

Jungheinrich (G.B.) Limited

Accounts 31 December 1996
together with directors' and auditors' reports

Registered number: 757192



Directors' report

For the year ended 31 December 1996

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1996.

Directors' responsibilities

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 or 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; and
- 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and business review

The principal activity of the company continues to be the sale, hire and servicing of mechanical handling equipment.

This year turnover increased from £58,290,201 to £60,253,839 and the operating profit for the year was £114,127 (1995 - £579,696). The directors expect the general level of activity to improve in the ensuing year.

Results and dividends

Results, dividends and recommended transfers to reserves are as follows:

	£
Accumulated deficit, beginning of year	(1,875,871)
Loss for the financial year	(1,353,793)
Accumulated deficit, end of year	<u>(3,229,664)</u>

No dividend can be paid.

Directors' report (continued)

Directors and their interests

The directors who served during the year are as shown below.

S. Jeffs

R. Koenig

(Resigned 30 April 1997)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

Payment of Creditors

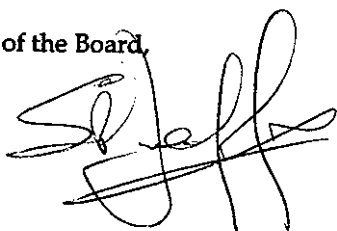
It is company policy to settle all debts with its creditors on a timely basis, taking account of the credit period given by each supplier.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors.

By order of the Board,

S. Jeffs



Managing Director

Southmoor Road
Wythenshawe
Manchester
M23 9DU

4 July 1997

Auditors' report

Manchester

To the Shareholders of Jungheinrich (G.B.) Limited:

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 financial statements. 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 circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 8DR

4 July 1997

Profit and loss account

For the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	60,253,839	58,290,201
Change in stocks of spare parts and goods for resale		1,246,569	(206,768)
Other operating income		10,994	132,478
		<hr/> 61,511,402	<hr/> 58,215,911
Purchases of spare parts and goods for resale		(37,811,639)	(34,949,332)
Other external charges		(270,207)	(537,050)
Staff costs	3	(11,450,255)	(11,321,490)
Depreciation and amounts written off tangible fixed assets		(3,854,928)	(3,888,148)
Other operating charges		(8,010,246)	(6,940,195)
		<hr/> 114,127	<hr/> 579,696
Operating profit			
Interest receivable and similar income	5	1,145,500	887,000
Interest payable and similar charges	6	(2,761,079)	(2,123,624)
		<hr/> (1,501,452)	<hr/> (656,928)
Loss on ordinary activities before taxation	7		
Tax on loss on ordinary activities	8	147,659	360,000
		<hr/> (1,353,793)	<hr/> (296,928)
Loss for the financial year			
Accumulated deficit, beginning of year		(1,875,871)	(1,578,943)
Accumulated deficit, end of year		<hr/> (3,229,664)	<hr/> (1,875,871)

All activity has arisen from continuing operations.

The company has no recognised gains or losses other than the loss for the year.

A statement of movements on reserves is given in note 17.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	16,638,967	15,398,669
Current assets			
Stocks	10	10,451,308	7,679,542
Debtors: due after more than one year	11	6,632,993	7,540,000
Debtors: due within one year	11	22,679,622	21,999,911
		39,763,923	37,219,453
Creditors: Amounts falling due within one year	12	(37,742,261)	(30,237,341)
Net current assets		2,021,662	6,982,112
Total assets less current liabilities		18,660,629	22,380,781
Creditors: Amounts falling due after more than one year	13	(18,029,093)	(20,230,652)
Provisions for liabilities and charges	14	(71,200)	(236,000)
Net assets		560,336	1,914,129
Capital and reserves			
Called-up share capital	15	1,690,000	1,690,000
Capital contribution	18	2,100,000	2,100,000
Profit and loss account	17	(3,229,664)	(1,875,871)
Total equity capital employed		560,336	1,914,129

Signed on behalf of the Board

S. Jeffs

Managing Director

4 July 1997

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not produced a cashflow statement as it was, at 31 December 1996, a wholly-owned subsidiary undertaking of Jungheinrich AG, a company incorporated in Germany, which has prepared consolidated accounts which include a consolidated cash flow statement prepared in accordance with Financial Reporting Standard Number 1 (Revised 1996).

b) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their estimated economic lives, as follows:

Freehold buildings	25 years
Motor vehicles	4 years
Fixtures, fittings, tools and equipment	5 years
Trucks on hire to customers	5 years
Plant and machinery	8 years

c) Leased assets

Finance leases

Certain trucks for hire, motor vehicles and office equipment are held under finance leases. A sum equivalent to the cost of these assets is capitalised and is depreciated over the shorter of the lease term or the estimated economic lives of the assets. A corresponding amount is recorded as a creditor and is reduced by the capital element of the annual lease payments. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance.

