

**DUTTON FORSHAW (LAND MACHINERY) LIMITED
AND SUBSIDIARIES
(REGISTERED NUMBER 447678)**

DIRECTORS' REPORT AND ACCOUNTS

30 September 1996



DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1996

The Directors of Dutton Forshaw (Land Machinery) Limited submit their Report together with the audited Accounts for the year ended 30 September 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group and the Company continues to consist of the distribution of agricultural, horticultural and forestry machinery and equipment. The Company trades via three agents, Watveare Limited, WestMac Limited and Land Mechanization Limited.

Uncertainty in the farming industry as a result of the adverse publicity associated with BSE and the lack of contribution from one of our discontinued franchises were substantially offset by successes on newly introduced products and tight control of costs.

It is expected that further growth in sales of new products will enable the company to improve results in what is expected to be reasonably stable market place in 1996/97.

GROUP RESULTS AND DIVIDENDS

The Accounts for the year ended 30 September 1996 show an operating profit of £516,000 (1995 - £695,000) on turnover of £27,111,000 (1995 - £32,856,000). After crediting exceptional items of £12,000 (1995 - £22,000), charging interest costs of £176,000 (1995 - £63,000) and taxation of £Nil (1995 - £Nil) there is a profit for the financial year of £352,000 (1995 - £654,000).

The Directors propose the payment of a dividend of £150,000 (1995 - £400,000) and a transfer to reserves of £202,000 (1995 - £254,000). Details of the movements in reserves are shown in the notes to the accounts.

FIXED ASSETS

Details of the fixed assets and the changes which have taken place during the year are given in the notes to the Accounts.

DIRECTORATE

The present Board of the Company, who all served throughout the year, is as set out below.

JR Robinson (Chairman)
TP Baines (Managing Director)
P W Carpenter
P J Flynn
A E Manning
S M Metcalfe
K A Tuck

In accordance with the company's Articles of Association, Messrs Baines, Manning and Tuck retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1996

DIRECTORS' INTERESTS

No Director had at any time during the year a material interest in any contract of significance in relation to the Company's business.

The following are the interests, all of which are beneficial, recorded in the Company's Register of Directors' Share and Debenture Interests.

	Lonrho Plc	
	Ordinary shares of 25p each	
	1 October 1995	30 September 1996
K A Tuck	17,109	16,094

	Lonrho Plc			
	Shares under option			
	1 October 1995	Granted in year	Lapsed or Exercised in year	30 September 1996
K A Tuck	26,870	-	2,981	23,889
P W Carpenter	28,372	-	-	28,372
P J Flynn	13,071	-	1,500	11,571
S M Metcalfe	19,361	-	1,500	17,861

Options are held pursuant to one or more of the share option schemes of Lonrho Plc and are over Ordinary shares of 25p each of that company.

Options are exercisable at prices of between 60.4p and 263.78p between 1996 and 2005.

No interests of any of the other Directors are disclosable to this Company.

POLICY ON PAYMENT OF CREDITORS

The company complies with the CBI Code of Practice for the payment of creditors.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1996

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the Group maintained Directors' and Officers' Liability Insurance cover.

AUDITORS

A resolution for the re-appointment of auditors will be tabled at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have voluntarily decided to prepare Group accounts and are applying the same requirement regarding a true and fair view of the state of affairs, and of the profit or loss of the Group for that period, to the Group's accounts.

EMPLOYMENT OF DISABLED PERSONS

The Group gives full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the Group continues the employment of, and arranges for the appropriate training for, employees who become disabled persons while employed by the Group. Disabled employees are treated no differently from other employees as regards training, career development and promotion opportunities. This policy was operated by the Group throughout the year.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1996

EMPLOYEE INVOLVEMENT

Each Company has arrangements to regularly provide employees with information regarding the financial and economic factors affecting the performance of the Company and on matters of concern to them. Additionally, regular consultations take place with employees so that the views of employees can be taken into account in making decisions which are likely to affect their interests. The companies within the Group continue to encourage the involvement of employees in the Company's performance by promotion of the Lonrho Plc savings related share option scheme and encourages all eligible employees to participate therein.

