

**JCB MATERIALS HANDLING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE**  
**YEAR ENDED 31 DECEMBER 2001**

**Company Registration Number 1351843**



**HOWSONS**

**Chartered Accountants**

**Registered Auditors**

# JCB MATERIALS HANDLING LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2001.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year has been the design, manufacture and marketing of telescopic handling machines and equipment.

The company traded profitably during the year and the directors expect that it will continue to do so for the foreseeable future.

### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2001 £ 000's	2000 £ 000's
Dividends paid on ordinary shares	<u>30,000</u>	<u>-</u>

The directors do not recommend any further distribution for the year.

### DIRECTORS AND SHAREHOLDINGS

The directors who served the company during the year and subsequently were:

Sir Anthony Bamford DL  
J Patterson  
P D Black

None of the directors had any direct interest in the share capital of the company during the year.

### RESEARCH AND DEVELOPMENT

The company maintains a continued commitment to the development of its products to provide future product innovations. Research and development expenditure during the year amounted to £2,230,000 (2000 - £2,863,000).

### THE EURO

The company trades with a number of customers and suppliers who are resident in those European countries that are now members of the single currency, the Euro. The company has reviewed its financial accounting systems to ensure that those customers and suppliers who specifically request settlement in Euros can be accommodated. The company will continue to invoice its customers in sterling, but will accept payment in Euros, and has adapted its accounting systems to deal with the appropriate conversions. The costs of adaptation are largely internal and have not been quantified.

### EMPLOYMENT OF DISABLED PERSONS

Applications for employment from disabled persons are considered on their merits and regard is paid only to the ability of an applicant to carry out satisfactorily the functions required. The same policy is adopted when considering career development and promotion, while in the field of training a distinction would only be made in order to meet the particular requirements of the disabled person. If an employee becomes disabled whilst in employment all due consideration would be given to continued employment, whether in the same or in an alternative capacity, and training would be given where necessary.

# JCB MATERIALS HANDLING LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2001

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### EMPLOYEE INVOLVEMENT

The Board acknowledges the need to encourage employee involvement in the improvement of the group's performance by supplying information on matters of importance through regular consultation with employees.

Information is provided by various means, including audio-visual presentations, company newspapers and information bulletins. There is also an annual review of the group's performance, which is presented to all employees.

Employees are encouraged to participate in local schemes designed to improve the performance in the areas in which they work.

### CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

### AUDITORS

The auditors, Howsons, shall continue in office under the Elective Resolution to section 386 of the Companies Act 1985 passed by the company on 18 October 1990, the directors having received no notice from any member requiring their re-appointment.

Signed on behalf of the board



SIR ANTHONY BAMFORD DL  
CHAIRMAN

# **JCB MATERIALS HANDLING LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 DECEMBER 2001**

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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. The directors 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.

# JCB MATERIALS HANDLING LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2001

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We have audited the financial statements, which comprise the profit and loss account, balance sheet and the related notes. These have been prepared under the historical cost convention and the accounting policies set out therein.

### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.


### BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**HOWSONS**

Chartered Accountants  
Registered Auditors

Winton House  
Stoke Road  
Stoke on Trent  
Staffordshire  
ST4 2RW

28 June 2002

# JCB MATERIALS HANDLING LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	Note	2001 £ 000's	2000 £ 000's
<b>TURNOVER</b>	<b>2</b>	<b>125,216</b>	151,654
Cost of sales		<u>(103,382)</u>	<u>(127,992)</u>
<b>GROSS PROFIT</b>		<b>21,834</b>	23,662
Distribution costs		<u>(5,419)</u>	<u>(6,394)</u>
Administrative expenses		<u>(3,074)</u>	<u>(5,347)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>13,341</b>	11,921
Interest receivable	<b>6</b>	<b>1,219</b>	590
Interest payable	<b>7</b>	<u>(213)</u>	<u>(152)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>14,347</b></u>	<u>12,359</u>
Tax on profit on ordinary activities	<b>8</b>	<u>(4,543)</u>	<u>(3,775)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><b>9,804</b></u>	<u>8,584</u>
Dividends	<b>9</b>	<u>(30,000)</u>	-
<b>(DEFICIT)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(20,196)</b></u>	<u>8,584</u>

### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the results for the year as set out above.

### CONTINUING OPERATIONS

All of the activities of the company are classed as continuing.

The notes on pages 7 to 14 form part of these financial statements.

# JCB MATERIALS HANDLING LIMITED

## BALANCE SHEET

31 DECEMBER 2001

	Note	£ 000's	2001 £ 000's	£ 000's	2000 £ 000's
<b>FIXED ASSETS</b>					
Tangible assets	10		5,432		6,029
<b>CURRENT ASSETS</b>					
Stocks	11	3,208		3,991	
Debtors	12	24,833		33,190	
Cash at bank		6,318		21,170	
		<u>34,359</u>		<u>58,351</u>	
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(26,673)</u>		<u>(30,387)</u>	
<b>NET CURRENT ASSETS</b>			<u>7,686</u>		<u>27,964</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,118</u>		<u>33,993</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	15		(590)		(562)
Other provisions	16		<u>(3,492)</u>		<u>(4,199)</u>
			<u>9,036</u>		<u>29,232</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	18		-		-
Profit and loss account	19		<u>9,036</u>		<u>29,232</u>
<b>SHAREHOLDERS' FUNDS</b>	20		<u>9,036</u>		<u>29,232</u>

These financial statements were approved by the board of directors on the 28 June 2002.

