Lansing Linde Trifik Limited

Directors' report and financial statements

Registered number 2791930

31 December 2002

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities and future developments

The principal activity of the company during the year was dealing in and undertaking specialised servicing and maintenance of mechanical handling equipment. The company will continue to develop its business in line with current activities.

Business review

The directors are of the opinion that the trading results for the year under review are in line with their expectations. The results are detailed on page 4.

During the year the company has adopted Financial Reporting Standard 19 'Deferred Tax'. This has resulted in the recognition of a deferred tax liability in 2001 and the prior year numbers have been restated accordingly (see note 24).

Dividend

The directors do not recommend the payment of a dividend *(2001: £nil)*.

Directors

The directors who served during the year were as follows:

RL Burt	
GR Smith	
FC Whitby	
WD Geuecke	(appointed 1 July 2002)
T Hofmann	(resigned 1 July 2002)
BJ Molloy	(resigned 31 July 2002)

Since the year end SG Moule was appointed director on 7 January 2003.

Directors' interests

The interests of RL Burt and FC Whitby in the share capital of Trifik Services Limited are disclosed in the directors' report of that company. Trifik Services Limited holds 68% of the share capital of the company.

According to the register of directors' interests, none of the directors who held office at the year end had any disclosable interest in the shares of the company or rights to subscribe for shares in or debentures of the company.

Auditor

KPMG were re-appointed auditors at the last annual general meeting. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 3 October 2002 and the directors appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

PJ Simmonds
Secretary

Kingsclere Road
Basingstoke
Hampshire
RG21 6XJ

Statement of directors' responsibilities

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 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.

KPMG

KPMG LLP
Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of Lansing Linde Trifik Limited

We have audited the financial statements on pages 4 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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.

Basis of audit 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.

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

2 JULY 2003

Profit and loss account
for the year ended 31 December 2002

	Note	2002 £000	As restated 2001 £000
Turnover		**21,027**	23,471
Cost of sales		**(17,160)**	(18,001)
Gross profit		**3,867**	5,470
Selling and distribution costs		**(3,100)**	(3,107)
Administrative expenses		**(1,971)**	(2,104)
Operating (loss)/ profit	*2-4*	**(1,204)**	259
Interest receivable and similar income	*5*	**13**	27
Interest payable and similar charges	*6*	**(708)**	(788)
Loss on ordinary activities before taxation		**(1,899)**	(502)
Tax on loss on ordinary activities	*7*	**178**	(91)
Loss for the financial year		**(1,721)**	(593)
Retained loss brought forward		**(927)**	(334)
Retained loss carried forward	*17*	**(2,648)**	(927)

The results for the current and preceding year represent the results of continuing operations.

The results for 2001 have been restated to reflect the adoption of FRS 19 'Deferred tax' (see note 1 'Accounting policies').

Balance sheet
at 31 December 2002

	Note	2002		As restated 2001	
		£000	£000	£000	£000
Tangible fixed assets	9		7,836		8,383
Current assets					
Residual interest in assets transferred for only part of their life	10	4,131		4,461	
Stocks	11	4,854		5,460	
Debtors	12	5,365		6,678	
Cash at bank and in hand		20		51	
		14,370		16,650	
Creditors: amounts falling due within one year	13	(7,224)		(19,590)	
Net current assets/ (liabilities)					
Due within one year			4,011		(6,583)
Due after more than one year			3,135		3,643
			7,146		(2,940)
Total assets less current liabilities			14,982		5,443
Creditors: amounts falling due after more than one year	14		(15,781)		(4,430)
Provisions for liabilities and charges	15		-		(91)
Net (liabilities)/ assets			(799)		922
Capital and reserves					
Called up share capital	16		1,433		1,433
Property revaluation reserve	17		416		416
Profit and loss account	17		(2,648)		(927)
Equity shareholders' (deficit)/ funds			(799)		922

These financial statements were approved by the board of directors on 25/6/03 and were signed on its behalf by:

RL Burt
Director

Cash flow statement

for the year ended 31 December 2002

	Note	2002 £000	2001 £000
Reconciliation of operating(loss)/ profit to net cash flow from operating activities			
Operating (loss)/ profit		(1,204)	259
Depreciation charges	9	1,467	1,399
Profit on sale of fixed assets		(44)	(24)
Decrease in stocks		606	494
Decrease/ (increase) in debtors		1,313	(892)
Increase in creditors		358	1,223
Net cash inflow from operating activities		2,496	2,459
Cash flow statement			
Cash flow from operating activities		2,496	2,459
Returns on investments and servicing of finance	*19(a)*	(763)	(675)
Capital expenditure	*19(b)*	(803)	(3,114)
Cash inflow/ (outflow) before financing		930	(1,330)
Financing	*19(c)*	(961)	1,142
Decrease in cash in the year		(31)	(188)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(31)	(188)
New loans		-	(1,517)
Cash to repay loans		700	-
Finance lease repayment		261	375
Change in net debt resulting from cash flows		930	(1,330)
New finance leases entered into during the year		(73)	(184)
Reclassification of loan interest		(671)	-
Sale of tax losses to Group resulting in a reduction in net debt		87	-
Movement in net debt in the year		273	(1,514)
Net debt at the start of the year		(13,052)	(11,538)
Net debt at the end of the year	20	(12,779)	(13,052)