By order of the Board



S M Metcalfe
Secretary

Ivybridge, Devon

29 November 1996

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF DUTTON FORSHAW (LAND MACHINERY) LIMITED

We have audited the accounts on pages 6 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and Group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 September 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

29 November 1996

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER	1	27,111	32,856
		<u> </u>	<u> </u>
OPERATING PROFIT	2	516	695
EXCEPTIONAL ITEMS	6	<u>12</u>	<u>22</u>
PROFIT BEFORE INTEREST AND TAXATION		528	717
Net interest payable	5	<u>(176)</u>	<u>(63)</u>
PROFIT BEFORE TAXATION		352	654
Taxation	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		352	654
Dividends		<u>(150)</u>	<u>(400)</u>
PROFIT TRANSFERRED TO RESERVES	18	<u>202</u>	<u>254</u>

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis. All items derive from continuing operations.

The notes on pages 9 to 23 form part of these accounts.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

BALANCE SHEETS AS AT 30 SEPTEMBER 1996

	Note	Group		Company	
		1996	1995	1996	1995
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9	1,246	1,419	1,246	1,419
Investments:					
Subsidiary undertakings	10	—	—	313	313
		1,246	1,419	1,559	1,732
CURRENT ASSETS					
Stocks	11	4,128	2,265	4,128	2,265
Debtors	12	3,048	3,786	3,048	3,759
Cash at bank and in hand		2,940	3,727	2,940	3,727
		10,116	9,778	10,116	9,751
CREDITORS: Amounts falling due within one year	13	(7,073)	(7,168)	(7,386)	(7,454)
NET CURRENT ASSETS		3,043	2,610	2,730	2,297
TOTAL ASSETS LESS CURRENT LIABILITIES		4,289	4,029	4,289	4,029
CREDITORS: Amounts falling due after more than one year	14	(473)	(415)	(473)	(415)
		3,816	3,614	3,816	3,614
CAPITAL AND RESERVES					
Called up share capital	17	30	30	30	30
Revaluation reserve	18	1	2	1	2
Profit and loss account	18	3,785	3,582	3,785	3,582
		3,816	3,614	3,816	3,614

The notes on pages 9 to 23 form part of these accounts.

Approved by the Board of Directors on 29 November 1996 and signed on its behalf by:



TP BAINES
DIRECTOR

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 1996

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£'000	£'000	£'000	£'000
Profit for the financial year	<u>352</u>	<u>654</u>	<u>352</u>	<u>654</u>
Total recognised gains and losses relating to the year	352	654	352	654
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 1996

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£'000	£'000	£'000	£'000
Profit for the financial year	352	654	352	654
Dividends	<u>(150)</u>	<u>(400)</u>	<u>(150)</u>	<u>(400)</u>
Net increase in shareholders' funds	202	254	202	254
Shareholders' funds at 1 October 1995	<u>3,614</u>	<u>3,360</u>	<u>3,614</u>	<u>3,360</u>
Shareholders' funds at 30 September 1996	<u>3,816</u>	<u>3,614</u>	<u>3,816</u>	<u>3,614</u>

The notes on pages 9 to 23 form part of these accounts.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

STATEMENT ON ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group accounts.

Basis of accounting

The accounts are prepared under the historical cost convention adjusted by the revaluation of certain assets and in accordance with applicable Accounting Standards.

Consolidation of Group companies

The consolidated accounts comprise the accounts of the Company and its subsidiaries, which are all made up to 30 September 1996. The results of subsidiaries acquired during the year are included from the date of acquisition. The results of subsidiaries sold during the year are included up to the date of sale if those companies materially contributed to the results of the Group.

