

**Stewart Plant Sales Limited**

**Directors' report and financial statements**

**31 December 2005**



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# **STEWART PLANT SALES LIMITED**

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**Company no. SC 34905**

## **STEWART PLANT SALES LIMITED**

### **DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2005**

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2005.

#### **Principal activity**

The principal activity of the company during the year was the distribution of equipment to construction and industrial markets.

#### **Review of business**

Strong demand for an increased range of new machines, including the JCB Compact range which was previously handled by our sister company Scot JCB Limited, coupled with increases in after sales support activities have enabled the company to substantially increase turnover. Trading in 2006 is at a similar level to last year and the directors expect sales volumes and profits to be satisfactory.

#### **Results and Dividends**

The profit for the year, after taxation, amounted to £294,000. The directors do not recommend the payment of a dividend (2004 - £Nil).

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors review and agree policies for managing the above risks and these are summarised below. The directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

##### **Credit risk**

The company has implemented policies that require appropriate checks on potential customers before sales are made.

##### **Liquidity risk**

The company actively maintains short-term debt finance that is designed to ensure the company has sufficient available funds for all needs for the foreseeable future.

## **STEWART PLANT SALES LIMITED**

### **DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2005 (CONTINUED)**

#### **Interest rate risk**

The company has both interest bearing assets and interest bearing liabilities. The only interest bearing assets are cash balances, which earn interest at variable rates linked to base rates. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis using bank and other borrowings as agreed by the directors.

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

The directors who served during the year were as follows :

S C J Bryant  
T F Morrison  
J Kilby  
D M Donoghue  
S K Barker (appointed 1 May 2005)

No director held any beneficial interest in the issued share capital of the company at the beginning or end of the financial year.

The interests of the directors in the share capital of Scot JCB (Holdings) Limited are disclosed in its financial statements.

#### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP for the year 2006 will be proposed at the Annual General Meeting.

On behalf of the board



S K Barker  
Secretary

4 May 2006

## **STEWART PLANT SALES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

## **STEWART PLANT SALES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWART PLANT SALES LIMITED**

We have audited the financial statements of Stewart Plant Sales Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**STEWART PLANT SALES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEWART PLANT  
SALES LIMITED (CONTINUED)**

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*Manchester*  
*4 May 2006*

**STEWART PLANT SALES LIMITED**

**PROFIT AND LOSS ACCOUNT - YEAR ENDED 31 DECEMBER 2005**

	Year Ended 31 December <u>2005</u> <u>£'000</u>	Year Ended 31 December <u>2004</u> <u>£'000</u>
<b>TURNOVER</b> (Note 2)	11,884	8,321
Cost of Sales	<u>(10,413)</u>	<u>(7,011)</u>
<b>GROSS PROFIT</b>	1,471	1,310
Administration Expenses	<u>(1,051)</u>	<u>(951)</u>
<b>OPERATING PROFIT</b> (Note 3)	420	359
Net Interest Payable (Note 4)	<u>(22)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	398	359
Taxation (Note 7)	<u>(104)</u>	<u>(83)</u>
<b>RETAINED PROFIT FOR THE YEAR</b> (Note 15)	<u>294</u>	<u>276</u>

There are no recognised gains or losses other than those shown above.

All items dealt with in the profit and loss account relate to continuing operations.



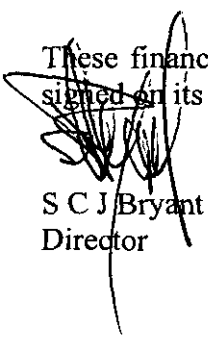
# STEWART PLANT SALES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	<u>31 December 2005</u>		<u>31 December 2004</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>				
Tangible assets (Note 8)		40		53
<b>CURRENT ASSETS</b>				
Stocks (Note 9)	1,495		1,064	
Debtors (Note 10)	2,712		2,205	
Cash at bank and in hand	-		-	
	4,207		3,269	
<b>CREDITORS</b>				
Amounts falling due within one year (Note 11)	(2,265)		(1,647)	
<b>NET CURRENT ASSETS</b>		1,942		1,622
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,982		1,675
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)</b>		(31)		(18)
<b>NET ASSETS</b>		1,951		1,657
<b>CAPITAL AND RESERVES</b>				
Called up share capital (Note 14)		20		20
Other reserves (Note 15)		23		23
Profit and loss reserve (Note 15)		1,908		1,614
<b>EQUITY SHAREHOLDERS' FUNDS (Note 16)</b>		1,951		1,657