Statement of total recognised gains and losses

for the year ended 31 December 2002

	2002 £000	As restated 2001 £000
Loss for the financial year	(1,721)	(593)
Total recognised gains and losses relating to the financial year	(1,721)	(593)
Prior year adjustment in respect of adoption of Financial Reporting Standard 19 'Deferred Tax'	(91)	
Total gains and losses recognised since last annual report	(1,812)	

Reconciliation of movements in shareholders' (deficit)/ funds

for the year ended 31 December 2002

	2002 £000	2001 £000
Opening shareholders' funds:		
As previously stated	1,013	1,515
Prior year adjustment in respect of adoption of Financial Reporting Standard 19 'Deferred Tax'	(91)	-
As restated	922	1,515
Loss for the financial year	(1,721)	(593)
Closing shareholders' (deficit)/ funds	(799)	922

Notes
(forming part of 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. The company has adopted Financial Reporting Standard 19 'Deferred Tax' in the year.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention (modified to include the revaluation of land and buildings).

The financial statements have been prepared under the going concern basis. The company is reliant for its working capital on funds provided through a loan account by Linde Holdings Limited, a 32% shareholder in the company. The directors believe that the company will continue to have access to adequate funding via this loan account to enable it to continue to operate as a going concern.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	50 years
Leasehold improvements	-	10 years
Plant & machinery & office equipment	-	5 years
Motor vehicles	-	4 to 5 years
Hire fleet	-	7 years to a 10% residual

Goodwill

Goodwill arising on the acquisition of the long term hire fleet and its associated income has been capitalised and amortised over a period of 5 years which, in the opinion of the directors, represents a prudent estimate of the period over which the company will derive direct economic benefit from the goodwill.

Pension costs

The company contributes to two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge for the year represents contributions payable by the company to the schemes.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred Tax'.

Notes *(continued)*

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. The turnover and pre-tax profit is all attributable to the principal activity of the company and all goods have been sold and services provided in the United Kingdom.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Sale and repurchase agreements

Where the company has entered into an arrangement whereby fork lift trucks and ancillary equipment are sold to a finance house which leases them on to the end user, and on termination of the lease the company repurchases the equipment. the company has treated the transaction as having disposed of the equipment for only part of its life.

The company's residual interest in the value of the equipment together with related obligations to repurchase them at a guaranteed residual value is therefore recognised in the balance sheet. In addition, the profit on sale is deferred in proportion to the residual value retained. This is recognised on the ultimate sale of the equipment following its repurchase from the finance house or, in the event that the equipment is not repurchased, on termination of the lease arrangement between the finance house and the end user.

Tax liabilities on future sale of properties

The surplus on revaluation of properties in 1998 is included in reserves. No provision has been made for any tax which might be payable in the event of future sales of assets at book values. However, as the properties are held for the long term, it is not anticipated that a significant proportion of this contingent liability will become payable in the near future. The potential liability is quantified in note 22 to the financial statements.

Revaluation

The directors are not aware of any material change in value to the freehold property and therefore have not updated their valuation.

Notes *(continued)*

2 Operating loss

	2002	2001
	£000	£000
The operating (loss)/ profit is stated after charging/(crediting):		
Auditors' remuneration:		
Audit work	31	24
Other	8	9
Depreciation	1,467	1,399
Plant hire	261	198
Profit on disposal of fixed assets	(44)	(24)

3 Remuneration of directors

	2002	2001
	£000	£000
Directors' emoluments:		
Remuneration	349	334
Company contributions to money purchase pension schemes	61	59
	410	393

The aggregate of emoluments of the highest paid director was £170,708 *(2001: £155,924)* and company pension contributions of £29,648 *(2001: £28,369)* were made to a money purchase scheme on his behalf.

