Lansing Linde Trifik Limited

Directors' report and financial statements

Registered number 2791930

31 December 2000

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

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 market expectations.

Dividend

The directors do not recommend the payment of a final ordinary dividend *(1999: £nil)*.

Directors and directors' interests

The directors who served during the year were as follows:

RL Burt	
GR Smith	
FC Whitby	
T Hofmann	
F Sturm	
RR Freeman	(resigned 31 January 2000)
BJ Molloy	(appointed 31 January 2000)

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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

PJ Simmonds

PJ Simmonds
Secretary

Kingsclere Road
Basingstoke
Hampshire
RG21 6XJ

3 . 8 2001

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

Arlington Business Park
Theale
Reading RG7 4SD
United Kingdom

Report of the auditors to the members of Lansing Linde Trifik Limited

We have audited the financial statements on pages 4 to 18.

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. 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 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

10th August 2001

Profit and loss account
for the year ended 31 December 2000

	Note	**2000**	1999
		£000	£000
Turnover	*2*	**23,419**	22,418
Cost of sales		**(19,130)**	(18,887)
Gross profit		**4,289**	3,351
Selling and distribution costs		**(2,278)**	(1,357)
Administrative expenses		**(1,901)**	(1,571)
Operating profit	*3-5*	**110**	603
Interest receivable and similar income	*6*	**25**	26
Interest payable and similar charges	*7*	**(700)**	(590)
(Loss)/profit on ordinary activities before taxation		**(565)**	39
Tax on (loss)/profit on ordinary activities		**-**	-
(Loss)/profit for the financial year		**(565)**	39
Retained profit brought forward		**231**	192
Retained (loss)/profit carried forward		**(334)**	231

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

No other gains or losses were recognised during the current or preceding periods.

Balance sheet
at 31 December 2000

	Note	2000		1999	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*8*		**6,462**		5,939
Intangible assets	*9*		**-**		13
			6,462		5,952
Current assets					
Residual interest in assets transferred for only part of their life	*10*	**3,834**		3,843	
Stocks	*11*	**5,954**		5,364	
Debtors	*12*	**5,786**		4,971	
Cash at bank and in hand		**239**		34	
		15,813		14,212	
Creditors: amounts falling due within one year	*13*	**(6,189)**		(8,991)	
Net current assets			**9,624**		5,221
Total assets less current liabilities			**16,086**		11,173
Creditors: amounts falling due after more than one year	*14*		**(14,571)**		(9,093)
Net assets			**1,515**		2,080
Capital and reserves					
Called up share capital	*16*		**1,433**		1,433
Property revaluation reserve	*17*		**416**		416
Profit and loss account	*17*		**(334)**		231
Equity shareholders' funds	*18*		**1,515**		2,080

These financial statements were approved by the board of directors on 3rd August 2001 and were signed on its behalf by:

RL Burt
Director

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		**110**	603
Amortisation of goodwill		**13**	12
Depreciation charges		**1,180**	1,178
(Profit)/loss on sale of fixed assets		**(25)**	(1)
(Increase)/decrease in stocks		**(590)**	(724)
(Increase)/decrease in debtors		**(777)**	3,915
(Decrease)/increase in creditors		**(2,195)**	(300)
Net cash (outflow)/inflow from operating activities		**(2,284)**	4,683
Cash flow statement			
Cash flow from operating activities		**(2,284)**	4,683
Returns on investments and servicing of finance	*20(a)*	**(1,307)**	(11)
Taxation		**(38)**	44
Capital expenditure	*20(b)*	**(1,066)**	(653)
Cash (outflow)/inflow before financing		**(4,695)**	4,063
Financing	*20(c)*	**4,900**	(4,335)
Increase/(decrease) in cash in the period		**205**	(272)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		**205**	(272)
Loans acquired		**(5,611)**	-
Cash to repay loans		**314**	4,052
Change in net debt resulting from cash flows		**(5,092)**	3,780
New finance leases entered into during the year		**(612)**	(226)
Finance lease repayment		**397**	283
Movement in net debt in the period		**(5,307)**	3,837
Net debt at the start of the period		**(6,231)**	(10,068)
Net debt at the end of the period	*21*	**(11,538)**	(6,231)

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.

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).

Revaluation

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

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 properties	-	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

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 23 to the financial statements.

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 pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately in trustee administered funds. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The cost is calculated by the company's actuaries. Variations from regular cost are allocated over the expected remaining service lives of current employees in the scheme.