Residual interest in stocks and corresponding liabilities are recognised in respect of the buy back cost of trucks sold to leasing companies under sale and repurchase transactions where the repurchase requirements become effective on the expiry of lease contracts.

Notes to accounts (continued)

1 Accounting policies (continued)

c) *Leased assets (continued)*

Back-to-back finance leases

The company also enters into certain lease transactions whereby it acts as both lessee and lessor in respect of trucks. The capital elements of the obligations under these arrangements payable to lessors are included within creditors, with corresponding amounts receivable from lessees included in debtors. Finance charges payable and receivable are allocated to accounting periods over the period of the leases to produce a constant rate of interest on the outstanding balances.

Operating leases

Certain land and buildings and plant and machinery are held under operating leases, for which rentals are charged on a straight-line basis over the lease term. The company also enters into operating lease transactions whereby it acts as lessors in respect of trucks. Rentals are charged on a straight-line basis over the lease term.

Further information on future commitments is given in note 16b.

d) *Stocks*

Trucks for resale are stated at the lower of first-in, first-out cost (including duty and inward carriage charges) or net realisable value.

e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated using the liability method. Deferred taxation is provided on all and only those timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred taxation is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

f) *Turnover*

Turnover comprises the sales value of goods made available to customers under finance leases and invoiced sales of goods, services and rental income, net of trade discounts, allowances and value added tax.

g) *Foreign currency*

Transactions denominated in foreign currency are recorded in the local currency at actual exchange rates as of the date of the transaction or where appropriate, at the rate of exchange in the related forward exchange contract. Monetary assets and liabilities denominated in foreign currency at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to accounts (continued)

1 Accounting policies (continued)

h) Pension costs

The amount charged to the profit and loss account in respect of the company's defined benefit pension scheme comprises the regular cost of providing the benefits earned during the year adjusted for variations from the regular cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are allocated to accounting periods as a constant percentage of pensionable payroll over employees' estimated average remaining service life.

Any difference between amounts charged in the profit and loss account and contributions paid to external funds held by independent trusts is shown as either an accrual or a prepayment in the balance sheet.

Further information on pension costs is provided in note 4.

2 Turnover

Contributions to turnover by geographical area were as follows:

	1996 £	1995 £
United Kingdom	58,273,688	56,855,023
Other European Countries	1,980,151	1,435,178
	<u>60,253,839</u>	<u>58,290,201</u>

Included in the turnover which arises from Europe is £583,835 (1995 - £541,168) of sales made to other group undertakings.

3 Staff costs

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

	1996 Number employed	1995 Number employed
Service	278	274
Administration and sales	206	218
	<u>484</u>	<u>492</u>

Their aggregate remuneration comprised:

	1996 £	1995 £
Wages and salaries	10,142,950	10,027,699
Social security costs	818,820	834,701
Other pension costs	488,485	459,090
	<u>11,450,255</u>	<u>11,321,490</u>

Notes to accounts (continued)

3 Staff costs (continued)

Directors' remuneration in respect of directors of the company who served during the year was as follows:

	1996 £	1995 £
Emoluments (including pension contributions)	<u>174,825</u>	<u>186,272</u>

The directors' remuneration shown above (excluding pensions and pension contributions) included:

	1996 £	1995 £
Chairman and highest paid director	<u>83,000</u>	<u>97,896</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1996 Number	1995 Number
£ 70,001 - £ 75,000	-	1
£ 75,001 - £ 80,000	1	-
£ 80,001 - £ 85,000	1	-
£ 95,001 - £ 100,000	-	1

4 Other pension costs

Contributions to the company's defined benefit pension scheme are determined by a qualified actuary on the basis of triennial valuations using the projected accrued benefit method. The most recent valuation was at 6 April 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that investment returns would be 9% per annum and that salary increases would average 6.5% per annum, plus a scale to reflect merit and promotional increases.

At the valuation date the market value of the scheme's assets was £6,926,521 and the valuation showed that the actuarial value of these assets represented approximately 118% of the benefits that had accrued to members calculated on the basis of the projected accrued benefit method. The surplus is being spread over the remaining service lives of the current employees.

The pension charge for the year was £488,485 (1995 - £459,090).

Included in prepayments and accrued income is a prepayment of £287,000 which represents the excess of contributions paid over the accumulated pension cost (1995 - £174,000).

