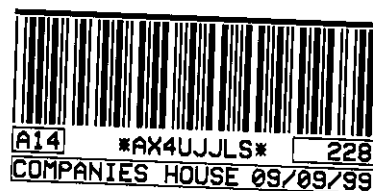


**GUNN JCB LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**31 DECEMBER 1998**

**Registered Number: 527818**



# **GUNN JCB LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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# **GUNN JCB LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 11 months ended 31 December 1998.

### **Principal activity**

The principal activity of the company in the period under review was the distribution and after sale support of JCB construction, extraction, mechanical handling and agricultural and industrial equipment.

### **Change of ownership and accounting reference date**

With effect from 31 May 1998 the entire share capital of the company was sold by Hewden Stuart Plc to JCB Service. As a consequence of this change in ownership the accounting reference date was changed from 31 January to 31 December.

### **Review of business**

The results for the year are as set out in the financial statements on pages 6 to 17.

On a prorata basis turnover and gross margins are at similar levels for the eleven month period as compared with the previous full year, with a welcome improvement in profits arising from the control of costs.

Competitive activity, particularly from the Far East, could erode trading margins and the results for the coming year will depend upon how we control and respond to these pressures.

To maximise the potential opportunities in the market place will require good systems and data management. The Board recognise this need and is committed to maintaining and improving its IT systems to secure this benefit.

Our commitment to safety, training and quality is of paramount importance to us and our safety, training and quality managers continue to promote a safe working environment for customers and staff in an increasingly complex and highly technical world.

### **Year 2000**

Our Project 2000 team has been working hard to minimise the effects of the millennium bug and to this end we have confirmed that the products we sell from our principal suppliers are Y2K compliant. We have also carried out a review of our management information and accounting systems. These systems have been confirmed as being Y2K, tested and brought into use.

All computer hardware is being tested and items not compliant are being upgraded or replaced. In addition we are carrying out a review of all other systems that might contain embedded chips; this process is ongoing and remedial action will be taken before the year 2000 if problems are identified.

The directors consider that expenditure on the Year 2000 project incurred in this financial period was not material and that equipment renewals have been dealt with on a normal capital expenditure basis.

# **GUNN JCB LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **Dividend**

An interim dividend of £7,795,118 was paid during the period. The directors do not recommend the payment of a final dividend for the current period. No dividends were paid in the previous financial year.

### **Donations**

During the period the company donated to charity £1,370 (31 January 1998: £4,035). No political donations were made in this or the previous period.

### **Directors and directors' interests**

The directors who served during the period were as follows:

J M B Davies	
J H Bailey	
S Nixon	
K Bastock	(appointed 24 September 1998)
J A Dolphin	(appointed 24 September 1998)
C E Coutts	(appointed 4 June 1998)
SER Ovens	(appointed 4 June 1998)
W S Hodgson	(resigned 11 November 1998)
T F Morrison	(resigned 4 June 1998)
S C J Bryant	(resigned 4 June 1998)
A F Findlay	(resigned 4 June 1998)

No director held any beneficial interest in the issued share capital of the company or its parent undertaking at the beginning or end of the financial period.

### **Statement of directors responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

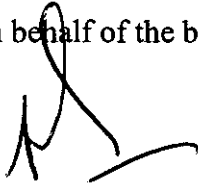
# **GUNN JCB LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **Auditors**

PricewaterhouseCoopers were appointed as auditors during the year. They have indicated their willingness to continue in office and their reappointment will be proposed at the annual general meeting.

