

**JUNGHEINRICH UK LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2002**

**Registered no: 757192**

**RE-SCAN**

16-04-03-412



# **JUNGHEINRICH UK LIMITED**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002**

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# **JUNGHEINRICH UK LIMITED**

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## **DIRECTORS AND ADVISERS**

### **Directors**

**S Jeffs**  
**J Porter**  
**T Foreman (resigned 4<sup>th</sup> March 2002)**

### **Registered Auditors**

**PricewaterhouseCoopers LLP**  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Solicitors**

**Halliwell Landau**  
St James' Court  
Brown Street  
Manchester  
M2 2JE

**Chaffe Street**  
Brook House  
77 Fountain Street  
Manchester  
M2 2EE

### **Secretary and Registered Office**

**S Shaw**  
Southmoor Road  
Wythenshawe  
Manchester  
M23 9DU

### **Bankers**

**Barclays Bank PLC**  
Corporate Banking Centre  
P O Box 543  
51 Mosley Street  
Manchester  
M60 2BU

**Berenberg Bank**  
Neuer Jungfernstieg 20  
20354 Hamburg  
Germany

**Commerzbank**  
Ness 7 – 9  
20457 Hamburg  
Germany

**Société Generale**  
Exchange House  
Primrose Street  
London  
EC2A 2HT

**DIRECTORS' REPORT FOR THE YEAR ENDED  
31 DECEMBER 2002**

The directors present their report and the audited financial statements for the year ended 31 December 2002

**Principal activities**

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

Both the level of business and the year end financial position were satisfactory and the directors expect this level of performance to continue in the foreseeable future.

**Review of business**

A summary of the results for the year is shown below:

	2002 £	2001 £
Accumulated deficit at beginning of year	(16,157,386)	(9,885,316)
Loss for the financial year	<u>(620,726)</u>	<u>(6,272,070)</u>
Accumulated deficit	<u>(16,778,112)</u>	<u>(16,157,386)</u>

**Dividends**

The directors do not recommend the payment of a dividend (2001: £Nil).

**Charitable donations**

The company has made charitable donations totalling £7,345 (2001: £3,420).

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER  
2002 (CONTINUED)**

**Directors**

The directors of the company are listed on page 1.

**Directors' interests in shares of the company**

According to the register required to be kept by Section 325 of the Companies Act 1985, no directors at the year end have any beneficial interests in the shares of the company. As permitted by Statutory Instrument, interests in shares of overseas group companies are not disclosed.

**Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the newsletters and distribution of the annual report.



**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER  
2002 (CONTINUED)**

**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1<sup>st</sup> January 2003, PricewaterhouseCoopers resigned on 28<sup>th</sup> February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

**By order of the board**



**S Shaw  
Company secretary  
4<sup>th</sup> April 2003**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JUNGHEINRICH UK LIMITED**

We have audited the financial statements, which comprise the profit and loss, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

**Basis of audit 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 financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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



**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers* 

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester  
4<sup>th</sup> April 2003

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31 DECEMBER 2002**

	Notes	2002 £	2001 £
<b>Continuing operations</b>			
Turnover	2	135,525,742	86,885,941
Change in stocks of spare parts and goods for resale		(2,533,437)	(5,449,003)
Other operating income		<u>373,302</u>	<u>19,440</u>
		133,365,607	81,456,378
Purchases of spare parts and goods for resale		(76,501,934)	(49,785,138)
Other external charges		(495,193)	(326,527)
Staff costs	4	(30,220,293)	(20,371,249)
Depreciation and amounts written off tangible fixed assets		(4,898,414)	(3,657,095)
Other operating expenses		<u>(20,080,110)</u>	<u>(12,437,763)</u>
Operating profit / (loss)		1,169,663	(5,121,394)
Interest receivable and similar income	5	201,725	125,154
Interest payable and similar charges	6	<u>(1,992,114)</u>	<u>(1,275,830)</u>
Loss on ordinary activities before taxation	7	(620,726)	(6,272,070)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the financial year	20	(620,726)	(6,272,070)
Accumulated deficit at beginning of year		<u>(16,157,386)</u>	<u>(9,885,316)</u>
Accumulated deficit at end of year		<u>(16,778,112)</u>	<u>(16,157,386)</u>

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

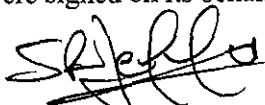
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

## BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Tangible fixed assets	9	13,307,367	17,119,240
Fixed asset investment	10	<u>2</u>	<u>2</u>
		13,307,369	17,119,242
<b>Current assets</b>			
Stocks	11	31,896,769	35,045,239
Debtors	12	35,430,549	44,410,433
Cash at bank and in hand		<u>360,302</u>	<u>9,091,212</u>
		67,687,620	88,546,884
<b>Creditors: amounts falling due within one year</b>	13	<u>(62,721,902)</u>	<u>(82,815,956)</u>
<b>Net current assets</b>		<u>4,965,718</u>	<u>5,730,928</u>
<b>Total assets less current liabilities</b>		18,273,087	22,850,170
<b>Creditors: amounts falling due after more than one year</b>	14	(21,672,277)	(25,152,995)
<b>Provisions for liabilities and charges</b>	16	<u>(988,922)</u>	<u>(1,464,561)</u>
		<u>(4,388,112)</u>	<u>(3,767,386)</u>
<b>Capital and reserves</b>			
Called up share capital	19	10,290,000	10,290,000
Capital contribution		2,100,000	2,100,000
Profit and loss account	20	<u>(16,778,112)</u>	<u>(16,157,386)</u>
<b>Closing shareholders' funds</b>	21	<u>(4,388,112)</u>	<u>(3,767,386)</u>
<b>Analysed as:</b>			
Equity shareholders funds		(12,988,112)	(12,367,386)
Non-equity shareholders funds		<u>8,600,000</u>	<u>8,600,000</u>
		<u>(4,388,112)</u>	<u>(3,767,386)</u>

The financial statements on pages 7 to 27 were approved by the board of directors on 4<sup>th</sup> April 2003 and were signed on its behalf by:

S Jeffs  
Managing Director




## BALANCE SHEET AT 31 DECEMBER 2002

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S Jeffs  
Managing Director



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2002****1 PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

Jungheinrich Aktiengesellschaft, the ultimate parent company, has allocated group banking facilities of £28,800,000 for Jungheinrich UK Limited, which the directors believe will provide sufficient working capital for the company and therefore they have prepared the financial statements on the going concern basis.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal lives used for this purpose are:

Freehold Buildings	25 years
Leasehold buildings	Over the remaining life of the lease
Motor vehicles	4 years
Fixtures, fittings, tools and equipment	3 - 10 years
Plant and machinery	5 - 8 years
Trucks on hire to customers	5 years

**Leased assets***Finance leases*

Certain trucks for hire, motor vehicles and office equipment are held under finance leases and hire purchase agreements. 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.

*Back to back finance leases*

The company also operates 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.

*Residual interests on leased trucks*

A significant portion of the company's UK sales are through leasing companies whereby the company sells a truck outright to the leasing company which in turn enters into a lease agreement with the customer. Some leases contain a commitment from the company to repurchase the truck from the customer at the end of the lease at a price specified in the lease agreement.

Consequently, the company has a liability to repurchase a truck at the end of the lease term which is matched by an equivalent asset, being the repurchased truck, subject to the extent that the repurchase price of the truck does not exceed its realisable value at the time of repurchase.

Accordingly, the repurchase commitment is recorded as an asset on the balance sheet along with an equivalent liability recorded within creditors payable either within or after one year, according to the timing of the commitments. The asset is classified based on the intentions of management. If the intention is to use the repurchased trucks within the business for the purposes of short term leasing, then such assets are recorded within fixed assets. If the intention is to sell the assets upon repurchase, then such assets are recorded within stocks. The assets are not depreciated until repurchase.

**Stocks and long term contracts**

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

Long term contract balances included in stocks comprise costs incurred on long term contracts, net of amounts transferred to cost of sales, after deducting foreseeable losses and related payments on account. Costs include all direct material incurred in bringing a contract to its stage of completion at the year end. Provision for estimated losses on contracts are made in the period in which such losses are foreseen.

**Turnover**

Turnover represents the value of goods made available to customers under finance leases and invoiced sales of goods (including service and rental income) after deducting returns, allowances and sales taxes.

Revenue on sale of goods is recognised upon dispatch.

The company operates certain installation contracts that may operate for an extended period of time, the completion of which could span the balance sheet date. Accounting for such projects is recognised using the long term contracting method of accounting on a project by project basis. Turnover and profit is recognised using a degree of completion method appropriate to the stage of completion on the contracts based on sales value of work performed in the year by reference to the total sales value. Foreseeable losses are recognised immediately and in full in the profit and loss account.

