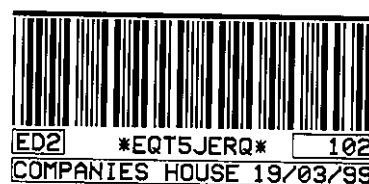


**DUTTON-FORSHAW (LAND MACHINERY) LIMITED  
AND SUBSIDIARIES  
(REGISTERED NUMBER 447678)**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 SEPTEMBER 1998**



# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998**

The Directors of Dutton-Forshaw (Land Machinery) Limited submit their Report together with the audited accounts for the year ended 30 September 1998.

### **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.

Market conditions were extremely difficult throughout the year due to the severe downturn in farm incomes. This is reflected in the Group's turnover and trading results.

It is anticipated that recent announcements re the lifting of the beef export ban and additional aid for farmers will help restore confidence in the industry and enable the Group to record improved results in the coming year.

### **CHANGE OF OWNERSHIP**

On 17 December 1997, the company's parent undertaking was acquired by Tanel Limited, which subsequently changed its name to Dutton-Forshaw Investments Limited.

In relation to this transaction, the directors of the company made a statutory declaration in connection with financial assistance (in the form of a guarantee on third party borrowings) given by the company for the purchase of the entire share capital of The Dutton-Forshaw Group Limited pursuant to Section 156(4) of the Companies Act 1985.

### **GROUP RESULTS AND DIVIDENDS**

The accounts for the year ended 30 September 1998 show an operating profit of £198,000 (1997 - £468,000) on turnover of £10,031,000 (1997 - £18,926,000). After crediting exceptional items of £Nil (1997 - £8,000), crediting interest of £7,000 (1997 - £61,000 charge) and charging taxation of £40,000 (1997 - £Nil) there is a profit for the financial year of £165,000 (1997 - £415,000).

A dividend of £105,000 (1997 - £1,750,000) was paid during the year and the Directors propose a transfer to reserves of £60,000 (1997 - transfer from reserves £1,335,000). Details of the movements in reserves are shown in the notes to the accounts.

# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (continued)**

### **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 is set out below. All Directors served throughout the year, except where indicated otherwise.

JR Robinson (Chairman)  
D E Jones (Managing Director)  
J Barker (appointed 12 March 1998)  
A E Manning  
S M Metcalfe  
K A Tuck

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

Mr T P Baines, who served during the year, retired on 23 December 1997.

### **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.

No interests of any of the Directors in the ultimate parent Company are disclosable to this Company.

No Directors held any interests in the shares of this Company during the year.

### **PAYMENT OF CREDITORS**

The Company complies with the CBI prompt payment code for all suppliers. A copy of this code is available from The Confederation of British Industry, Centre Point, 103 New Oxford Street, London WC1A 1DU.

# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (continued)**

### **YEAR 2000**

Since 1997 the group has been working on the date sensitivity of computing systems, a problem which includes the Year 2000. The risks to the group's business processes have been evaluated and are not considered to be significant. Plans to address the issues have been prepared and are currently being implemented.

The costs of addressing the Year 2000 problem are not expected to be significant and the resources required to achieve compliance are principally expected to be found from normal operating budgets. All related costs are written off as incurred.

### **ECONOMIC AND MONETARY UNION IN EUROPE ('EMU')**

The Group is preparing for the introduction of a single currency within Europe in 1999. Information systems will be routinely upgraded to handle the introduction of the Euro.

### **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.

### **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. A quarterly group newsletter is produced and circulated to all employees.

# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1992 (continued)**

### **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.

**DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND  
SUBSIDIARIES**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 1998 (continued)**

**AUDITORS**

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998, following which Price Waterhouse resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the Board



S M Metcalfe  
Secretary  
Ivybridge, Devon

11 December 1998

PricewaterhouseCoopers  
31 Great George Street  
Bristol  
BS1 5QD  
Telephone +44 (0) 117 929 1500  
Facsimile +44 (0) 117 929 0519

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

We have audited the accounts on pages 7 to 24 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 10 to 12.

### Respective responsibilities of directors and auditors

As described on page 4, 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.

