asset, less any purchase rebates and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates which are calculated to write down the cost or valuation of fixed assets by annual instalments, as follows:

Vehicles	25% to 33 $\frac{1}{3}$ % on reducing balance
Plant, fixtures and fittings	20% to 33 $\frac{1}{3}$ % on a straight line basis

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is the expenditure incurred in the normal course of business in bringing the item to its present location and condition. Where necessary, provision is made for slow moving, obsolete and defective stock. Net realisable value is the actual or estimated selling price less all further costs to completion, selling and distribution expenses.

Work in progress is valued at the cost of direct materials and labour in bringing the product to its present condition.

Turnover

Turnover represents the value of goods and services, net of value added tax and trade discounts, invoiced to external customers during the year, less returns. Turnover is recognised at the point of supply.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where the transactions or events that give rise to an obligation to pay more or less tax in the future have occurred by the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Hire purchase and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under the finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit, in proportion to the reducing capital element outstanding.

Gunn JCB Limited

Statement of accounting policies (continued)

Pension costs

Pension costs as incurred by the company under the defined contribution scheme, are charged to the profit and loss account as incurred. The assets of the scheme are held separately from those of the company in an independently administered fund.

Provisions

Provisions are recognised when the company has a present obligation, as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Warranty provisions, with various expiry dates, based on historical after sales costs, are included within the financial statements. Maintenance provisions, based on historical costs in respect of obligations of the company to maintain customers' plant and machinery to agreed standards to various expiry dates which fall due after the year end, are included within the financial statements.

Consolidation

The financial statements contain information about Gunn JCB Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Gunn JCB (Holdings) Limited, a company incorporated in England and Wales.

Financial Reporting Standard No 1 (Revised 1996)

The company is a wholly owned subsidiary of a group headed by Gunn JCB (Holdings) Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 "Cash flow statements (revised 1996)" from preparing a cash flow statement.

Related party disclosures

As a wholly owned subsidiary of Gunn JCB (Holdings) Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8 from disclosure of transactions and balances with fellow group companies.

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved. Dividend income is recognised in the period in which the right to receive payment is established.

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012

1 Turnover

Turnover represents the amount derived from the provision of goods and services under the company's principal activity, which is carried out in the UK, and is stated net of value added tax

The geographical analysis of turnover by destination is as follows

	2012 £'000	2011 £'000
United Kingdom	85,648	74,517
Overseas	2,452	1,531
	88,100	76,048

2 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting)		
Depreciation		
On owned assets	258	311
On leased assets	379	269
Auditors' remuneration for		
Audit services	25	24
Taxation services	14	8
Pension advisory services	15	8
Staff costs (Note 4)	6,076	5,844
Profit on sale of tangible fixed assets	(10)	(77)
Operating leases – plant and machinery	-	4
Operating leases - other than plant and machinery	47	74

3 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on bank overdrafts	37	30
Interest payable on stocking loan	263	128
Interest payable on inter-company loan	16	12
Interest payable on hire purchase leases	57	61
Other Interest payable	4	-
	377	231

Bank balances are aggregated on a group basis for the purpose of calculating net interest payable

The stocking loan is a loan facility to provide finance for stocking new and used machines for sale

The inter-company loan payable is from the immediate parent undertaking for working capital purposes

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Staff costs and numbers

	2012	2011
	£'000	£'000
Wages and salaries	5,233	4,947
Social security costs	549	524
Pension costs	294	373
	6,076	5,844

Pension costs relate to the agreed contributions that have been made by the company to the Gunn JCB defined contribution scheme for all employees, including directors. The pension cost charge represents the total contributions payable to the funds. Pension costs of £16,664 have been accrued at the year end (2011 £4,930), but no pension costs have been prepaid (2011 £nil).