Revenue on fixed term service contracts is recognised in a straight line basis over the term of the contract. Revenue on short term services rendered is recognised upon job completion. Revenue relating to goods made available to customers under finance leases are recognised upon commencement of contract.

**Deferred taxation**

The company adopted FRS19 (Deferred Tax) during the year. The adoption of this new standard represents a change in accounting policy.

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.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt within different periods for taxation purposes.

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted.

**Cash flow**

The company is a wholly owned subsidiary of Jungheinrich Beteiligungs GmbH, a company incorporated in Germany, and its cash flows are included within the consolidated cash flow statement for the group which is headed by Jungheinrich AG, a company incorporated in Germany. Consequently, the company is exempt under FRS1 (Revised) from the requirement to publish a cash flow statement.

**Foreign currency transactions**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions completed during the year are translated at the rate of exchange when the transactions occurred. All realised profits and losses on exchange are dealt with through the profit and loss account.



**2 TURNOVER**

Contributions to turnover by geographical area were as follows:

	2002 £	2001 £
United Kingdom	132,721,214	86,047,462
Other European countries	<u>2,804,528</u>	<u>838,479</u>
	<u>135,525,742</u>	<u>86,885,941</u>

Included in the turnover which arises from Europe is £2,751,323 (2001: £778,010) of sales made to other group undertakings.

**3 DIRECTORS' EMOLUMENTS**

	2002 £	2001 £
Emoluments (including pension contributions and benefits in kind)	<u>316,185</u>	<u>138,064</u>

Retirement benefits are accruing to two (2001: one) directors under a defined benefit scheme.

The emoluments of the highest paid director totalled £157,230 (2001 : £138,064). The accrued pension of the highest paid Director at the end of the year being £49,599 (2001 : £44,604).

**4 EMPLOYEE INFORMATION**

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2002 Number	2001 Number
<b>By activity</b>		
Service	728	494
Administration and sales	<u>258</u>	<u>195</u>
	<u>986</u>	<u>689</u>
	£	£
<b>Staff costs (for the above persons)</b>		
Wages and salaries	25,552,600	17,604,664
Social security costs	2,100,081	1,361,774
Other pension costs	<u>2,567,612</u>	<u>1,404,811</u>
	<u>30,220,293</u>	<u>20,371,249</u>

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2002	2001
	£	£
Finance leases and hire purchase contracts	-	34,767
Receivable from intercompany loans	129,761	-
Bank interest receivable	<u>71,964</u>	<u>90,387</u>
	<u>201,725</u>	<u>125,154</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2002	2001
	£	£
On bank loans, overdrafts and other loans	<u>1,992,114</u>	<u>1,275,830</u>

Included in the above is the interest element of charges payable under finance leases amounting to £2,242 (2001: £30,727).

**7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2002	2001
	£	£
Profit/loss on ordinary activities before taxation is stated after charging :		
Depreciation and amounts written off tangible fixed assets:		
Owned	620,237	520,949
Held under finance leases	4,278,177	3,136,146
Loss on sale of fixed assets	880	-
Auditors' remuneration for:		
Audit services	30,000	26,000
Non-audit services	27,264	9,675
Hire of plant and machinery – operating leases	2,613,132	1,825,490
Hire of other assets – operating leases	<u>99,254</u>	<u>614,197</u>

## 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The company has no charge to tax in the year (2001: £Nil), due to the availability of brought forward losses for offset and current year trading losses.

	2002 £	2001 £
UK corporation tax	-	-
<b>Current tax reconciliation :</b>		
Loss on ordinary activities before tax	<u>(620,726)</u>	<u>(6,272,070)</u>
Current tax at 30% (2001 : 30%)	(186,218)	(1,881,621)
<i>Effects of :</i>		
Expenses not deductible for tax purposes	107,918	84,714
Depreciation for period in excess of capital allowances	81,000	1,097,129
Decrease in short term timing differences	(2,700)	-
Increase in tax losses	<u>-</u>	<u>699,778</u>
	-	-

