

Stewart Plant Sales Limited

Annual report and financial statements

For the year ended 31 December 2011

Company number SC 34905

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Stewart Plant Sales Limited

Annual report and financial statements for the year ended 31 December 2011

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Stewart Plant Sales Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2011.

Business review and principal activity

The results for the company show a pre-tax profit for the year of £464,000 (2010: £436,000) and sales for the year of £10 million (2010: £7 million). Net assets at the end of the year were £3.6 million (2010: £3.4 million).

The principal activity of the company is the distribution of construction equipment and the provision of after sales support for these products.

Future outlook

The first four months of 2012 have been very similar to the same period last year, with continuing challenges in the housebuilding sector being offset by a stronger performance from agricultural products and infrastructure projects. We expect the market in 2012 to remain extremely competitive, but believe our strong product and service offering will result in satisfactory sales and profits for the year.

Dividends

An interim dividend of £7.50 per share (2010: £nil) was paid on 19 December 2011.

The directors do not recommend the payment of a final dividend (2010: £nil).

Principal risks and uncertainties

The main uncertainty facing the business is fluctuating demand for our products.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

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.

Stewart Plant Sales Limited

Directors' report for the year ended 31 December 2011 (continued)

Credit risk

The company has implemented policies that require appropriate credit 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. This consists of bank overdraft and stocking loans.

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. All borrowings are in sterling.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

S C J Bryant
D M Donoghue
S K Barker
D Park
R J Bryant
J Kilby

Donations

No donations were made to charities or political parties during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to:

Stewart Plant Sales Limited

Directors' report for the year ended 31 December 2011 (continued)

1. select suitable accounting policies and then apply them consistently;
2. make judgements and accounting estimates that are reasonable and prudent;
3. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Directors' indemnity

The Company's Articles of Association provide that, subject to the provisions of the Companies Act, but without prejudice to any protection from liability which might otherwise apply, every director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgement is given in his favour, or in which he is acquitted or in connection with any application in which relief is granted to him by the court for any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties or powers or office.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



S K Barker

Director and Company Secretary

7 June 2012

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 2011 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

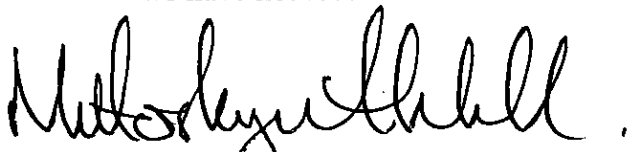
Stewart Plant Sales Limited

Independent auditors' report to the members of Stewart Plant Sales Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Hoskyns-Abramhall (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

7 June 2012

Stewart Plant Sales Limited

Profit and loss account for the year ended 31 December 2011

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Turnover (note 2)	10,071	7,471
Cost of sales	<u>(8,353)</u>	<u>(6,001)</u>
Gross profit	1,718	1,470
Administrative expenses	<u>(1,253)</u>	<u>(1,033)</u>
Operating profit (note 3)	465	437
Interest payable and similar charges	<u>(1)</u>	<u>(1)</u>
Profit on ordinary activities before taxation	464	436
Tax on profit on ordinary activities (note 6)	<u>(125)</u>	<u>(123)</u>
Profit for the financial year	<u>339</u>	<u>313</u>

All results are derived from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

The company had no recognised gains and losses other than those included in the results above, and therefore no statement of total recognised gains and losses has been presented.