The average monthly number of persons employed by the company during the year, including directors, analysed by category, was as follows:

	2012	2011
	Number	Number
Office and management	47	55
Sales and technical	110	92
	157	147

5 Directors' remuneration

	2012	2011
	£'000	£'000
Aggregate emoluments of the directors	823	800
Contributions to money purchase pension scheme	197	270
	1,020	1,070

The emoluments of the highest paid director were £223,676 (2011 £231,547). The amount of the company's contributions paid to the defined contribution pension scheme in respect of the highest paid director was £48,644 (2011 £78,586).

Four (2011 three) other directors participate in a defined contribution pension scheme and the company's contributions in respect of these directors were £148,702 (2011 £191,355).

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tax on profit on ordinary activities

a) Analysis of tax charge in year

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profits of the year	314	430
Adjustment in respect of prior years	(1)	(31)
Total current tax	313	399
Deferred tax		
Origination and reversal of timing difference – current year	(35)	(9)
Origination and reversal of timing difference – prior year	14	35
Total deferred tax	(21)	26
Total tax on profit on ordinary activities	292	425

b) Factors affecting the tax charge for the year

The current tax charge for the year is higher than (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before tax	1,074	1,523
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	263	403
Adjustments in respect of prior years	(1)	(31)
Tax credits on franked investment income	-	-
Expenses not deductible for tax purposes	15	17
Effect of change in tax rate on accelerated capital allowances	-	1
Accelerated capital allowances and other timing differences	36	9
Current tax charge for the year	313	399

Factors that may effect future tax charges

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantially enacted on 26 March 2012 and was effective from 1 April 2012, and to 23%, which was substantially enacted on 3 July 2012 and will be effective from 1 April 2013. The relevant deferred tax balances have been re-measured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 22% from 1 April 2014. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

The effect of the reduction of 1% enacted in the Finance (No 2) Act 2012 has been to reduce the deferred tax asset at 1 January 2013 by £371.

The proposed reductions of the main rate of corporation tax to 22% by 1 April 2014 are expected to be enacted in stages. The overall effect of the further changes from 23% to 22%, if these applied to the deferred tax balance at 1 January 2013, would be to reduce the deferred tax asset by £1,613.

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Dividends

	2012 £'000	2011 £'000
Interim dividends paid £75 (2011 £150) per ordinary share	375	750

8 Tangible assets

	Vehicles £'000	Plant, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2012	2,247	2,227	4,474
Additions	1,132	206	1,338
Disposals	(661)	(161)	(822)
At 31 December 2012	2,718	2,272	4,990
Accumulated depreciation			
At 1 January 2012	1,330	1,754	3,084
Charge for the year	446	191	637
Disposals	(476)	(156)	(632)
At 31 December 2012	1,300	1,789	3,089
Net book amount			
At 31 December 2012	1,418	483	1,901
Net book amount			
At 31 December 2011	917	473	1,390

Included above, are vehicles with a net book value of £1,238,629 (2011 £533,431) which are held under hire purchase leases. The depreciation charge for the year includes £378,580 (2011 £268,891) in respect of these vehicles.

9 Investments

The company has a 100% interest in the share capital of Gunn JCB Compact Equipment Limited. The interest was purchased for a consideration of £4,000. The subsidiary is incorporated in Great Britain and did not trade in the current year. The directors consider that the value of the investment is not less than the amount included in the financial statements.

No dividend was received in year from the subsidiary company (2011 £nil).

Group financial statements are not submitted as Gunn JCB Limited is itself a wholly owned subsidiary of Gunn JCB (Holdings) Limited, a company which prepares consolidated financial statements, including Gunn JCB Limited.

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Stocks

	2012	2011
	£'000	£'000
Consumables and goods for resale	11,475	8,483
Work in progress	220	148
	11,695	8,631

11 Debtors

	2012	2011
	£'000	£'000
Trade debtors	4,337	6,732
Other debtors	1,214	1,249
Deferred tax asset (note 13)	37	16
Prepayments and accrued income	215	215
	5,803	8,212

12 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Bank overdraft	994	453
Trade creditors	2,993	3,339
Amounts owed to group undertakings	744	947
Other creditors	73	76
JCB Finance - stocking facility	8,444	8,901
Hire purchase creditor (note 14)	470	370
Other taxation and social security	907	399
Corporation tax	314	430
Accruals and deferred income	95	178
	15,034	15,093

The bank overdraft is secured by a bond and floating charge over all of the company's assets in favour of Barclays Bank PLC. Interest is charged on the bank overdraft at a rate of 2% above the bank's base rate.