## 9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Motor vehicles	Fixtures, fittings, tools and equipment	Trucks on hire	Plant and machinery	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2002	2,150,000	258,014	775,139	3,099,965	23,342,996	528,541	30,154,655
Additions	-	4,110	97,354	195,838	3,184,007	3,619	3,484,928
Disposals	-	-	(8,105)	(175,865)	(5,630,289)	(14,370)	(5,828,629)
<b>At 31 December 2002</b>	<b>2,150,000</b>	<b>262,124</b>	<b>864,388</b>	<b>3,119,938</b>	<b>20,896,714</b>	<b>517,790</b>	<b>27,810,954</b>
<b>Depreciation</b>							
At 1 January 2002	62,792	94,691	513,017	2,154,007	9,921,718	289,190	13,035,415
Charge	57,962	9,969	96,473	376,346	4,278,177	79,487	4,898,414
Disposals	-	-	(8,105)	(134,568)	(3,273,199)	(14,370)	(3,430,242)
<b>At 31 December 2002</b>	<b>120,754</b>	<b>104,660</b>	<b>601,385</b>	<b>2,395,785</b>	<b>10,926,696</b>	<b>354,307</b>	<b>14,503,587</b>
<b>Net book value</b>							
At 31 December 2002	<u>2,029,246</u>	<u>157,464</u>	<u>263,003</u>	<u>724,153</u>	<u>9,970,018</u>	<u>163,483</u>	<u>13,307,367</u>
Net book value							
At 31 December 2001	<u>2,087,208</u>	<u>163,323</u>	<u>262,122</u>	<u>945,958</u>	<u>13,421,278</u>	<u>239,351</u>	<u>17,119,240</u>

Included in the above categories are assets held under finance leases and hire purchase agreements with the following net book values:

	Leasehold land and buildings	Motor vehicles	Fixtures, fittings, tools and equipment	Trucks on hire	Plant and Machinery	Total
	£	£	£	£	£	£
As at 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,970,018</u>	<u>-</u>	<u>9,970,018</u>
As at 31 December 2001	<u>-</u>	<u>-</u>	<u>32,148</u>	<u>13,421,278</u>	<u>-</u>	<u>13,453,426</u>



**10 FIXED ASSET INVESTMENT**

	2002 £	2001 £
Cost at 31 December	2	2

The fixed asset investment relates to the 100% holding of the ordinary share capital of Cubestone Properties Limited.

Group financial statements have not been prepared as the company is a wholly owned subsidiary of Jungheinrich Beteiligungs GmbH and is included in the consolidated financial statements of Jungheinrich AG, which are publicly available.

**11 STOCKS**

	2002 £	2001 £
Finished goods (including parts stock)	15,746,222	18,279,663
Residual interest in trucks	16,132,619	16,676,548
Long term work in progress	<u>17,928</u>	<u>89,028</u>
	31,896,769	35,045,239

**12 DEBTORS**

	2002 £	2001 £
<b>Amounts falling due within one year</b>		
Trade debtors	28,656,553	22,915,725
Amounts owed by other group undertakings	1,092,359	16,729,834
Receivable under leasing agreements	3,571,603	2,299,280
Other debtors	131,486	106,091
Prepayments and accrued income	<u>1,484,195</u>	<u>2,301,620</u>
	34,936,196	44,352,550
<b>Amounts falling due after more than one year</b>		
Receivable within five years under leasing agreements	<u>494,353</u>	<u>57,883</u>
	35,430,549	44,410,433

**13 CREDITORS: amounts falling due within one year**

	2002 £	2001 £
Obligations under finance leases	3,681,445	4,596,755
Liabilities in respect of sale and repurchase transactions (note 15)	3,829,742	4,100,794
Bank loans and overdrafts (note 15)	25,428,183	11,969,904
Trade creditors	9,335,769	11,165,916
Amounts owed to other group undertakings	6,118,817	40,558,482
Other creditors:		
Value added tax	4,737,120	1,391,751
Other creditors	577,919	1,048,128
Other taxation and social security and PAYE	815,728	393,748
Accruals and deferred income	<u>8,197,179</u>	<u>7,590,478</u>
	<u>62,721,902</u>	<u>82,815,956</u>

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

**14 CREDITORS: amounts falling due after more than one year**

	2002 £	2001 £
Obligations payable within five years under finance leases	6,217,032	8,504,484
Bank loan payable	1,260,000	1,440,000
Liabilities in respect of sale and repurchase transactions	<u>14,195,245</u>	<u>15,208,511</u>
	<u>21,672,277</u>	<u>25,152,995</u>

Liabilities in respect of sale and repurchase transactions represent the value of commitments to buy back trucks sold to leasing companies.