	Number of directors	
	2002	2001
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3

4 Staff numbers and costs

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

	Number of employees	
	2002	2001
Office and management	26	26
Service and production	184	206
	210	232

Notes *(continued)*

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	**4,800**	5,063
Social security costs	**423**	454
Pension contributions	**163**	180
	5,386	5,697

5 Interest receivable and similar income

	2002	2001
	£000	£000
Bank deposit interest	**13**	27

6 Interest payable and similar charges

	2002	2001
	£000	£000
On hire purchase and finance lease agreements	**37**	49
On loan interest	**671**	739
	708	788

7 Taxation

Analysis of charge in period

	2002	2001
	£000	£000
UK corporation tax		
Current tax on income for the period	**-**	-
Credit from transfer of tax losses to other group undertakings	**(87)**	-
Total current tax credit	**(87)**	-
Deferred tax (credit)/ charge (see note 15)	**(91)**	91
Tax on loss on ordinary activities	**(178)**	91

Notes *(continued)*

7 Taxation (continued)

The current tax credit for the period is different from the standard rate of tax in the UK of 30% (2001: 30%):

	2002 £000	2001 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(1,899)**	(502)
Current tax at 30% (2001: 30%)	**570**	151
Effects of:		
Expenses not deductible for tax purposes	**(14)**	(14)
Movement in accelerated capital allowances	**(411)**	100
Increase in losses carried forward	**(123)**	(177)
Losses surrendered to group companies	**(117)**	(93)
Items treated as disallowable	**11**	33
Other timing differences	**(3)**	-
Total current tax charge (see above)	**(87)**	-

8 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January and 31 December 2002	75
Amounts written off	
At 1 January and 31 December 2002	75
Net book value	
At 31 December 2002	**-**
At 31 December 2001	-

Notes *(continued)*

9 Tangible fixed assets

	Freehold property	Leasehold improvements	Plant and machinery and office equipment	Motor vehicles	Hire fleet	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 January 2002	2,458	30	1,298	2,457	7,660	13,903
Additions in the year	12	-	43	119	1,395	1,569
Disposals in the year	(182)	-	(136)	(353)	(902)	(1,573)
At 31 December 2002	2,288	30	1,205	2,223	8,153	13,899
Depreciation						
At 1 January 2002	364	19	673	1,407	3,057	5,520
Provided during year	76	3	184	395	809	1,467
Disposals in the year	(34)	-	(4)	(306)	(580)	(924)
At 31 December 2002	406	22	853	1,496	3,286	6,063
Net book value						
At 31 December 2002	**1,882**	**8**	**352**	**727**	**4,867**	**7,836**
At 31 December 2001	2,094	11	625	1,050	4,603	8,383

Included within tangible fixed assets are assets with a net book value of £396,000 *(2001: £536,000)* held under hire purchase contracts. The depreciation for the period on these assets was £132,000 *(2001: £141,000)*.

On 28 September 1998, an independent external valuation of the freehold property was carried out by Barton-Rix, Chartered Surveyors, 39 Stukeley Street, London WC2B 5LT. These were valued on the basis of open market value of the property as fully equipped and operational.

The historical cost of the properties stated at valuation is approximately £1,246,000.

Notes *(continued)*

10 Residual interest in assets transferred for only part of their life

	2002 £000	2001 £000
Fork lift trucks and ancillary equipment:		
Due within one year (note 13)	**996**	818
Due within two to five years (note 14)	**3,089**	3,587
Due in more than five years (note 14)	**46**	56
	4,131	4,461

11 Stocks

	2002 £000	2001 £000
New and used equipment	**1,904**	1,589
Spares and consumables	**2,950**	3,871
	4,854	5,460

In the opinion of the directors, the replacement cost of stocks is not materially different from the above amounts.

12 Debtors

	2002 £000	2001 £000
Trade debtors	**4,235**	5,194
Prepayments and accrued income	**1,118**	1,472
Corporation tax recoverable	**12**	12
	5,365	6,678

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Loan	-	12,076
Obligations under repurchase agreements (notes 10 & 22)	996	818
Finance leases - hire purchase	152	239
Trade creditors	5,283	4,851
Interest payable	-	739
Other tax and social security	183	278
Other creditors and accruals	610	589
	7,224	19,590

14 Creditors: amounts falling due after more than one year

	2002 £000	2001 £000
Loan	12,600	640
Finance leases - hire purchase	46	147
Obligations under repurchase agreements (notes 10 & 22)	3,135	3,643
	15,781	4,430

The loan of £12,600,000 is secured by a fixed and floating charge over the company's assets and is provided by a related party, see note 23. This loan bears interest at 1% above base rate and the term of the loan is to 31 May 2007.

Analysis of finance lease creditors falling due after more than one year:

	2002 £000	2001 £000
Repayable in 1 to 2 years	36	132
Repayable in 2 to 5 years	10	15
	46	147

15 Provisions for liabilities and charges

	Deferred tax 2002 £000	Deferred tax 2001 £000
At beginning of year	(91)	-
(Charge)/credit to the profit and loss for the year	91	(91)
At end of year	-	(91)

Notes *(continued)*

15 Provisions for liabilities and charges (continued)

The elements of deferred tax are as follows:

	2002		2001	
	Provided £000	**Unprovided £000**	Provided £000	Unprovided £000
Tax losses carried forward	-	**400**	277	-
Accelerated capital allowances	-	**31**	(380)	-
Other timing differences	-	**9**	12	-
Undiscounted provision for deferred tax	-	**440**	(91)	-

The directors do not believe it is prudent to recognise a deferred tax asset at the current time.