On the acquisition of a subsidiary, if the current value of property and other major assets (excluding current assets) differs materially from book value, such assets are revalued as appropriate to reflect more accurately their cost to the Group. Where the cost of acquisition differs from the adjusted value of net assets acquired, the goodwill or surplus is placed to reserves.

On the disposal of a subsidiary, the proceeds from disposal less the net assets attributable to the Group at the date of disposal together with any goodwill or surplus previously placed to reserves is shown as profit/loss on sale or termination of operations.

The principal subsidiaries are shown in Note 10.

Exchange rates

Foreign currency assets and liabilities are translated into sterling on the following basis:

- a) amounts covered by forward purchases of foreign currency or by currency exposure agreements with suppliers - at the rates obtained.
- b) amounts not covered by forward purchases of foreign currency - at the rates ruling at 30 September.

All other adjustments due to fluctuations arising in the normal course of trade are included in profit before tax.

Profits on disposal of assets

Profits and losses on disposal of fixed assets arising from the ordinary activities of the Group are included in profit before tax as exceptional items.

Surpluses on revaluation of fixed assets, which have previously been taken to revaluation reserve, are transferred to the profit and loss reserve on disposal of the fixed asset.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

STATEMENT ON ACCOUNTING POLICIES

Depreciation

The Group policy is to write off the book value of fixed assets evenly over their estimated remaining lives. Depreciation rates are determined in accordance with commercial practice for the industry concerned. The major fixed assets are depreciated as follows:

Freehold buildings	2% of cost
Plant and machinery	10% - 20% of cost
Motor vehicles	25% of cost
Fixtures, fittings, tools and equipment	10% - 33% of cost

No depreciation is provided on freehold land.

Pension costs

The company is a participating employer in the Dutton-Forshaw Group Pension Plan, a defined benefit pension scheme for all eligible employees, the assets of which are held in separate, trustee administered funds.

Independent actuaries prepare valuations of the scheme at least every three years and in accordance with their recommendations the Group makes contributions which are charged to profits on a systematic and rational basis over the expected remaining working life of the employees. Any differences between the actuarial valuation and the value of the Group's assets in the scheme are similarly charged or credited to profit before tax over the expected remaining working life of employees in the scheme.

Deferred tax

Deferred tax, whether United Kingdom or overseas, is calculated under the liability method and is only provided where it is anticipated to be payable within the foreseeable future.

Deferred tax which is not anticipated to be payable within the foreseeable future is included in contingent liabilities.

Leases

The cost of assets held under finance leases is capitalised within the appropriate tangible fixed asset heading and depreciation is provided in accordance with the Group's accounting policy for the category of asset concerned. The interest cost is charged over the term of the lease and the capital element of future lease payments is included in creditors.

The cost of operating leases is charged to profit before taxation as incurred.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

STATEMENT ON ACCOUNTING POLICIES

Revaluation of fixed assets

It is Group policy for the Directors to review regularly the value of fixed assets taking account of the views of professional advisers and, where appropriate, incorporate changes into the Group accounts. Independent professional valuations are obtained before incorporating the results of any Directors' review which would reduce the balance sheet value of a tangible fixed asset below its original cost to the Group or which would result in a material increase in its balance sheet value.

Depreciation is charged to profit before taxation on the revised book value from the date of valuation. If the valuation is in excess of the net book value of the relevant asset the surplus is credited to revaluation reserve. A deficit on valuation of a particular asset when it is considered to have arisen from a permanent diminution in value, is charged to profit before tax to the extent that it is not covered by surpluses arising on prior valuations of that asset which have been previously credited to revaluation reserve.

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Where relevant, cost includes an appropriate share of overheads.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents sales of goods and services outside the Group net of discounts, allowances and value added tax.

The only activity of the Group is the distribution of agricultural, horticultural and forestry machinery and equipment.

There was no significant turnover from sales outside the UK.