Notes to accounts (continued)

5 Interest receivable and similar income

Interest receivable and similar income represents the interest element of charges receivable under finance leases.

6 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans		
- repayable within five years, by instalments	1,938,028	1,370,943
- repayable within five years, not by instalments	823,051	752,681
	<u>2,761,079</u>	<u>2,123,624</u>

Included in the above is the interest element of charges payable under finance leases amounting to £1,938,028 (1995 - £1,370,943) and interest paid to group undertakings of £Nil (1995 - £12,871).

7 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Depreciation and amounts written off tangible fixed assets		
- owned	948,881	1,640,731
- held under finance leases	2,906,047	2,247,414
Hire of plant and machinery under operating leases	1,221,330	1,160,405
Other operating lease rentals	1,160,679	910,684
Auditors' remuneration		
- audit services	28,000	28,000
- non-audit services	54,658	15,025
	<u>54,658</u>	<u>15,025</u>

8 Tax on loss on ordinary activities

The tax credit is based on the loss for the year, and comprises:

	1996 £	1995 £
Corporation tax	-	112,000
Deferred taxation arising from		
- capital allowances	(21,000)	(342,000)
- other timing differences	(126,659)	(130,000)
	<u>(147,659)</u>	<u>(360,000)</u>

Notes to accounts (continued)

9 Tangible fixed assets

The movement in the year was as follows:

Cost	Freehold land and buildings £	Motor vehicles £	Fixtures fittings, tools and equipment £	Trucks on hire £	Plant and machinery £	Total £
Beginning of year	48,900	298,179	1,209,288	21,533,921	225,303	23,315,591
Additions	-	267,427	331,618	9,817,279	118,729	10,535,053
Disposals	-	(150,290)	(378,837)	(11,185,315)	(116,765)	(11,831,207)
End of year	48,900	415,316	1,162,069	20,165,885	227,267	22,019,437
Depreciation						
Beginning of year	15,767	263,346	686,398	6,761,578	189,833	7,916,922
Charge	1,956	39,044	168,711	3,621,758	23,459	3,854,928
Disposals	-	(150,290)	(378,837)	(5,745,488)	(116,765)	(6,391,380)
End of year	17,723	152,100	476,272	4,637,848	96,527	5,380,470
Net book value						
Beginning of year	33,133	34,833	522,890	14,772,343	35,470	15,398,669
End of year	31,177	263,216	685,797	15,528,037	130,740	16,638,967
Included in the above are assets held under finance lease						
Net book value						
Beginning of year	-	-	-	12,490,897	-	12,490,897
End of year	-	212,529	-	13,472,206	-	13,684,735

Notes to accounts (continued)

10 Stocks

	1996 £	1995 £
Finished goods	4,536,913	3,290,344
Residual interest in stocks	5,914,395	4,389,198
	<u>10,451,308</u>	<u>7,679,542</u>

In accordance with Financial Reporting Standard 5, residual interest in stocks has been recognised in respect of the buy back cost of trucks sold to leasing companies under sale and repurchase transactions where the repurchase requirements become effective on the expiry of lease contracts operated by these third parties. The corresponding liabilities are recognised in creditors under amounts falling due after more than one year, as shown in notes 12 and 13. Residual interest in stocks crystallise after more than one year.

11 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	16,827,514	17,244,340
Amounts owed by other group undertakings	81,449	114,464
Receivable under leasing agreements	5,112,679	3,737,151
Other debtors	68,169	192,062
Prepayments and accrued income	589,811	711,894
	<u>22,679,622</u>	<u>21,999,911</u>
Amounts falling due after more than one year:		
Receivable within five years under leasing agreements	6,632,993	7,540,000
	<u>29,312,615</u>	<u>29,539,911</u>

The cost of trucks acquired under finance leases during the year, for the purpose of making them available to customers under finance leases, was £5,209,388 (1995 - £2,995,931).

Notes to accounts (continued)

12 Creditors: Amounts falling due within one year

	1996 £	1995 £
Obligations under finance leases	12,602,664	7,555,532
Bank loans and overdrafts (unsecured)	13,501,920	8,413,321
Trade creditors	4,677,816	4,432,834
Amounts owed to other group undertakings	4,120,902	7,227,586
Other creditors		
- UK corporation tax payable	112,000	261,993
- VAT	1,407,048	843,529
- social security and PAYE	281,969	289,144
Accruals and deferred income	1,037,942	1,213,402
	<u>37,742,261</u>	<u>30,237,341</u>

Certain leasing obligations are secured on the company's leasing receivables.

