

JCB Materials Handling Limited

Company Registration Number 1351843

REPORT AND ACCOUNTS

For the year ended 31 December 1995



HOWSONS

Chartered Accountants

Registered Auditor

JCB Materials Handling Limited

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31 December 1995.

BUSINESS REVIEW

The company's principal activities during the year have 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 do so for the foreseeable future.

The profit on ordinary activities before taxation amounted to £20,415,000 (1994: £11,670,000).

The directors do not recommend the payment of a dividend and therefore £13,591,000 has been transferred to reserves.

DIRECTORS AND SHAREHOLDINGS

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

Sir Anthony Bamford DL

Mr. M. Coyne

Mr. M.J. Butler

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

FIXED ASSETS

The movements in tangible fixed assets are set out in Note 9 to the accounts.

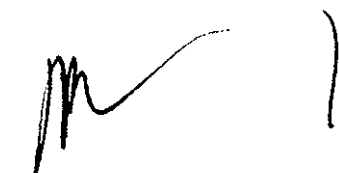
CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Howsons, shall continue in office under the Elective Resolution pursuant 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

DIRECTORS RESPONSIBILITIES

For the year ended 31 December 1995

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- 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 not appropriate 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S REPORT TO THE MEMBERS
OF JCB MATERIALS HANDLING LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the 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 at 31 December 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Howsons
Chartered Accountants
Registered Auditor

Park Chambers,
28 Avenue Road,
Stoke-on-Trent,
ST4 2EZ.

Date: *4th June 1996*

JCB Materials Handling Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

		1995	1994
	Note	£'000	£'000
TURNOVER - continuing operations	2	102,437	79,878
Cost of sales		78,572	64,858
GROSS PROFIT		23,865	15,020
Distribution costs		1,427	1,025
Administrative expenses		4,946	3,789
OPERATING PROFIT - continuing operations	3	17,492	10,206
Interest receivable	6	3,190	1,811
Interest payable	7	(267)	(347)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20,415	11,670
Taxation on profit on ordinary activities	8	6,824	3,886
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED PROFIT FOR THE YEAR	14	13,591	7,784

TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the retained profit for the year ends as stated.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The accounts are prepared under the historical cost convention and thus the reported profit on ordinary activities before taxation is the historical cost profit.


JCB Materials Handling Limited


BALANCE SHEET

As at 31 December 1995

	Note	1995	1994
		£'000	£'000
FIXED ASSETS			
Tangible assets	9	4,214	-
CURRENT ASSETS			
Debtors	10	4,609	11,539
Cash at bank		50,831	29,298
		<u>55,440</u>	<u>40,837</u>
CREDITORS: Amounts falling due within one year	11	23,524	18,521
		<u></u>	<u></u>
NET CURRENT ASSETS		31,916	22,316
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,130	22,316
PROVISION FOR LIABILITIES AND CHARGES	12	223	-
		<u></u>	<u></u>
NET ASSETS		35,907	22,316
		<u></u>	<u></u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	35,907	22,316
		<u></u>	<u></u>
SHAREHOLDERS' FUNDS	15	35,907	22,316
		<u></u>	<u></u>

The accounts were approved by the Board of Directors on *4th June 1996*


SIR ANTHONY BAMFORD DL


M. COYNE

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Fixed Assets

Tangible fixed assets are included at cost as set out in Note 9 to the accounts.

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 equipment	10%
Motor vehicles	20% and 25%
Fixtures, fitting & office equipment	10%
Computers	20% and 25%

c) Research and Development

Research and development expenditure is written off to revenue as it is incurred.

d) Foreign Currencies

Foreign exchange conversion differences are taken to the profit and loss account for the year.

e) Repairs and Renewals

All repairs and renewals are charged against revenue as incurred.

f) 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 creditors.

g) Deferred Taxation

Provision is only made for deferred taxation, using the liability method, in respect of timing differences arising from the difference in treatment of certain items for accounting and taxation purposes, where it is considered that the deferral is unlikely to continue for the foreseeable future and where the consequent liability is expected to be material.

h) Pension Costs

Pension costs are charged in the profit and loss account at the actuarially recommended funding rate on pensionable salary costs for the year.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

2. TURNOVER

Turnover represents the invoice value of goods sold (excluding value added tax), and net of sales incentives.

The analysis of turnover by geographical area is as follows:-

	1995 £'000	1994 £'000
United Kingdom	39,849	37,670
Europe	34,201	22,357
Africa	157	710
Far East	1,819	584
Middle East	4,494	3,105
North America	21,071	14,759
Central/South America	76	425
Group - United Kingdom	770	268
	<hr/>	<hr/>
	102,437	79,878
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3. OPERATING PROFIT

Operating profit is stated after the following:-

	1995 £'000	1994 £'000
Directors remuneration	96	72
Auditors remuneration - for auditing	11	7
- for other services	8	8
Research and development	802	548
Hire of assets	50	171
Profit on exchange	(129)	-
Profit on sale of tangible fixed assets	(44)	-
Depreciation of tangible fixed assets	505	-

4. DIRECTORS REMUNERATION

Excluding pension contributions, the emoluments of the chairman, were £5,000 (1994: £5,000) and the emoluments of the highest paid director were £60,000 (1994: £50,000).