On behalf of the board



J H Bailey  
Director/Secretary

Atlantic Street  
Broadheath  
Altrincham  
Cheshire

1 April 1999

## AUDITORS' REPORT TO THE MEMBERS OF GUNN JCB LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 10.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT TO THE MEMBERS OF GUNN JCB LIMITED  
(CONTINUED)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PRICEWATERHOUSECOOPERS

Chartered Accountants  
and Registered Auditors  
Manchester

1 April 1999

# **GUNN JCB LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE 11 MONTHS ENDED 31 DECEMBER 1998**

	11 months ended 31 December 1998 £'000	12 months ended 31 January 1998 £'000
<b>TURNOVER</b> (Notes 1 and 2)	47,811	52,560
Cost of sales	<u>(43,954)</u>	<u>(48,384)</u>
<b>GROSS PROFIT</b>	3,857	4,176
Administration expenses	<u>(3,125)</u>	<u>(3,622)</u>
<b>OPERATING PROFIT</b> (Note 3)	732	554
Net interest payable (Note 4)	<u>(38)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	694	554
Taxation (Note 7)	<u>(246)</u>	<u>(186)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	448	368
Dividend	<u>(7,795)</u>	<u>-</u>
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b> (Note 16)	<u>(7,347)</u>	<u>368</u>



# **GUNN JCB LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 11 MONTHS ENDED 31 DECEMBER 1998**

	11 months ended 31 December <u>1998</u> £'000	12 months ended 31 January <u>1998</u> £'000
Profit for the financial period	448	368
Surplus on revaluation of properties	1,156	-
Total recognised gains and losses for the financial period	<u>1,604</u>	<u>368</u>

## **NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE 11 MONTHS ENDED 31 DECEMBER 1998**

	11 months ended 31 December <u>1998</u> £'000	12 months ended 31 January <u>1998</u> £'000
Profit on ordinary activities before taxation	694	554
Realisation of property revaluation gains	<u>1,172</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation	1,866	554
Historical cost (loss)/profit for the period retained after taxation and dividends	<u>(6,175)</u>	<u>368</u>

# GUNN JCB LIMITED

## BALANCE SHEET AT 31 DECEMBER 1998

	<u>31 December 1998</u>		<u>31 January 1998</u>	
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets (Note 8)		736		1,488
Investment (Note 9)		<u>4</u>		<u>-</u>
		740		1,488
<b>CURRENT ASSETS</b>				
Stocks (Note 10)	6,083		4,244	
Debtors (Note 11)	2,934		3,678	
Cash at bank and in hand	<u>1</u>		<u>2</u>	
	9,018		7,924	
<b>CREDITORS: Amounts falling due within one year (Note 12)</b>		<u>(9,041)</u>		<u>(2,462)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(23)		5,462
<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES (Note 14)</b>		(248)		(290)
		<u>          </u>		<u>          </u>
<b>NET ASSETS</b>		469		6,660
		<u>          </u>		<u>          </u>
<b>CAPITAL AND RESERVES</b>				
Called up equity share capital (Note 15)		5		5
Profit and loss account (Note 16)		464		6,639
Revaluation reserve (Note 16)		<u>-</u>		<u>16</u>
<b>EQUITY SHAREHOLDERS' FUNDS (Note 17)</b>		469		6,660
		<u>          </u>		<u>          </u>

These financial statements were approved by the Board of Directors on 1 April 1999.

  
J H Bailey  
Director

# **GUNN JCB LIMITED**

## **CASH FLOW STATEMENT FOR THE 11 MONTHS ENDED 31 DECEMBER 1998**

	11 months ended 31 December 1998		12 months ended 31 January 1998	
	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b> (Note 22a)		14		506
<b>Returns on investments and servicing of finance</b>				
Interest received	1		-	
Interest paid	<u>(39)</u>		<u>-</u>	
		(38)		-
<b>Taxation</b>				
Taxation paid		-		(186)
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(200)		(376)	
Receipts from sales of tangible fixed assets	<u>1,827</u>		<u>123</u>	
<b>Net cash inflow/(outflow) from capital expenditure</b>		1,627		(253)
<b>Acquisitions and disposals</b>				
Purchase of shares in subsidiary		(4)		-
<b>Dividends</b>		(7,795)		-
		<u>          </u>		<u>          </u>
<b>Net cash outflow before financing</b>		(6,196)		(67)
<b>Financing</b>				
Intercompany loan (Note 22c)		<u>5,646</u>		<u>-</u>
<b>Decrease in cash</b> (Note 22b)		<u>(550)</u>		<u>(67)</u>

# **GUNN JCB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation and accounting period**

The financial statements are prepared in accordance with applicable accounting standards, under the historical cost convention, modified for the revaluation of land and buildings.