  
SIR ANTHONY BAMFORD DL

The notes on pages 7 to 14 form part of these financial statements.

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned, and the ultimate parent company, JCB Service, publishes a consolidated cashflow statement which is publicly available.

#### Turnover

Turnover represents the invoiced value of goods sold, excluding VAT and net of sales incentives.

#### Depreciation

Depreciation is calculated so as to write off the original cost by equal annual instalments over the expected useful lives of the assets concerned.

The principal rates used are:

Plant and machinery	- 10%
Fixtures, fittings and office equipment	- 10% / 20% / 25%
Motor vehicles	- 20% / 25%
Computers	- 20% / 33%

Additional depreciation is provided where, in the opinion of the directors, there has been a permanent diminution in the value of a fixed asset.

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme, both of which are funded, defined benefit schemes. The costs of providing pensions for employees are charged in the profit and loss account over the average working life of the employees, in accordance with the recommendations of a qualified actuary. Any funding surpluses or deficits that may arise from time to time are amortised over the average remaining service life of employees. The most recent formal actuarial valuations were carried out as at 6 April 2001 and 1 January 2002. Full disclosure of the results of these latter valuations is given in the financial statements of JCB Service.



# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 1. ACCOUNTING POLICIES *(continued)*

#### Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year end or, if appropriate, at the forward contract rate. Differences arising from changes in exchange rates, together with gains or losses on trading transactions (arising on differences between conversion at the rates prevailing on the date of a transaction and on the date of settlement), are taken into account in arriving at the operating profit.

#### Warranty

Provision is made for the company's estimated liability on all machines still under warranty, including claims already received. The provision is charged against trading profits and is included in provisions for liabilities and charges, with amounts recoverable from suppliers included in other debtors.

#### Research and development

Expenditure on research and development is incurred continuously and is charged against revenue as incurred.

#### Repairs and renewals

All repairs and renewals are charged against revenue as incurred.

### 2. TURNOVER

The analysis of turnover, achieved through JCB Sales Limited as agent, by geographical regions is as follows:

	2001 £ 000's	2000 £ 000's
<b>Group</b>		
United Kingdom	568	881
Europe	38,087	53,376
North America	8,665	22,974
Far East	1,594	1,949
<b>Non-Group</b>		
United Kingdom	58,866	57,527
Europe	13,608	11,870
Middle East	2,903	2,017
Africa	327	439
South America	598	621
	<u>125,216</u>	<u>151,654</u>

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001 £ 000's	2000 £ 000's
Depreciation of tangible fixed assets	1,146	1,140
Profit on disposal of tangible fixed assets	(186)	(169)
Auditors' remuneration		
- for auditing	12	11
- for other services	3	5
Operating lease costs		
- land and buildings	756	564
- plant and equipment	209	233
Research and development	<u>2,230</u>	<u>2,863</u>

### 4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	2001 No.	2000 No.
Directors	3	3
Administration	51	72
Production	<u>279</u>	<u>368</u>
	<u>333</u>	<u>443</u>

The aggregate payroll costs of these persons were as follows:

	2001 £ 000's	2000 £ 000's
Wages and salaries	10,208	12,288
Social security costs	726	949
Other pension costs	<u>966</u>	<u>984</u>
	<u>11,900</u>	<u>14,221</u>

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2001 £ 000's	2000 £ 000's
Aggregate emoluments	<u>100</u>	<u>90</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001 No.	2000 No.
Defined benefit schemes	<u>3</u>	<u>2</u>

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 6. INTEREST RECEIVABLE

	2001 £ 000's	2000 £ 000's
Group interest	<u>1,219</u>	<u>590</u>

### 7. INTEREST PAYABLE

	2001 £ 000's	2000 £ 000's
Group discounting charges	<u>213</u>	<u>152</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £ 000's	2000 £ 000's
In respect of the year:		
Corporation Tax based on the results for the year at 30% (2000 - 30%)	4,515	4,463
Increase/(Decrease) in deferred tax provision	<u>28</u>	<u>(737)</u>
	4,543	3,726
Adjustment in respect of previous years:		
Corporation Tax	<u>-</u>	<u>49</u>
	<u>4,543</u>	<u>3,775</u>

### 9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2001 £ 000's	2000 £ 000's
Dividends Paid	<u>30,000</u>	<u>-</u>