2 OPERATING PROFIT

(a) Group operating profit

	<u>1996</u> £'000	<u>1995</u> £'000
Turnover	27,111	32,856
Cost of sales	<u>(21,933)</u>	<u>(27,477)</u>
Gross profit	5,178	5,379
Distribution costs	(2,880)	(2,845)
Administration expenses	(1,532)	(1,539)
Management charge	<u>(250)</u>	<u>(300)</u>
Operating profit	<u>516</u>	<u>695</u>

(b) Operating profit is stated after charging/(crediting):

	<u>1996</u> £'000	<u>1995</u> £'000
Operating lease charges:		
Plant and machinery	209	170
Depreciation charge:		
Owned tangible assets	161	165
Finance leased tangible assets	24	23
Auditors' remuneration:		
Audit fees	33	34
Non-audit fees	14	3
	<u> </u>	<u> </u>

The profit on ordinary activities before taxation arises from the group's only activity of distributing agricultural, horticultural and forestry machinery and equipment in the United Kingdom.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

3 EMOLUMENTS OF DUTTON FORSHAW (LAND MACHINERY) LIMITED DIRECTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Executive remuneration including benefits in kind	318	320
	==	==

The following table shows the number of Directors whose duties were wholly or mainly discharged in the United Kingdom and whose emoluments, which include expense allowances and benefits in kind but exclude pension contributions, fell within the ranges stated:

	<u>1996</u> Number	<u>1995</u> Number
£0 - £5,000	2	2
£35,001 - £40,000	-	3
£40,001 - £45,000	-	1
£45,001 - £50,000	2	-
£50,001 - £55,000	1	-
£60,001 - £65,000	1	-
£70,001 - £75,000	-	1
£85,001 - £90,000	-	1
£110,001 - £115,000	1	-
	==	==

The Chairman received no emoluments during the year (1995: £Nil) and the highest paid director received emoluments of £110,781 (1995: £85,850). These are included in the above bandings.

4 STAFF NUMBERS AND COSTS

The average number of persons employed by the Group during the year was as follows:

<u>1996</u> Number	<u>1995</u> Number
128	136
==	==

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

4 STAFF NUMBERS AND COSTS (continued)

The aggregate payroll cost was as follows:

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Wages and salaries	2,228	2,175
Social security costs	161	175
Other pension costs (Note 19)	<u>58</u>	<u>55</u>
	2,447	2,405
	<u>=====</u>	<u>=====</u>

5 NET INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Bank interest receivable	(112)	(164)
	<u>=====</u>	<u>=====</u>
Interest payable:		
On overdrafts and other loans repayable within five years	226	165
On finance leases	1	4
On bills of exchange	<u>61</u>	<u>58</u>
	288	227
	<u>=====</u>	<u>=====</u>
Net interest payable	176	63
	<u>=====</u>	<u>=====</u>

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

6 EXCEPTIONAL ITEMS

The exceptional items in 1996 can be analysed as follows:

	<u>1996</u> £'000	<u>1995</u> £'000
Profit/(losses) on disposal of fixed assets	12	22
	<u> </u>	<u> </u>

7 TAXATION

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation tax at 33% (1995: 33%)	-	-
	<u> </u>	<u> </u>

The charge for tax for the group has been increased and reduced by the following items:

- (1) Increased in respect of timing differences and disallowable items totalling £107,000 (1995: £23,000 increase).
- (2) Reduced in respect of group relief of £459,000 to be surrendered by other Lonrho Group companies for no consideration (1995: £677,000 reduction).

Exceptional items in 1996 have had no material impact on the current year tax charge.

8 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £352,000 (1995: £654,000).

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS

Group and company

	Freehold Land and buildings	Plant and machinery	Motor vehicles, fixtures, fittings, and equipment	Total
<u>Cost or valuation</u>	£'000	£'000	£'000	£'000
At 1 October 1995	1,010	377	1,361	2,748
Additions	-	1	31	32
Disposals	-	(8)	(399)	(407)
At 30 September 1996	1,010	370	993	2,373
<u>Depreciation</u>				
At 1 October 1995	70	294	965	1,329
Disposals	-	(7)	(380)	(387)
Charge for the year	19	20	146	185
At 30 September 1996	89	307	731	1,127
<u>Net book value</u>				
At 30 September 1996	921	63	262	1,246
At 30 September 1995	940	83	396	1,419

The net book value of tangible fixed assets includes £24,000 (1995 - £48,000) in respect of assets held under finance leases.