The company also contributes to a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme.

Notes *(continued)*

1 Accounting policies (continued)

Stocks

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

Deferred taxation

Deferred taxation is potentially payable on the difference between the written down values of fixed assets for financial statement and taxation purposes and on other timing differences. Where the directors consider that an actual liability will arise in the foreseeable future, provision is made to cover that amount, using the liability method, at the prevailing corporation tax rate.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

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.

2 Turnover

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.

Notes *(continued)*

3 Operating profit

	2000 £000	1999 £000
The operating profit is stated after charging/(crediting):		
Auditors' remuneration:		
Audit work	**22**	17
Other	**5**	1
Depreciation	**1,180**	1,178
Amortisation of goodwill	**13**	12
Plant hire	**389**	244
Profit on disposal of fixed assets	**(25)**	(1)

4 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments:		
Remuneration	**331**	304
Company contributions to money purchase pension schemes	**56**	43
	387	347

The aggregate of emoluments of the highest paid director was £157,238 *(1999: £138,572)* and company pension contributions of £25,812 *(1999: £19,304)* were made to a money purchase scheme on his behalf.

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**3**	3

5 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 2000	1999
Office and management	**24**	20
Service and production	**218**	174
	242	194

Notes *(continued)*

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	4,961	4,315
Social security costs	451	397
Pension contributions	345	233
	5,757	4,945

6 Interest receivable and similar income

	2000	1999
	£000	£000
Bank deposit interest	25	26

7 Interest payable and similar charges

	2000	1999
	£000	£000
On hire purchase and finance lease agreements	44	36
On loan interest	656	554
	700	590

Notes *(continued)*

8 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 2000	2,166	30	849	1,982	5,649	10,676
Additions in the year	22	-	318	903	828	2,071
Disposals in the year	-	-	(227)	(353)	(828)	(1,408)
At 31 December 2000	2,188	30	940	2,532	5,649	11,339
Depreciation						
At 1 January 2000	217	14	591	1,209	2,706	4,737
Provided during year	71	3	112	383	611	1,180
Disposals in the year	-	-	(227)	(303)	(510)	(1,040)
At 31 December 2000	288	17	476	1,289	2,807	4,877
Net book value						
At 31 December 2000	**1,900**	**13**	**464**	**1,243**	**2,842**	**6,462**
At 31 December 1999	1,949	16	258	773	2,943	5,939

Included within tangible fixed assets are assets with a net book value of £759,499 *(1999: £513,871)* held under hire purchase contracts. The depreciation for the period on these assets was £156,894 *(1999: £115,274)*.

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)*

9 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January and 31 December 2000	75
Amounts written off	
At 1 January 2000	62
Charged for the year	13
At 31 December 2000	75
Net book value	
At 31 December 2000	-
At 31 December 1999	13

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

	2000 £000	1999 £000
Fork lift trucks and ancillary equipment:		
Due within one year (note 13)	**729**	492
Due within two to five years (note 14)	**3,024**	3,214
Due within six to ten years (note 14)	**81**	137
	3,834	3,843

11 Stocks

	2000 £000	1999 £000
New and used equipment	**2,945**	2,629
Spares and consumables	**3,009**	2,735
	5,954	5,364

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

Notes *(continued)*

12 Debtors

	2000 £000	1999 £000
Trade debtors	**4,348**	3,478
Prepayments and accrued income	**1,426**	1,519
Corporation tax recoverable	**12**	(26)
	5,786	4,971

13 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Loan	**-**	314
Obligations under repurchase agreements (notes 10 & 23)	**729**	492
Finance leases - hire purchase	**311**	209
Trade creditors	**3,658**	6,096
Interest payable	**652**	1,284
Other tax and social security	**363**	394
Other creditors and accruals	**476**	202
	6,189	8,991

14 Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Other loans	**11,199**	5,588
Finance leases - hire purchase	**267**	154
Obligations under repurchase agreements (notes 10 & 23)	**3,105**	3,351
	14,571	9,093

Analysis of loan falling due after more than one year:

	2000 £000	1999 £000
Repayable in 2 to 5 years	**11,199**	5,588

This amount represents two loans of £720,000 and £10,479,000 respectively. The loan of £720,000 is repayable over 9 years in equal quarterly instalments. This loan bears interest at 1% above base rate and is secured upon the freehold of Unit 1. The loan of £10,479,000 is not repayable until at least 2002 and is secured by a fixed and floating charge over the company's assets. This loan bears interest at 1% above base rate and has no fixed terms of repayment.