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 10. TANGIBLE FIXED ASSETS

	Plant and Machinery £ 000's	Fixtures, Fittings and Equipment £ 000's	Motor Vehicles £ 000's	Total £ 000's
<b>COST</b>				
At 1 January 2001	11,790	811	74	12,675
Additions	700	8	-	708
Disposals	(311)	-	(23)	(334)
<b>At 31 December 2001</b>	<b>12,179</b>	<b>819</b>	<b>51</b>	<b>13,049</b>
<b>DEPRECIATION</b>				
At 1 January 2001	6,108	472	66	6,646
Charge for the year	1,074	64	8	1,146
On disposals	(152)	-	(23)	(175)
<b>At 31 December 2001</b>	<b>7,030</b>	<b>536</b>	<b>51</b>	<b>7,617</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2001</b>	<b>5,149</b>	<b>283</b>	<b>-</b>	<b>5,432</b>
At 31 December 2000	5,682	339	8	6,029

### 11. STOCKS

	2001 £ 000's	2000 £ 000's
Production parts and materials	2,579	2,768
Work in progress	629	1,202
Finished machines	-	21
	<b>3,208</b>	<b>3,991</b>

### 12. DEBTORS

	2001 £ 000's	2000 £ 000's
Trade debtors	53	282
Amounts owed by group undertakings	24,150	32,557
Other debtors	541	351
Prepayments	89	-
	<b>24,833</b>	<b>33,190</b>

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 13. CREDITORS: Amounts falling due within one year

	2001 £ 000's	2000 £ 000's
Trade creditors	9,249	11,862
Amounts owed to group undertakings	12,138	12,434
Amounts owed to JCB companies	146	322
Amounts owed to other related parties	265	181
Corporation tax	4,320	4,265
Other creditors	267	237
Accruals	288	1,086
	<u>26,673</u>	<u>30,387</u>

### 14. PENSIONS

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme. The company is unable to identify its share of the underlying assets and liabilities of these schemes and accounts for contributions to the schemes as if they were defined contribution schemes. The schemes have a combined deficit of £15.4 million, calculated in accordance with FRS 17.

### 15. DEFERRED TAXATION

	2001 £ 000's	2000 £ 000's
The movement in the deferred taxation provision during the year was:		
Provision brought forward	562	1,299
Increase/(Decrease) in provision	28	(737)
Provision carried forward	<u>590</u>	<u>562</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2001 £ 000's	2000 £ 000's
Excess of taxation allowances over depreciation on fixed assets	<u>590</u>	<u>562</u>

The provision carried forward above represents the full potential liability.

### 16. OTHER PROVISIONS

	2001 £ 000's
<b>Other provisions - Warranty:</b>	
At 1 January 2001	4,199
Additional provisions made in the year	2,529
Amounts used	(2,981)
Unused amounts reversed	(255)
At 31 December 2001	<u>3,492</u>

It is expected that most warranty expenditure will be incurred in the next financial year, and nearly all will be incurred within two years of the balance sheet date. Included in Other debtors (Note 12) is an amount totalling £519,000, representing amounts recoverable from suppliers.

# JCB MATERIALS HANDLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

### 17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption, allowed under FRS8, available to wholly-owned subsidiary companies whose results are included in consolidated financial statements that are made publicly available, not to disclose details of transactions with entities that are part of the JCB Service Group or investees of the group qualifying as related parties.

The company subcontracts some of its research and development projects to JCB Research in which Sir Anthony Bamford is a shareholder of one third of the share capital. JCB Research charges this work at cost, so as to make neither profit nor loss after allowing for taxation. The total value of services purchased by the company during the year was £908,000 (2000 - £1,371,000). The net amount owed by the company to JCB Research at 31 December 2001 was £145,000 (2000 - £148,000).

The company purchased production parts and consumables from Iracraft Limited, a company in which Sir Anthony Bamford has an interest. The total value of these purchases by the company during the year was £1,206,000 (2000 - £978,000). The net amount owed by the company to Iracraft Limited at 31 December 2001 was £265,000 (2000 - £181,000).

### 18. SHARE CAPITAL

#### Authorised share capital:

	2001 £	2000 £
100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

#### Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>100</u>	<u>100</u>

### 19. PROFIT AND LOSS ACCOUNT

	2001 £ 000's	2000 £ 000's
At 1 January 2001	29,232	20,648
(Deficit)/Retained profit for the financial year	(20,196)	8,584
At 31 December 2001	<u>9,036</u>	<u>29,232</u>

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

	2001 £ 000's	2000 £ 000's
Profit for the financial year	9,804	8,584
Dividends	(30,000)	-
Net (decrease)/increase in shareholders' funds	(20,196)	8,584
Shareholders' funds at 1 January 2001	<u>29,232</u>	<u>20,648</u>
Shareholders' funds at 31 December 2001	<u>9,036</u>	<u>29,232</u>

Shareholders' funds are wholly attributable to equity interests.

# **JCB MATERIALS HANDLING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2001**

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### **21. ULTIMATE CONTROLLING PARTY**

The company is a wholly-owned subsidiary of JCB Sales Limited, which is itself a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. The largest company to consolidate the accounts of JCB Service is Transmissions and Engineering Services Netherlands BV, a company incorporated in the Netherlands. Transmissions and Engineering Services Netherlands BV is ultimately controlled by Bamford family interests.