In accordance with Group accounting policy no depreciation has been provided on freehold land, which at 30 September 1996 had a book value of £80,000 (1995 - £80,000).

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS (Continued)

Assets shown below at valuation were valued by independent professional valuers in the year shown on the basis of open market value with vacant possession for existing use.

Group and company

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles fixtures, fittings and equipment £'000	Total £'000
<u>Cost or valuation:</u>				
1985 Valuation	150	-	-	150
1994 Valuation	425	-	-	425
Cost	<u>435</u>	<u>370</u>	<u>993</u>	<u>1,798</u>
At 30 September 1996	1,010	370	993	2,373

Depreciation:

1985 Valuation	22	-	-	22
1994 Valuation	16	-	-	16
Cost	<u>51</u>	<u>307</u>	<u>731</u>	<u>1,089</u>
At 30 September 1996	89	307	731	1,127

Historical cost of revalued assets:

	Freehold land and buildings £'000
Cost	647
Depreciation	<u>(34)</u>
Net historical book value at 30 September 1996	613
Cost	647
Depreciation	<u>(25)</u>
Net historical book value at 30 September 1995	622

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

10 SUBSIDIARY UNDERTAKINGS

	<u>Shares</u> £'000
Cost at 30 September 1996 and 30 September 1995	313

All investments in subsidiaries are carried in the books at their cost or fair value at acquisition, there having been no subsequent provisions made against the carrying value of investments.

The subsidiary undertakings of the company are:

<u>Name of Company</u>	<u>Activity</u>	<u>Country of incorporation and operation</u>	<u>Class of shares held</u>	<u>% held</u>
JF (GB) Limited	Agricultural machinery distribution	England	Ordinary	100
Land Mechanization Limited	Agricultural machinery distribution	Scotland	Ordinary	100
Watveare Limited	Agricultural machinery distribution	England	Ordinary	100
Westmac Limited	Agricultural machinery distribution	England	Ordinary	100
Shellglade Advertising Limited	Advertising agency	England	Ordinary	100

All subsidiary undertakings are directly owned by the company.

In the opinion of the Directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which these assets are stated in the balance sheet.

11 STOCKS

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
Goods for resale	4,128	2,265

In the opinion of the directors the estimated net replacement cost of stocks is not materially different from the above figures.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

12 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	2,950	3,483	2,950	3,466
Amounts owed by parent, fellow subsidiary and associated undertakings	1	222	1	212
Prepayments and accrued income	<u>97</u>	<u>81</u>	<u>97</u>	<u>81</u>
	3,048	3,786	3,048	3,759
	=====	=====	=====	=====

13 CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (unsecured)	516	23	516	-
Obligations under finance leases (Note 15)	-	30	-	30
Trade creditors	3,096	2,090	3,096	2,075
Bills of exchange	1,167	2,400	1,167	2,400
Amounts due to parent and fellow subsidiary undertakings	13	304	13	304
Amounts due to subsidiary undertakings	-	-	313	324
Indirect tax and social security liabilities	250	468	250	468
Accruals	<u>2,031</u>	<u>1,853</u>	<u>2,031</u>	<u>1,853</u>
	7,073	7,168	7,386	7,454
	=====	=====	=====	=====

14 CREDITORS: Amounts falling due after more than one year

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
Pension provision (Note 19)	473	415
	=====	=====

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

15 FINANCE LEASES

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
Obligations under finance leases are payable as follows:		
Within one year	-	30
	<u> </u>	<u> </u>

16 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION

No provision has been made for deferred taxation at 30 September 1996 (1995 - £Nil).