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 4 May 2006 and were signed on its behalf by :

  
S C J Bryant  
Director

# **STEWART PLANT SALES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005**

### **1 ACCOUNTING POLICIES**

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

#### **Basis of preparation**

The financial statements are prepared on the going concern basis in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, under the historical cost convention.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation is provided at rates which are calculated to write down the cost of the assets by annual instalments as follows :

Vehicles	33% reducing balance
Fixtures and fittings	20% and 33% straight line and 25% reducing balance

#### **Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost is the expenditure 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 the cost of direct materials and labour in bringing the product to its present condition.

#### **Provisions**

Provisions are made in relation to warranty provisions based upon the historical after sales costs.

#### **Taxation**

The charge for taxation is based on the result for the year. In accordance with FRS 19, deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future years is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### **Pension costs**

The group operates defined contribution pension schemes for its employees, including directors. Contributions to the schemes are charged to the profit and loss account as incurred.

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 2 TURNOVER

Turnover represents the amount derived from the provision of goods and services under the company's principal activity, which is carried out in the UK, and is stated net of value added tax. Turnover is recognised at the point of supply.

### 3 OPERATING PROFIT

Operating profit is stated after charging / (crediting) :

	31 December 2005 <u>£'000</u>	31 December 2004 <u>£'000</u>
Depreciation	19	25
Auditors' remuneration - audit	7	6
- other services	2	2
Staff Costs (Note 5)	1,082	957
Profit on sale of tangible fixed assets	-	(1)

### 4. NET INTEREST PAYABLE

	31 December 2005 <u>£'000</u>	31 December 2004 <u>£'000</u>
Interest payable on bank overdrafts and stocking loan	<u>22</u>	<u>-</u>

The stocking loan is a loan facility for stocking new machines on which interest is payable at 1.65% above Finance House Base Rate.

Bank balances are aggregated on a group basis for the purpose of calculating net interest payable.

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 5 STAFF COSTS AND NUMBERS

	31 December 2005	31 December 2004
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	957	842
Social security costs	91	85
Pension costs	34	30
	<u>1,082</u>	<u>957</u>

The average monthly number of employees during the year, including directors, analysed by category, was as follows :

	<u>Number of employees</u>	
	31 December 2005	31 December 2004
Office and management	21	17
Sales and technical	17	18
	<u>38</u>	<u>35</u>

### 6 REMUNERATION OF DIRECTORS

Emoluments of the directors have been borne by the company's fellow subsidiary, Scot JCB Limited, without recharge. Aggregate emoluments are disclosed in the financial statements of Scot JCB Limited and those of the parent company.

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 7 TAXATION

	31 December 2005	31 December 2004
	<u>£'000</u>	<u>£'000</u>
UK corporation tax	105	93
Adjustments in respect of previous period	(2)	(11)
Current tax charge	<u>103</u>	<u>82</u>
Deferred tax charge	1	1
Tax on profit on ordinary activities	<u>104</u>	<u>83</u>

The tax assessed for the year is lower (2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below :

Profit on ordinary activities before tax	398	359
Profit on ordinary activities multiplied by standard rate in the UK - 30% (2004 - 30%)	119	108
Effects of :		
Expenses not deductible for tax purposes	3	2
Accelerated capital allowances and other timing differences	(1)	(1)
Adjustments in respect of group relief	(16)	(16)
Adjustments in respect of prior period	(2)	(11)
Current tax charge for the year	<u>103</u>	<u>82</u>

The directors expect the rate of tax charged to be maintained at the current level in future years.