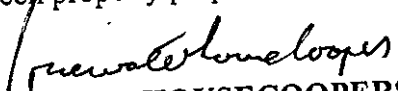
### Basis of opinion

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 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PRICEWATERHOUSECOOPERS**  
Chartered Accountants  
and Registered Auditors

11 December 1998

**DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND  
SUBSIDIARIES**

**CONSOLIDATED AND COMPANY PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	<u>Note</u>	<u>1998</u> £'000	<u>1997</u> £'000
<b>TURNOVER</b>	1	10,031	18,926
		<u>          </u>	<u>          </u>
<b>OPERATING PROFIT</b>	2	198	468
Exceptional item	6	<u>      -</u>	<u>      8</u>
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		198	476
Net interest receivable/(payable)	5	<u>      7</u>	<u>    (61)</u>
<b>PROFIT BEFORE TAXATION</b>		205	415
Taxation	7	<u>   (40)</u>	<u>      -</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		165	415
Dividends	8	<u>  (105)</u>	<u> (1,750)</u>
<b>PROFIT TRANSFERRED TO/(FROM) RESERVES</b>	17	60	(1,335)
		<u>          </u>	<u>          </u>

Of the profit attributable to shareholders, £165,000 (1997: £415,000) is dealt with in the accounts at Dutton Forshaw (Land Machinery) Limited. The directors have taken advantage of the exemption available under Section 230 of the Companies Act 1985 and not presented a profit and loss account for the company above.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

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 10 to 24 form part of these accounts.



# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## BALANCE SHEETS AS AT 30 SEPTEMBER 1998

	Note	Group		Company	
		1998	1997	1998	1997
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	9	700	689	700	689
Investments:					
Subsidiary undertakings	10	-	-	313	313
		700	689	1,013	1,002
<b>CURRENT ASSETS</b>					
Stocks	11	2,033	2,116	2,033	2,116
Debtors	12	1,820	3,458	1,820	3,458
Cash at bank and in hand		1,159	1,398	1,159	1,398
		5,012	6,972	5,012	6,972
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,546)	(4,626)	(2,859)	(4,939)
<b>NET CURRENT ASSETS</b>		2,466	2,346	2,153	2,033
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,166	3,035	3,166	3,035
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(625)	(554)	(625)	(554)
		2,541	2,481	2,541	2,481
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16	30	30	30	30
Revaluation reserve	17	1	1	1	1
Profit and loss account	17	2,510	2,450	2,510	2,450
		2,541	2,481	2,541	2,481

The notes on pages 10 to 24 form part of these accounts.

Approved by the Board of Directors on 11 December 1998 and signed on its behalf by:

  
D E JONES  
DIRECTOR

**DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND  
SUBSIDIARIES**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	<u>Group</u>		<u>Company</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£'000	£'000	£'000	£'000
<b>Profit for the financial year</b>	165	415	165	415
Dividends	<u>(105)</u>	<u>(1,750)</u>	<u>(105)</u>	<u>(1,750)</u>
Net increase/(decrease) in shareholders' funds	60	(1,335)	60	(1,335)
Shareholders' funds at 1 October 1997	<u>2,481</u>	<u>3,816</u>	<u>2,481</u>	<u>3,816</u>
<b>Shareholders' funds at 30 September 1998</b>	2,541	2,481	2,541	2,481
	=====	=====	=====	=====

The shareholders' funds are wholly attributable to equity shareholders.

The notes on pages 10 to 24 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 1998. 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.

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 (continued)**

### **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 (continued)**

### **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.

All sales originate in the United Kingdom.

### 2 OPERATING PROFIT

#### (a) Group operating profit

	<u>1998</u> £'000	<u>1997</u> £'000
Turnover	10,031	18,926
Cost of sales	<u>(7,006)</u>	<u>(14,336)</u>
Gross profit	3,025	4,590
Distribution costs	(1,927)	(2,676)
Administration expenses	(944)	(1,196)
Management charge	<u>44</u>	<u>(250)</u>
Operating profit	<u>198</u>	<u>468</u>

#### (b) Operating profit is stated after charging:

	<u>1998</u> £'000	<u>1997</u> £'000
Operating lease charges:		
Cars, plant and machinery	150	181
Depreciation charge:		
Owned tangible assets	88	146
Finance leased tangible assets	-	21
Auditors' remuneration:		
Audit fees	26	32
Non-audit fees	4	3
Reorganisation and redundancy costs	50	80
Profit on disposal of fixed assets	16	-
	<u>16</u>	<u>-</u>

The profit on ordinary activities before taxation arises from the group's main 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 (continued)

### 3 EMOLUMENTS OF THE DIRECTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Aggregate emoluments (including expense allowances and benefit in kind but excluding payments to the defined benefit pension scheme)	147	278
Compensation for loss of office	<u>-</u>	<u>39</u>
	<u>147</u>	<u>317</u>
<u>Highest paid Director</u>		
Aggregate emoluments	57	106
	<u>57</u>	<u>106</u>
Amount accrued under a defined benefit pension scheme at the end of the year.	9	51
	<u>9</u>	<u>51</u>

No share options were granted to Directors during the year. The number of Directors who are members of the group pension scheme is 5 (1997: 5). No company contributions were paid in respect of the year on the recommendation of the Actuaries.

# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **NOTES TO THE ACCOUNTS (continued)**

### **4 STAFF NUMBERS AND COSTS**

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

<u>1998</u>	<u>1997</u>
Number	Number
78	102
<u>      </u>	<u>      </u>

The aggregate payroll cost was as follows:

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Wages and salaries	1,424	1,900
Social security costs	114	152
Other pension costs (Note 18)	<u>71</u>	<u>81</u>
	1,609	2,133
	<u>      </u>	<u>      </u>

### **5 NET INTEREST (RECEIVABLE)/PAYABLE**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Bank interest receivable	(45)	(102)
Interest payable:	<u>      </u>	<u>      </u>
On overdrafts and other loans		
repayable within five years	14	125
On bills of exchange	<u>24</u>	<u>38</u>
	38	163
	<u>      </u>	<u>      </u>
Net interest (receivable)/payable	(7)	61
	<u>      </u>	<u>      </u>



# **DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES**

## **NOTES TO THE ACCOUNTS (continued)**

### **6 EXCEPTIONAL ITEMS**

	<u>1998</u> £'000	<u>1997</u> £'000
Profit on disposal of fixed assets	-	8
	<u>          </u>	<u>          </u>

### **7 TAXATION**

	<u>1998</u> £'000	<u>1997</u> £'000
Corporation tax at 31% (1997: 32%)	-	-
Under provision in respect of prior years	<u>40</u>	<u>-</u>
	40	-
	<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 £64,000 (1997: £154,000 increase).
- (2) Reduced in respect of group relief of £84,000 to be surrendered by other Group companies for no consideration (1997: £188,000 reduction).

### **8 DIVIDENDS PAID**

	<u>1998</u> £'000	<u>1997</u> £'000
Dividends paid at £0.70 per share (1997 - £11.67 per share)	105	1,750
	<u>          </u>	<u>          </u>

# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS (continued)

### 9 TANGIBLE FIXED ASSETS

#### Group and company

	Freehold land and <u>buildings</u> £'000	Plant and <u>machinery</u> £'000	Motor vehicles, fixtures, fittings, and <u>equipment</u> £'000	<u>Total</u> £'000
<b><u>Cost or valuation</u></b>				
At 1 October 1997	585	371	961	1,917
Additions	-	36	68	104
Disposals	<u>-</u>	<u>(97)</u>	<u>(128)</u>	<u>(225)</u>
At 30 September 1998	585	310	901	1,796
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<b><u>Depreciation</u></b>				
At 1 October 1997	84	324	820	1,228
Disposals	-	(95)	(125)	(220)
Charge for the year	<u>11</u>	<u>18</u>	<u>59</u>	<u>88</u>
At 30 September 1998	95	247	754	1,096
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<b><u>Net book value</u></b>				
At 30 September 1998	490	63	147	700
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
At 30 September 1997	501	47	141	689
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

In accordance with Group accounting policy no depreciation has been provided on freehold land, which at 30 September 1998 had a book value of £50,000 (1997 - £50,000).

# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS (continued)

### 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
<b><u>Cost or valuation:</u></b>				
1985 Valuation	150	-	-	150
Cost	<u>435</u>	<u>310</u>	<u>901</u>	<u>1,646</u>
At 30 September 1998	585	310	901	1,796
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<b><u>Depreciation:</u></b>				
1985 Valuation	26	-	-	26
Cost	<u>69</u>	<u>247</u>	<u>754</u>	<u>1,070</u>
At 30 September 1998	95	247	754	1,096
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<b><u>Historical cost of revalued assets:</u></b>				Freehold land and buildings £'000
Cost				134
Depreciation				<u>(22)</u>
Net historical book value at 30 September 1998				112
				<u><u>          </u></u>
Cost				134
Depreciation				<u>(20)</u>
Net historical book value at 30 September 1997				114
				<u><u>          </u></u>

# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS (continued)

### 10 SUBSIDIARY UNDERTAKINGS

	<u>Shares</u> £'000
Cost at 30 September 1998 and 30 September 1997	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	Dormant	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.

# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS (continued)

### 11 STOCKS

	<u>Group and Company</u>	
	<u>1998</u>	<u>1997</u>
	£'000	£'000
Goods for resale	2,033	2,116
	<u>          </u>	<u>          </u>

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

### 12 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	1,443	1,812	1,443	1,812
Amounts owed by parent, fellow subsidiary and associated undertakings	63	5	63	5
Other debtors	221	1,588	221	1,588
Prepayments and accrued income	<u>93</u>	<u>53</u>	<u>93</u>	<u>53</u>
	1,820	3,458	1,820	3,458
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 13 CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£'000	£'000	£'000	£'000
Trade creditors	772	2,256	772	2,256
Bills of exchange	804	591	804	591
Amounts due to parent and fellow subsidiary undertakings	-	16	-	16
Amounts due to subsidiary undertakings	-	-	313	313
Indirect tax and social security liabilities	65	43	65	43
Accruals	<u>905</u>	<u>1,720</u>	<u>905</u>	<u>1,720</u>
	2,546	4,626	2,859	4,939
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# DUTTON-FORSHAW (LAND MACHINERY) LIMITED AND SUBSIDIARIES

## NOTES TO THE ACCOUNTS (continued)

### 14 CREDITORS: Amounts falling due after more than one year

	<u>Group and Company</u>	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Pension provision (Note 18)	625	554
	<u>=====</u>	<u>=====</u>

### 15 PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION

No provision has been made for deferred taxation at 30 September 1998 (1997 - £Nil).

The full potential liability/(asset) for deferred taxation at 31% (1997 - 32%) can be analysed as follows:

	<u>Group and Company</u>	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
<u>Estimated total contingent liability/(asset)</u>		
Fixed assets	77	78
Other timing differences	<u>(194)</u>	<u>(183)</u>
	(117)	(105)
	<u>=====</u>	<u>=====</u>

### 16 CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
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 (continued)

### 17 RESERVES

	Revaluation <u>reserve</u> £'000	<u>Group and Company</u> Profit and loss <u>Account</u> £'000
At 1 October 1997	1	2,450
Retained profit for the year	<u>-</u>	<u>60</u>
At 30 September 1998	<u>1</u>	<u>2,510</u>

Cumulative goodwill written off against the group profit and loss account on the acquisition of subsidiaries since 1 October 1990 amounts to £885,000.

### 18 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 1996. The principal actuarial assumptions adopted in that valuation were that the annual rate of return on investments would be 2.5% higher than the annual increase in total pensionable remuneration and 4.5% higher than the annual increase in present and future pensions in payment. The market value of the assets, £38,314,000, was sufficient to cover 133% 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 1999. The total pension cost for the Group was £71,000 (1997 - £81,000) and a provision of £625,000 (1997 - £554,000) 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 (continued)**

### **19 CAPITAL COMMITMENTS**

	<u>Group and Company</u>	
	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Contracted for but not yet provided	3	-
Authorised by the directors but not contracted for	35	-
	<u>          </u>	<u>          </u>

### **20 OPERATING LEASES**

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

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Operating leases which expire:		
Within one year	39	54
Between one and five years	<u>20</u>	<u>21</u>
	59	75
	<u>          </u>	<u>          </u>

### **21 CONTINGENT LIABILITIES**

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Letter of set off to Lloyds Bank plc in respect of Dutton-Forshaw Machinery Limited and subsidiaries	5,922	3,449
	<u>          </u>	<u>          </u>

The Company has given an unlimited composite guarantee in favour of National Westminster Bank plc for the bank indebtedness of £19 million of Dutton-Forshaw Investments Limited and its subsidiaries. In relation to the guarantee the Company has a fixed and floating charge over all of its assets.

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 (continued)**

### **22 RELATED PARTY TRANSACTIONS**

The company is exempt from disclosing transactions with fellow group companies, under Financial Reporting Standard Number 8 - "Related Party Transactions" as it is a 100% subsidiary of a group whose accounts are publicly available.

### **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 The Threshing Barn, Bignell Park Barns, Chesterton, Bicester, Oxfordshire, OX6 8TD.

The ultimate parent undertaking and the parent undertaking of the largest group to consolidate these accounts is Dutton Forshaw Investments Limited, a company incorporated in England and Wales. Copies of the group accounts may be obtained from Dutton Forshaw Investments Limited, The Threshing Barn, Bignell Park Barns, Chesterton, Bicester, Oxfordshire, OX6 8TD.