During 1998, the company changed its accounting reference date from 31 January to 31 December. Unless otherwise noted, profit and loss and cash flow amounts are in respect of the 11 months ended to 31 December 1998 and comparative information is in respect of the 12 months ended 31 January 1998. Comparative balance sheet amounts are as at 31 January 1998.

#### **Depreciation**

Depreciation is provided at rates which are calculated to write down the cost or valuation of assets by annual instalments as follows:

Vehicles	-	25% to 33 1/3% on reducing balance
Fixtures and fittings	-	at varying rates on a straight line basis

#### **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. 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 cost of direct materials and labour in bringing the product to its present condition.

#### **Deferred taxation**

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable a liability or asset will crystallise.

#### **Operating leases**

Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **Turnover**

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business.

## **GUNN JCB LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **2 TURNOVER**

Turnover is attributable to the company's principal activity which is carried out in the UK.

#### **3 OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	31 December <u>1998</u> £'000	31 January <u>1998</u> £'000
Depreciation	270	319
Auditors' remuneration		
- audit services	15	12
- other services	3	-
Staff costs (Note 5)	3,043	3,189
Loss/(gain) on sale of tangible fixed assets	11	(8)
Operating leases – land and buildings	97	55
Operating leases – other	12	-

#### **4 NET INTEREST PAYABLE**

	31 December <u>1998</u> £'000	31 January <u>1998</u> £'000
Interest payable	39	-
Interest receivable	<u>(1)</u>	<u>-</u>
	38	-
	<u>==</u>	<u>==</u>

Interest payable relates to interest incurred on the bank overdraft. Interest receivable is from cash on deposit. In the year to 31 January 1998 interest charges were borne on a group basis by Hewden Stuart Plc.

# GUNN JCB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5 STAFF COSTS AND NUMBERS

	31 December 1998 £'000	31 January 1998 £'000
Wages and salaries	2,756	2,938
Social security costs	236	251
Pension costs (Note 21)	<u>51</u>	<u>-</u>
	<u>3,043</u>	<u>3,189</u>

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

	Number of employees	
	31 December 1998 £'000	31 January 1998 £'000
Office and management	79	88
Sales and technical	<u>89</u>	<u>90</u>
	<u>168</u>	<u>178</u>

### 6 REMUNERATION OF DIRECTORS

	31 December 1998 £'000	31 January 1998 £'000
Directors' emoluments	<u>270</u>	<u>186</u>
Emoluments of the highest paid director	<u>87</u>	<u>48</u>
Defined benefit pension scheme		
Accrued pension of highest paid director at period end.	<u>23</u>	<u>22</u>

Three directors (31 January 1998 - seven) are accruing benefits under the company's pension scheme.

# GUNN JCB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7 TAXATION

	31 December 1998 £'000	31 January 1998 £'000
UK corporation tax at 31% (1998: 31.3%)	246	186
	<u>          </u>	<u>          </u>

### 8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>COST OR VALUATION</b>				
At 1 February 1998	669	1,211	738	2,618
Revaluation	1,106	-	-	1,106
Additions	-	86	114	200
Disposals	-	(160)	(42)	(202)
Group transfer	<u>(1,775)</u>	<u>-</u>	<u>-</u>	<u>(1,775)</u>
At 31 December 1998	<u>-</u>	<u>1,137</u>	<u>810</u>	<u>1,947</u>
<b>DEPRECIATION</b>				
At 1 February 1998	50	610	470	1,130
Revaluation	(50)	-	-	(50)
Charge for period	-	164	106	270
Disposals	-	(105)	(34)	(139)
Group transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1998	<u>-</u>	<u>670</u>	<u>542</u>	<u>1,211</u>
<b>NET BOOK VALUE</b>				
As at 31 December 1998	<u>-</u>	<u>468</u>	<u>268</u>	<u>736</u>
As at 31 January 1998	<u>619</u>	<u>601</u>	<u>268</u>	<u>1,488</u>

Freehold land and buildings were revalued in the year on the basis of open market value for existing use by Chestertons, a firm of Independent Chartered Surveyors. The transfer of freehold land and buildings occurred within the Hewden Stuart group, prior to the sale of the company to JCB Service.