Notes *(continued)*

14 Creditors: amounts falling due after more than one year (continued)

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

	2000	1999
	£000	£000
Repayable in 1 to 2 years	**187**	127
Repayable in 2 to 5 years	**80**	27
	267	154

15 Deferred taxation

	2000		1999	
	Provided	**Unprovided**	Provided	Unprovided
	£000	**£000**	£000	£000
Accelerated capital allowances	**-**	**189**	-	105
Other timing differences	**-**	**6**	-	29
	-	**195**	-	134

16 Share capital

	2000	1999
	£000	£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	**Profit and loss account**
	£000	£000
At beginning of year	416	231
(Loss) for the financial year	-	(565)
At the end of the year	416	(334)

Notes *(continued)*

18 Reconciliation of movement in equity shareholders' funds

	2000 £000	1999 £000
(Loss)/profit for the financial year	**(565)**	39
Net (reduction)/addition to equity shareholders' funds	**(565)**	39
Opening equity shareholders' funds	**2,080**	2,041
Closing equity shareholders' funds	**1,515**	2,080

19 Pension costs

The company contributes to one defined benefits scheme and two money purchase schemes in the UK, the assets of which are held in separate trustee administered funds.

The total pension cost for the company was £345,285 (Defined Benefit Scheme £245,957; Money Purchase Schemes £99,328) *(Total 1999: £232,507)*. The pension cost has been assessed in accordance with the advice of qualified actuaries, who are not officers of the company, using the actuarial assumptions set out below. Variations in cost have been spread over the estimated remaining working lifetime of the members of each scheme.

The most recent formal actuarial valuation of the defined benefits scheme was at 1 January 2000.

At the date of the most recent actuarial valuation, the total market value of the Lansing Linde Pension Scheme's assets was £169.5m and the actuarial value of those assets represented 92.5% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments (which was expected to be between 4.8% to 5.8% per annum), the rates of increase in salaries and pensions (which were expected to average an increase of 4.5% per annum) and that present and future pensions would increase at guaranteed rates.

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

a) Returns on investments and servicing of finance

	2000 £000	1999 £000
Interest received	**25**	26
Interest paid	**(1,288)**	-
Interest element of finance lease rental payments	**(44)**	(37)
	(1,307)	(11)

Notes *(continued)*

20 Analysis of cash flows for headings netted in the cash flow statement (continued)

b) Capital expenditure

	2000 £000	1999 £000
Payments to acquire tangible fixed assets	**(1,459)**	(1,319)
Sale of tangible fixed assets	**393**	666
	(1,066)	(653)

c) Financing

	2000 £000	1999 £000
Capital element of finance lease rental payments	**(397)**	(283)
Repayment of amounts borrowed	**(314)**	(4,052)
New loan borrowings	**5,611**	-
	4,900	(4,335)

21 Analysis of net debt

	At beginning of year £000	Cash flow £000	Non cash flows £000	**At end of year £000**
Cash in hand, at bank	34	205	-	**239**
Debt due after one year	(5,588)	(5,611)	-	**(11,199)**
Debt due within one year	(314)	314	-	-
Finance leases	(363)	397	(612)	**(578)**
Total	(6,231)	(4,695)	(612)	**(11,538)**

Notes *(continued)*

22 Commitments

	Land and buildings	
	2000	1999
	£000	£000
Operating leases which expire:		
Within one year	**35**	-
In the second to fifth years inclusive	**37**	72
	72	72

23 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 £5,061,768 as at 31 December 2000 *(1999: £5,127,637)*. 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 £124,800 at 31 December 2000 *(1999: £124,800)*.

At 31 December 2000 the company had contracted for the building of an extension to its freehold property with completion due in 2001. The contractual obligation was £177,340.

24 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:

	2000	1999
	£000	£000
Purchase of goods for resale	**13,060**	11,888
Interest payable on loans	**656**	1,554
	13,716	12,442

Notes *(continued)*

24 Related party transactions (continued)

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

	2000	1999
	£000	£000
Trade creditors due within one year	**3,458**	4,293
Other creditors due within one year	**732**	1,598
Other creditors due in more than one year	**11,199**	5,588
	15,389	11,479

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.