The JCB Finance stocking facility is secured upon individual items included in stock and by a bond and floating charge over all of the company's assets in favour of JCB Finance Limited as security for loans advanced to the company. This charge ranks behind the charge to Barclays Bank PLC. Interest is charged on the stocking loan at a rate of 1.25% above Finance House's base rate.

Amounts owed to group undertakings are unsecured, interest bearing at 2% per annum and are repayable on demand.

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Deferred tax

The deferred tax asset can be analysed as follows

	2012 £'000
At start of year - (asset)	(16)
Deferred tax charge in the profit and loss account for the year (note 6)	(21)
At end of year – (asset)	(37)

The deferred tax asset as shown above can be analysed as follows

	Provided 2012 £'000	2011 £'000	Unprovided 2012 £'000	2011 £'000
Excess of depreciation over capital allowances	37	16	-	-

14 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Hire purchase creditor	645	290

Maturity of debts due under hire purchase agreements:

In one year or less	470	370
In more than one year but not more than two years	332	206
In more than two years but not more than five years	313	84
	1,115	660

15 Contingent liability

The company is a participant in a group banking arrangement with Barclays Bank PLC under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these group facilities, as at 31 December 2012 the contingent liability of the company under this arrangement was £2,012,500

16 Provisions for liabilities

	£'000
Maintenance, warranty and buy back provision	
At 1 January 2012	633
Charged in the year	2,283
Amounts utilised in the year	(1,820)
At 31 December 2012	1,096

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

17 Called up share capital

	2012 £'000	2011 £'000
Authorised		
5,000 (2011 5,000) ordinary shares of £1 each	5	5
Allocated and fully paid		
5,000 (2011 5,000) ordinary shares of £1 each	5	5

18 Profit and loss account

	£'000
At 1 January 2012	2,218
Profit for the financial year	782
Dividend (note 7)	(375)
At 31 December 2012	2,625

19 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Opening shareholders' funds	2,223	1,875
Profit for the financial year	782	1,098
Dividend (note 7)	(375)	(750)
Closing shareholders' funds	2,630	2,223

20 Operating lease commitments

Annual commitments under non-cancellable operating leases relating to land and buildings are as follows

	2012 £'000	2011 £'000
Operating leases which expire:		
Within one year	30	30
Within two to five years	17	17
After five years	-	-
	47	47

21 Machine repurchase agreements

The company has future commitments to repurchase machines from customers, at the customer's option, of up to £3,025,270 (2011 £2,645,000), of which options of up to £764,398 (2011 £736,000) may be exercised within 12 months. Option prices vary according to the dates on which the options are exercised and provision has been made in the financial statements for any losses expected to arise from these arrangements.

Gunn JCB Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Capital commitments

	2012	2011
	£'000	£'000
Contracts placed for future capital expenditure not provided for in the financial statements	180	321

23 Related Party Transactions

The company has had the following related parties during the year

Spectrum Plant

G W F Smith, a director of the company, has an interest in Spectrum Plant Limited

During the year the company sold goods totalling £330,938 (2011 £74,857) to Spectrum Plant Limited and purchased goods totalling £2,248 (2011 £22,980)

Debtors falling due within one year include a balance due from Spectrum Plant Limited of £18,720 (2011 £67)

Creditors falling due within one year include a balance due to Spectrum Plant Limited of £0 (2011 £1,121)

24 Ultimate parent company and controlling party

Gunn JCB (Holdings) Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Gunn JCB (Holdings) Limited financial statements can be obtained from its registered office at Atlantic Street, Broadheath, Altrincham, Cheshire, WA14 5DN

The company is ultimately controlled by Mr G W F Smith who controls the voting rights of the company's ultimate parent company