# GUNN JCB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9 INVESTMENT

The company acquired a 100% interest in the share capital of DGS Plant Sales Limited during the period for a consideration of £3,678. The subsidiary is incorporated in Great Britain and has been dormant throughout the period. The directors consider that the value of the investment is not less than the amount included in the financial statements.

### 10 STOCKS

	31 December 1998 £'000	31 January 1998 £'000
Consumables and goods for resale	5,995	4,127
Work in progress	<u>88</u>	<u>117</u>
	6,083	4,244
	<u><u>        </u></u>	<u><u>        </u></u>

### 11 DEBTORS: Amounts falling due within one year

	31 December 1998 £'000	31 January 1998 £'000
Trade debtors	2,759	2,326
Amounts owed by parent and fellow subsidiary undertakings	-	1,171
Prepayments and accrued income	84	34
Other debtors	<u>91</u>	<u>147</u>
	2,934	3,678
	<u><u>        </u></u>	<u><u>        </u></u>

### 12 CREDITORS: Amounts falling due within one year

	31 December 1998 £'000	31 January 1998 £'000
Bank overdraft	915	366
Trade creditors	1,799	1,565
Amounts owed to parent and fellow subsidiary undertakings	4	36
Intercompany loan	5,646	-
Accruals and deferred income	78	56
Taxation and social security	395	296
Other creditors	<u>204</u>	<u>143</u>
	9,041	2,462
	<u><u>        </u></u>	<u><u>        </u></u>



# GUNN JCB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 LOANS AND OTHER BORROWINGS

	31 December 1998 £'000	31 January 1998 £'000
Intercompany loan	5,646	-
Overdraft	<u>915</u>	<u>366</u>
	6,561	366
	<u><u>        </u></u>	<u><u>        </u></u>
Maturity of debt		
In one year or less or on demand	6,561	366
	<u><u>        </u></u>	<u><u>        </u></u>

The intercompany loan is interest free.

### 14 PROVISION FOR LIABILITIES AND CHARGES

	Maintenance and warranty provision £'000
At 1 February 1998	290
Charged in the period	125
Amounts utilised in the period	<u>(167)</u>
At 31 December 1998	248
	<u><u>        </u></u>

#### Deferred taxation

The company has a potential deferred tax asset of £25,000 which has not been recognised in the financial statements.

# **GUNN JCB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **15 CALLED UP EQUITY SHARE CAPITAL**

	31 December 1998 £'000	31 January 1998 £'000
Authorised, allotted, called up and fully paid 5,000 ordinary shares of £1 each	5	5
	<u>          </u>	<u>          </u>

### **16 RESERVES**

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 February 1998	16	6,639	6,655
Surplus on revaluation	1,156	-	1,156
Realised revaluation surplus on sale of property	(1,172)	1,172	-
Retained loss for the financial period	<u>          </u> -	<u>      (7,347)</u>	<u>      (7,347)</u>
At 31 December 1998	<u>          </u> -	<u>          464</u>	<u>          464</u>

### **17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	31 December 1998 £'000	31 January 1998 £'000
Opening equity shareholders' funds	6,660	6,292
Profit for the financial period	448	368
Dividend	(7,795)	-
Other recognised gains and losses relating to the period - surplus on revaluation	<u>      1,156</u>	<u>          </u> -
Closing equity shareholders' funds	<u>          469</u>	<u>      6,660</u>

# **GUNN JCB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **18 CAPITAL COMMITMENTS**

	31 December 1998 £'000	31 January 1998 £'000
Contracted for but not provided	-	38
	<u>          </u>	<u>          </u>

### **19 OPERATING LEASE COMMITMENTS**

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

	31 December 1998			31 January 1998
	Land & buildings £'000	Other £'000	Total £'000	Land & buildings £'000
Operating leases which expire:				
Within one year	4	-	4	44
Two to five years	90	69	159	11
After five years	<u>84</u>	<u>-</u>	<u>84</u>	<u>-</u>
	178	69	247	55
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### **20 MACHINE REPURCHASE AGREEMENTS**

The company has future commitments to purchase machines from customers, at the customer's option, of up to £4,122,104 (31 January 1998 - £3,221,390) of which options of up to £1,301,050 (31 January 1998 - £818,519) 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 accounts for any losses expected to arise from these arrangements.