The emoluments of the remaining director was within the following range:-

	1995	1994
£ Nil to £5,000	1	1

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

5. STAFF NUMBERS AND COSTS

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

	1995	1994
Management	3	3
Administration	35	32
Production	160	126
	—	—
	198	161
	—	—

The aggregate payroll costs of these persons were as follows:-

	1995 £'000	1994 £'000
Wages and salaries	4,293	3,380
Social security	372	286
Other pension costs	219	192
	—	—
	4,884	3,858
	—	—

6. INTEREST RECEIVABLE

	1995 £'000	1994 £'000
Group interest	3,190	1,811
	—	—

7. INTEREST PAYABLE

	1995 £'000	1994 £'000
Group discounting charges	267	347
	—	—

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £'000	1994 £'000
Corporation Tax at 33% (1994: 33%)		
On profit for the year	6,650	3,900
Adjustment in respect of prior year	(49)	(14)
Deferred Tax	223	—
	—	—
	6,824	3,886
	—	—

JCB Materials Handling Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

9. TANGIBLE FIXED ASSETS

COST	Plant & machinery £'000	Fixtures & equipment £'000	Total £'000
At 31 December 1994	-	-	-
Additions	3,577	120	3,697
Transfer from group company	2,207	282	2,489
Disposals	(31)	-	(31)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	5,753	402	6,155
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 31 December 1994	-	-	-
Charge for the year	462	43	505
Transfer from group company	1,304	158	1,462
Disposals	(26)	-	(26)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	1,740	201	1,941
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 1995	4,013	201	4,214
	<hr/>	<hr/>	<hr/>
At 31 December 1994	-	-	-
	<hr/>	<hr/>	<hr/>

10. DEBTORS

	1995 £'000	1994 £'000
Amounts owed by group undertakings	4,537	11,505
Other debtors	67	4
Taxation and social security	5	1
Prepayments	-	29
	<hr/>	<hr/>
	4,609	11,539
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £'000	1994 £'000
Trade creditors	1,175	92
Amounts owed to group undertakings	11,844	12,929
Amount owed to JCB Company	16	-
Other creditors	3,836	1,601
Corporation Tax	6,650	3,899
Accruals	3	-
	<hr/> 23,524	<hr/> 18,521

Included in other creditors is the following amount:-

Taxation and social security	1,397	-
	<hr/>	<hr/>

12. PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	1995		1994	
	PROVIDED FOR £'000	FULL POTENTIAL LIABILITY £'000	PROVIDED FOR £'000	FULL POTENTIAL LIABILITY £'000
Accelerated capital allowances	223	223	-	-
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13. SHARE CAPITAL

	1995 £	1994 £
Authorised, issued and fully paid:-		
100 Ordinary shares of £1 each	100	100
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14. PROFIT AND LOSS ACCOUNT

	1995 £'000	1994 £'000
At 31 December 1994	22,316	14,532
Retained profit for the year	<u>13,591</u>	<u>7,784</u>
At 31 December 1995	<hr/> 35,907	<hr/> 22,316

NOTES TO THE ACCOUNTS

For the year ended 31 December 1995

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Profit for the year after taxation being net increase in shareholders' funds	13,591	7,784
Shareholders' funds at 31 December 1994	22,316	14,532
Shareholders' funds at 31 December 1995	35,907	22,316

Shareholders' funds are wholly attributable to equity interests.

16. PENSION SCHEME ARRANGEMENTS

JCB operates pension schemes for its directors and employees. Each is a funded, defined benefit scheme. The funds are valued every three years by a professionally qualified independent actuary, and contribution rates are determined by the actuary.

The principal group scheme is the J. C. Bamford Pension Scheme, which was last valued on an ongoing basis method as at 6 April 1995. Details of the last valuation are disclosed in the accounts of J.C.B. Service.

17. TRANSACTIONS WITH DIRECTORS

The company subcontracts some of its research and development projects to J.C.B. Research in which Sir Anthony Bamford is a shareholder of one third of the share capital. J.C.B. Research charges this work at cost, so as to make neither profit nor loss after providing for taxation. The total value of services purchased by the company during the year was £237,000 (1994: £264,000). The net amount owed by the company to J.C.B. Research at 31 December 1995 was £16,000 (1994: £Nil).

18. ULTIMATE PARENT COMPANY

The company is a wholly-owned subsidiary of J.C.B. Sales Limited, a company registered in England and Wales. The ultimate parent company is Transmissions and Engineering Services Netherlands B.V., a company incorporated in The Netherlands.