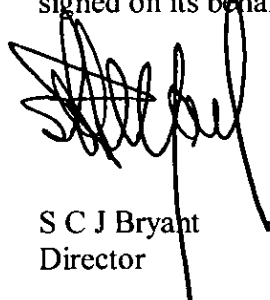
Stewart Plant Sales Limited

Balance sheet as at 31 December 2011

	2011		2010	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed assets				
Tangible fixed assets (note 8)		13		19
Current assets				
Stocks (note 9)	1,597		1,116	
Debtors (note 10)	<u>4,204</u>		<u>3,452</u>	
	5,801		4,568	
Creditors: amounts falling due within one year (note 11)	<u>(2,186)</u>		<u>(1,132)</u>	
Net current assets		3,615		3,436
Total assets less current liabilities		<u>3,628</u>		<u>3,455</u>
Provisions for liabilities and charges (note 13)		<u>(75)</u>		<u>(91)</u>
Net assets		<u>3,553</u>		<u>3,364</u>
Capital and reserves				
Called up share capital (note 14)		20		20
Other reserves (note 15)		23		23
Profit and loss reserve (note 15)		<u>3,510</u>		<u>3,321</u>
Total shareholders' funds (note 16)		<u>3,553</u>		<u>3,364</u>

The notes on pages 8 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 7 June 2012 and were signed on its behalf by:



S C J Bryant
Director

Company registration number SC34905

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011

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

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')).

Tangible fixed assets

Tangible fixed assets are stated at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates which are calculated to write down the cost of the assets over their useful economic lives 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 incurred in the normal course of business in bringing the item to its present location and condition and in general is determined on a first in first out basis. Net realisable value is the actual or estimated selling price less all further costs to completion, selling and distribution expenses. Where necessary, provision is made for obsolete, slow moving or defective stocks.

Work in progress is valued at the cost of direct materials and labour in bringing the product to its present condition.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Specific provisions are made in relation to buy-back agreements and warranty provisions based upon any losses expected to arise from buy-back arrangements and the historical after sales costs respectively.

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

Taxation

The charge for taxation is based on the result for the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension costs

The group operates defined contribution pension schemes for its employees, including its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the schemes are charged to the profit and loss account as incurred.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

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.

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Operating profit

Operating profit is stated after charging:

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Depreciation of tangible fixed assets - owned assets	5	9
Services provided by the company's auditors:		
Fees payable for the audit	8	8
Fees payable for other services - tax compliance	9	2
Staff costs (note 4)	1,287	1,103
Profit on sale of tangible fixed assets	(1)	-

4 Staff costs and numbers

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	1,143	974
Social security costs	110	97
Pension costs	34	32
	<u>1,287</u>	<u>1,103</u>

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

	<u>2011</u>	<u>2010</u>
	<u>Number</u>	<u>Number</u>
Office and management	15	15
Sales and technical	22	22
	<u>37</u>	<u>37</u>

5 Remuneration of directors

The directors did not receive any emoluments in respect of their services to the company (2010: £nil).

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Tax on profit on ordinary activities

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Current tax:		
UK corporation tax	124	122
Total current tax	<u>124</u>	<u>122</u>
Deferred tax:		
Origination and reversal of timing differences	1	1
Total deferred tax	<u>1</u>	<u>1</u>
Total tax on profit on ordinary activities	<u>125</u>	<u>123</u>

The tax assessed for the period is higher (2010: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28%).

The differences are explained below :

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Profit on ordinary activities before tax	464	436
Profit on ordinary activities multiplied by standard rate in the UK of 26.5% (2010: 28%)	123	122
Effects of:		
Expenses not deductible for tax purposes	2	2
Accelerated capital allowances and other timing differences	(1)	(1)
Tax at marginal rates	-	(1)
Current tax charge for the period	<u>124</u>	<u>122</u>

During the year, a change in the UK corporation tax rate from 28% to 26% was substantively enacted and the reduced rate will be effective from 1 April 2011. The relevant deferred tax balances have been re-measured accordingly.

It was announced in the Budget on 21 March 2012 there would be a further reduction in the corporation tax rate to 24% which will take effect from 1 April 2012. Further reductions to the UK corporation tax rate have been announced which will reduce the UK corporation tax rate by 1% per annum until this reaches 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. Had the change in rate to 22% been substantively enacted as of the balance sheet date, there would have been no significant impact on the accounts.