## **GUNN JCB LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **21 PENSIONS**

The company ceased to be a member of the Hewden Stuart Group in June 1998 but certain employees of the company have remained (on an interim basis) active members of the Hewden Stuart Plc Group Pension Scheme, pending the set up of alternative arrangements by the company.

The pension charge in Note 5 of the accounts relates to the agreed contribution that has been made by the company from June 1998 onwards.

The appropriate pension charge adjustment under SSAP 24 will be reflected in the accounts of Hewden Stuart Plc and those financial statements also contain details of the Hewden Stuart Plc Group Pension Scheme.

#### **22 CONSOLIDATED FINANCIAL STATEMENTS**

The company has not prepared consolidated financial statements for the period as it has taken advantage of the Companies Act 1985 (Sec 229 (2)) which states that a subsidiary may be excluded from consolidation where inclusion is not material for the purposes of giving a true and fair view.

The company's only subsidiary DGS Plant Sales Limited, is wholly owned and has been dormant throughout the period. Aggregate share capital and reserves of the subsidiary are £3,678 at the year end.

The financial statements of the company therefore present information about it as an individual undertaking and not about its group.

#### **22a RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>31 December 1998</u>	<u>31 January 1998</u>
	£'000	£'000
Operating profit	732	554
Depreciation on tangible fixed assets	270	314
Loss/(profit) on sale of tangible fixed assets	11	(8)
(Increase)/decrease in stocks	(1,839)	808
Increase/(decrease) in debtors	744	(886)
Increase/(decrease) in creditors	<u>96</u>	<u>(276)</u>
<b>Net cash inflow from operating activities</b>	<b>14</b>	<b>506</b>
	<hr/>	<hr/>

**GUNN JCB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22b RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	£'000	£'000
Decrease in cash in the period	(550)	
Cash inflow from increase in debt	<u>(5,646)</u>	
Change in net debt		(6,196)
Net debt at 1 February 1998		<u>(364)</u>
Net debt at 31 December 1998		<u>(6,560)</u>

**22c ANALYSIS OF CHANGE IN NET DEBT**

	At 1 February 1998 £'000	Cashflows £'000	At 31 December 1998 £'000
Cash in hand and at bank	2	(1)	1
Overdraft	(366)	(549)	(915)
Debt due within 1 year	-	(5,646)	(5,646)
	<u>(364)</u>	<u>(6,196)</u>	<u>(6,560)</u>

As set out in Note 23 a loan of £6,020,000 was received from the Hewden Stuart group. Repayments amounting to £374,000 were made in the period, resulting in a net cash inflow of £5,646,000. At the period end the net debt of £5,646,000 is due to JCB Service. This position arises as a consequence of the change in ownership of the company whereupon JCB Service assumed responsibility for the loan balance and repaid the amount due to Hewden Stuart group.

**23 RELATED PARTY DISCLOSURES**

The company's controlling party at the start of the period was Hewden Stuart Plc. As a result of the sale of the company the controlling party became JCB Service. Sales of £5,328,000 were made to Hewden Stuart Plc in the period to 31 December 1998. In addition prior to the sale of the company, the following transactions occurred with the Hewden Stuart group: sale of all the company's premises for £1,775,000; a loan of £6,020,000 was received by the company; a dividend of £7,795,118 was paid by the company.

Separate disclosures of transactions and balances with JCB are not made since the company has taken advantage of the exemption available under FRS 8.

**24 ULTIMATE PARENT COMPANY**

The immediate parent company is JCB Service which is ultimately controlled by Bamford family interests.