16 Share capital

	2002 £000	2001 £000
Authorised		
Ordinary shares of £1 each	**10,000**	10,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,433**	1,433

17 Reserves

	Revaluation Reserve £000	**Profit and loss account** £000
At beginning of year as previously stated	416	(836)
Prior year adjustment	-	(91)
At beginning of year as restated	416	(927)
Loss for the financial year	-	(1,721)
At the end of the year	416	(2,648)

Notes *(continued)*

18 Pension costs

The company contributes to two money purchase schemes in the UK, the assets of which are held in separate trustee administered funds. With effect from 31 January 2001 the company ceased its participation in a defined benefit scheme although existing members of that scheme could retain their accrued benefits in the scheme. Further information regarding this scheme, including Financial Reporting Standard 17 disclosure, may be found in the financial statements of Lansing Linde Limited.

The total pension cost for the company was £163,000 *(2001: £180,000)*.

19 Analysis of cash flows for headings netted in the cash flow statement

a) Returns on investments and servicing of finance

	2002 £000	2001 £000
Interest received	13	27
Interest paid	(739)	(653)
Interest element of finance lease rental payments	(37)	(49)
	(763)	(675)

b) Capital expenditure

	2002 £000	2001 £000
Payments to acquire tangible fixed assets	(1,367)	(3,506)
Sale of tangible fixed assets	564	392
	(803)	(3,114)

c) Financing

	2002 £000	2001 £000
Capital element of finance lease rental payments	(261)	(375)
Repayment of amounts borrowed	(700)	-
New loan borrowings	-	1,517
	(961)	1,142

Notes *(continued)*

20 Analysis of net debt

	At beginning of year £000	Cash flow £000	Non cash movements £000	**At end of year £000**
Cash in hand, at bank	51	(31)	-	**20**
Debt due after one year	(640)	80	(12,040)	**(12,600)**
Debt due within one year	(12,076)	620	11,456	**-**
Finance leases	(387)	261	(73)	**(199)**
Total	(13,052)	930	(657)	**(12,779)**

21 Commitments

The company has annual commitments under operating leases which expire within two to five years inclusive of £38,000 *(2001: £74,000)*.

22 Obligations and contingent liabilities

The company is committed to buy back certain assets sold to a finance company who subsequently leased them to third parties, at guaranteed residual values which amounted to £5,261,000 (undiscounted) as at 31 December 2002 *(2001: £5,811,000)*. These obligations are included within creditors in the accounts at their discounted values (see note 13 and note 14).

There is a contingent liability in respect of tax on property sales if these were to be made at current valuation. The maximum amount of such contingent liability would not exceed £100,000 at 31 December 2002 *(2001: £104,000)*.

23 Related party transactions

Lansing Linde Trifik Limited is a main dealer solely for Lansing Linde forklift trucks.

These forklift trucks, and the spare parts therefore, are supplied exclusively by wholly owned subsidiaries of Linde Holdings Limited.

Linde Holdings Limited owns 32% of the issued ordinary share capital of Lansing Linde Trifik Limited.

The transactions with Linde Holdings Limited and its wholly owned subsidiaries during the year were as follows:

	2002 £000	2001 £000
Purchase of goods for resale	**12,552**	10,763
Interest payable on loans	**671**	653
	13,223	11,416

Notes *(continued)*

23 Related party transactions (continued)

The balances outstanding within these related parties at the year end were as follows:

	2002 £000	2001 £000
Trade debtors	1,056	635
Trade creditors due within one year	(4,355)	(2,913)
Other creditors due within one year	-	(12,076)
Other creditors due in more than one year	(12,600)	(640)
	(15,899)	(14,994)

24 Prior year adjustment

During the year the company has adopted Financial Reporting Standard 19 'Deferred Tax'. This has resulted in the recognition of a deferred tax liability in 2001 and the prior year numbers have been restated accordingly.

The main items affected are shown below:

	2002 New policy £000	2002 Old policy £000	2001 New policy £000	2001 Old policy £000
Profit and loss reserve	(2,648)	(2,648)	(927)	(836)
Current taxation (charge)/ credit	(91)	-	91	-
Provisions for liabilities and charges	-	-	(91)	-
Net (liabilities)/ assets	(799)	(799)	922	1,013

25 Ultimate parent company

The ultimate parent company is Trifik Services Limited, registered in England and Wales. Copies of the group accounts of Trifik Services Limited can be obtained from Lansing Linde Trifik Limited, Unit 1, Charlton Mead Lane, Hoddesdon, Hertfordshire, EN11 0DJ.