Liabilities in respect of sale and repurchase transactions of £Nil (1995 - £147,098) are also included within accruals and deferred income.

13 Creditors: Amounts falling due after more than one year

	1996 £	1995 £
Obligations payable within five years under leasing agreements	12,114,698	15,988,552
Liabilities in respect of sale and repurchase transactions	5,914,395	4,242,100
	<u>18,029,093</u>	<u>20,230,652</u>

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back trucks sold to leasing companies. Residual interest in trucks is reflected within stocks as detailed in Note 10.

Notes to accounts (continued)

14 Provisions for liabilities and charges

	1996 £	1995 £
Deferred taxation	-	147,000
Other provisions (see note 20)	71,200	89,000
	<u>71,200</u>	<u>236,000</u>

Deferred taxation

Deferred taxation has been provided in full, with the exception of the asset in respect of tax losses carried forward because of the uncertainty of their utilisation. Deferred taxation on losses has been recognised to the extent to which the deferred tax liability is eliminated.

	1996 £	1995 £
Excess of tax allowances over book depreciation of owned fixed assets	200,000	205,000
Excess of book depreciation and finance charges for leased assets over tax allowances	(3,000)	(17,000)
Tax losses in year	(231,000)	-
Other timing differences	34,000	(41,000)
	<u>-</u>	<u>147,000</u>

The movement on deferred tax comprises:

	1996 £	1995 £
Beginning of year	147,000	619,000
Adjustment in respect of previous years	6,000	-
Credited to profit and loss, in respect of		
- capital allowances	(21,000)	(342,000)
- other timing differences	(132,000)	(130,000)
End of year	<u>-</u>	<u>147,000</u>

15 Called-up share capital

	1996 £	1995 £
<i>Authorised, allotted, called-up and fully-paid</i>		
1,690,000 ordinary shares of £1 each	<u>1,690,000</u>	<u>1,690,000</u>

Notes to accounts (continued)

16 Guarantees and other financial commitments

a) Capital commitments

At the end of the year capital commitments were £Nil (1995 - £230,778).

b) Operating lease commitments

The company leases certain land and buildings on short and long-term operating leases. The annual rental on these leases was £1,160,679 (1995 - £910,684).

The minimum annual rentals under the company's operating leases are as follows:

	Property £	Plant and machinery £
1995		
Operating leases which expire		
- within 1 year	-	361,056
- within 2-5 years	102,000	799,349
- after 5 years	808,684	-
	<u>910,684</u>	<u>1,160,405</u>
1996		
Operating leases which expire		
- within 1 year	-	373,727
- within 2-5 years	102,000	847,603
- after 5 years	1,058,679	-
	<u>1,160,679</u>	<u>1,221,330</u>

Notes to accounts (continued)

17 Movement on profit and loss account reserve

	1996 £	1995 £
Beginning of year	(1,875,871)	(1,578,943)
Loss for the financial year	(1,353,793)	(296,928)
End of year	<u>(3,229,664)</u>	<u>(1,875,871)</u>

18 Capital contribution

This represents a non-repayable and non-interest bearing contribution received from the parent company.

19 Reconciliation of shareholders' funds

	1996 £	1995 £
Loss for the year	(1,353,793)	(296,928)
Capital contribution	-	2,100,000
Shareholders' funds at the beginning of the year	1,914,129	111,057
Shareholders' funds at the end of the year	<u>560,336</u>	<u>1,914,129</u>

20 Contingent liabilities

The company holds a vacant property on long leasehold, expiring 2005, at an annual rental of £92,000 included within operating lease commitments. A sub-tenancy at an annual rental of £74,200 exists until 31 December 2000. The crystallised loss over the period of the sub-tenancy, amounting to a total of £71,200 (1995 - £89,000), is included in provisions. The directors consider it unlikely that the full potential liability of £460,000 will crystallise.

21 Ultimate parent company

The largest and smallest group of which Jungheinrich (G.B.) Limited is a member, and for which group accounts are drawn up is that headed by Jungheinrich AG, which is controlled by the Jungheinrich family and is a company incorporated in Germany.

The consolidated accounts of this group are available to the public and may be obtained from Frederick-Ebert-Damm 129, 22407 Hamburg, Germany.

In preparing the accounts the company has taken advantage of the provisions of Financial Reporting Standard 8 and has not disclosed transactions with the ultimate parent company, Jungheinrich AG or other group undertakings.

22 Parent company support

The directors of the parent company have confirmed that it will continue to support the company to enable it to meet its third party liabilities as they fall due for a period of at least 12 months from the date of approval of these accounts.