The full potential liability for deferred taxation at 33% (1995 - 33%) can be analysed as follows:

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
<u>Estimated total contingent liability</u>		
Fixed assets	156	157
Tax losses and other timing differences	(156)	(18)
Advance Corporation Tax	<u>-</u>	<u>(84)</u>
	-	55
	<u> </u>	<u> </u>

17 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Authorised		
150,000 ordinary shares of 20p each	30	30
	<u> </u>	<u> </u>
Issued		
150,000 ordinary shares of 20p each, fully paid	30	30
	<u> </u>	<u> </u>

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

18 RESERVES

	<u>Group and company</u>	
	Revaluation	Profit
	<u>reserve</u>	<u>and loss</u>
	£'000	account
		£'000
At 30 September 1995	2	3,582
Profit for the year	-	202
Transfers	(1)	<u>1</u>
At 30 September 1996	1	3,785
	<u>—</u>	<u>—</u>

Cumulative goodwill written off against the group profit and loss account on the acquisition of subsidiaries since 30 September 1989 amounts to £885,000.

19 PENSION COSTS

The Group is a participating employer in the Dutton-Forshaw Group Pension Plan, a defined benefit pension scheme for all eligible employees, the assets of which are held in separate, trustee administered, funds.

The pension cost is assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuation of the scheme was at 1 October 1994. The principal actuarial assumptions adopted in that valuation were that the annual rate of return on investments would be 1.5% higher than the annual increase in total pensionable remuneration and 3.5% higher than the annual increase in present and future pensions in payment. The market value of the assets, £29,362,000 was sufficient to cover 127% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The actuarial surplus is being spread over the average remaining service lives of the current employees.

On the recommendation of the actuaries, company contributions to the scheme continue to be suspended. The position will be reviewed again after the next actuarial valuation as at October 1996. The total pension cost for the Group was £58,000 (1995 - £55,000) and a provision of £473,000 (1995 - £415,000) is included under creditors being the difference between the pension cost, calculated in accordance with Statement of Standard Accounting Practice No.24, and the amount funded.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

20 CAPITAL COMMITMENTS

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
Contracted for but not yet provided	2	-
Authorised by Directors but not contracted for	<u>-</u>	<u>-</u>
	2	-
	<u>==</u>	<u>==</u>

21 OPERATING LEASES

The annual commitments of the Group under operating leases were as set out below:

	<u>Motor vehicles, Plant and machinery</u>	
	<u>1996</u>	<u>1995</u>
	£'000	£'000
Operating leases which expire:		
Within one year	60	36
Between one and five years	<u>52</u>	<u>88</u>
	112	124
	<u>==</u>	<u>==</u>

22 CONTINGENT LIABILITIES

	<u>1996</u>	<u>1995</u>
	£'000	£'000
Agreement with Humberclyde Finance Limited in respect of customer financing facility	102	268
Letter of set off to Lloyds Bank plc in respect of Dutton Forshaw Machinery Limited and subsidiaries	4,256	2,376
	<u>---</u>	<u>---</u>
	4,358	2,644
	<u>==</u>	<u>==</u>

The customer financing facility referred to is in respect of a single contract, and the company has in turn received guarantees from its supplier in respect of this contract totalling £96,000 (1995: £253,000).

Dutton Forshaw (Land Machinery) Limited and its subsidiaries have given guarantees in respect of a Group VAT scheme which is in the ordinary course of business and on which no liability is expected to arise.

DUTTON FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

23 IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking and the parent of the smallest group to consolidate these accounts, is Dutton-Forshaw Machinery Limited, a company incorporated in England and Wales. Copies of the accounts of Dutton Forshaw Machinery Limited may be obtained from Berkeley Square House, Berkeley Square, London.

The ultimate parent undertaking and the parent undertaking of the largest group to consolidate these accounts is Lonrho Plc, a company incorporated in England and Wales. Copies of the group accounts of Lonrho Plc may be obtained from 4 Grosvenor Place, London SW1X 7DL.