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 8 TANGIBLE FIXED ASSETS

	Vehicles	Fixtures and Fittings	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>COST</b>			
At 1 January 2005	163	47	210
Additions	<u>6</u>	<u>-</u>	<u>6</u>
At 31 December 2005	<u>169</u>	<u>47</u>	<u>216</u>
<b>DEPRECIATION</b>			
At 1 January 2005	121	36	157
Charge for year	<u>16</u>	<u>3</u>	<u>19</u>
At 31 December 2005	<u>137</u>	<u>39</u>	<u>176</u>
<b>NET BOOK VALUE</b>			
At 31 December 2005	<u>32</u>	<u>8</u>	<u>40</u>
At 31 December 2004	<u>42</u>	<u>11</u>	<u>53</u>

### 9 STOCKS

	31 December <u>2005</u> <u>£'000</u>	31 December <u>2004</u> <u>£'000</u>
Consumables and goods for resale	1,439	1,020
Work in progress	<u>56</u>	<u>44</u>
	<u>1,495</u>	<u>1,064</u>

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 10 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2005	31 December 2004
	<u>£'000</u>	<u>£'000</u>
Trade debtors	1,499	1,245
Deferred tax	10	11
Amounts owed by parent and fellow subsidiaries	1,196	927
Prepayments and accrued income	7	22
	<u>2,712</u>	<u>2,205</u>
The deferred tax asset has arisen as follows :		
Origination and reversal of timing differences (Accelerated capital allowances and other)	10	11
Total	<u>10</u>	<u>11</u>

There are no unprovided deferred tax assets.

### 11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2005	31 December 2004
	<u>£'000</u>	<u>£'000</u>
Bank overdraft and stocking loan	706	20
Trade creditors	1,179	1,483
Amounts owed to parent and fellow subsidiaries	173	34
Accruals and deferred income	9	12
Taxation and social security	164	98
Other creditors	34	-
	<u>2,265</u>	<u>1,647</u>

### 12 CONTINGENT LIABILITY

The company has granted a Bond and Floating Charge over all of its assets in favour of Barclays Bank PLC and has guaranteed the overdrafts of its parent and all fellow subsidiary companies.

# STEWART PLANT SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

#### Warranty Provision

£'000

At 1 January 2005	18
Charged in the year	31
Utilised / released in the year	(18)
At 31 December 2005	<u>31</u>

### 14 CALLED UP SHARE CAPITAL

31 December  
2005

31 December  
2004

£'000

£'000

Authorised, allotted, called up and fully paid 20,000 ordinary shares of £1 each	<u>20</u>	<u>20</u>
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### 15 RESERVES

£'000

#### Profit and loss reserve

At 1 January 2005	1,614
Retained profit for the year	294
At 31 December 2005	<u>1,908</u>

#### Capital redemption reserve

At 31 December 2004 and 31 December 2005	<u>23</u>
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### 16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

31 December  
2005

£'000

Equity shareholders' funds at 1 January 2005	1,657
Retained profit for the year	294
Equity shareholders' funds at 31 December 2005	<u>1,951</u>



## **STEWART PLANT SALES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005 (CONTINUED)**

#### **17 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2005 (31 December 2004 - £Nil).

#### **18 PENSIONS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund and the company's contributions to the scheme are shown in the pension charge in Note 5.

#### **19 FINANCIAL REPORTING STANDARD NO 1 (REVISED)**

The company is a wholly owned subsidiary of Scot JCB (Holdings) Limited and is included in the consolidated financial statements of Scot JCB (Holdings) Limited, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No.1 (Revised).

#### **20 RELATED PARTY DISCLOSURES**

In accordance with the exemptions available under Financial Reporting Standard No.8 "Related Party Disclosures", the Company has not disclosed details of transactions with its parent undertaking, as the consolidated accounts of Scot JCB (Holdings) Limited, in which the company is included, are available at the address shown in Note 21 below.

#### **21 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

Scot JCB (Holdings) Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Scot JCB (Holdings) Limited financial statements can be obtained from its registered office at Townmill Road, Glasgow G31 3AR.