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Dividends

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Dividends paid of £7.50 per share (2010: £nil)	<u>150</u>	<u>-</u>

8 Tangible fixed assets

	Vehicles	Fixtures and Fittings	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
COST			
At 1 January 2011	93	44	137
Disposals	(7)	-	(7)
At 31 December 2011	<u>86</u>	<u>44</u>	<u>130</u>
ACCUMULATED DEPRECIATION			
At 1 January 2011	76	42	118
Charge for year	5	-	5
Disposals	(6)	-	(6)
At 31 December 2011	<u>75</u>	<u>42</u>	<u>117</u>
NET BOOK VALUE			
At 31 December 2011	<u>11</u>	<u>2</u>	<u>13</u>
At 31 December 2010	<u>17</u>	<u>2</u>	<u>19</u>

9 Stocks

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Consumables and goods for resale	1,556	1,076
Work in progress	41	40
	<u>1,597</u>	<u>1,116</u>

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10 Debtors

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Trade debtors	1,630	1,110
Deferred tax	5	6
Amounts owed by parent and fellow subsidiaries	<u>2,569</u>	<u>2,336</u>
	<u>4,204</u>	<u>3,452</u>

Amounts owed by parent and fellow subsidiaries do not accrue interest and are repayable on demand.

The deferred tax asset has arisen as follows :

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Origination and reversal of timing differences (Accelerated capital allowances and other)	<u>5</u>	<u>6</u>
At start of period		6
Deferred tax charge in profit and loss account for year ended 31 December 2011		<u>(1)</u>
At end of period		<u>5</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset is recognised in these financial statements.

11 Creditors: amounts falling due within one year

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Bank overdraft and stocking loan	704	195
Trade creditors	1,080	681
Amounts owed to parent and fellow subsidiaries	178	33
Corporation tax	124	122
Other taxation and social security	62	60
Other creditors	25	27
Accruals and deferred income	<u>13</u>	<u>14</u>
	<u>2,186</u>	<u>1,132</u>

Amounts owed to parent and fellow subsidiaries do not accrue interest and are repayable on demand.

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Creditors: amounts falling due within one year (continued)

The company has granted a Bond and Floating Charge over all of its assets in favour of Barclays Bank PLC as security for loans advanced to the group.

12 Contingent liability

The company has guaranteed the overdrafts of its parent and all fellow subsidiary companies.

13 Provisions for liabilities and charges

Warranty and returns provisions

	<u>£'000</u>
At 1 January 2011	91
Charged in the year	75
Utilised / released in the year	(91)
At 31 December 2011	<u>75</u>

Provisions represent the anticipated future costs arising from buy-back agreements and from warranty commitments.

14 Called up share capital

The authorised, allotted, called up and fully paid share capital at 31 December 2010 and 31 December 2011 was as follows:

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

15 Reserves

	<u>£'000</u>
Profit and loss reserve	
At 1 January 2011	3,321
Profit for the financial year	339
Dividends paid in the year (Note 7)	(150)
At 31 December 2011	<u>3,510</u>
Capital redemption reserve	
At 31 December 2010 and 31 December 2011	<u>23</u>

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16 Reconciliation of movements in total shareholders' funds

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Opening shareholders' funds	3,364	3,051
Profit for the financial year	339	313
Dividends paid in the year (Note 7)	(150)	-
Closing shareholders' funds	<u>3,553</u>	<u>3,364</u>

17 Operating lease commitments

Annual commitments under operating leases relating to land and buildings are as follows:

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Operating leases which expire :		
After five years	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>

18 Machine repurchase agreements

The company has future commitments to purchase machines from customers, at the customer's option, of up to £95,650 (2010: £761,027), all of which may be exercised within twelve months.

19 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 4. No contributions (2010: £nil) were payable to the fund at year end.

20 Cash flow exemption

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 "Cash flow statement" (Revised 1996).

Stewart Plant Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

21 Related party disclosures

Balances due to and from group undertakings are included in notes 10 and 11. The company has taken advantage of the exemptions to disclose group transactions as conferred by Section 3(c) of Financial Reporting Standard No 8 "Related party disclosures".

22 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.

The company is ultimately controlled by Mr S C J Bryant, as the controlling shareholder of Scot JCB (Holdings) Limited.