## 15 LOANS AND OTHER BORROWING

	2002 £	2001 £
Bank loans and overdrafts (Unsecured)	25,428,183	11,789,904
Obligations under finance leases	9,898,477	13,101,239
Bank loan	1,440,000	1,620,000
Liabilities in respect of sale and repurchase transactions	18,024,987	19,309,305
	<u>54,791,647</u>	<u>45,820,448</u>

The unsecured bank loans and overdrafts carry interest rates varying between 4.00% and 6.00% per annum. The bank loan is secured by a legal charge over the freehold land and buildings and carries interest at 6.985% per annum.

**Finance leases**

Future minimum payments under finance leases are as follows:

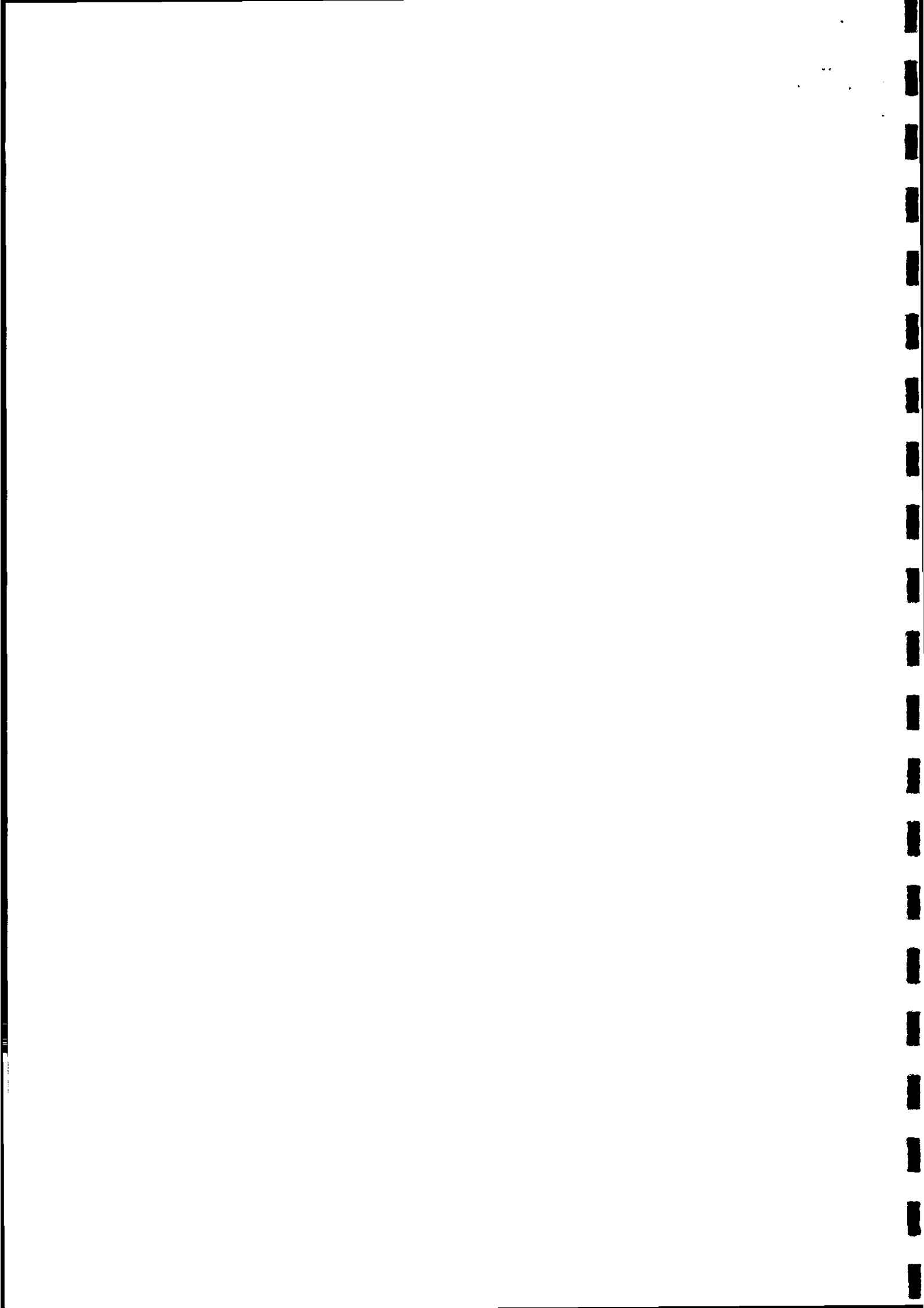
	£	£
Within one year	3,681,445	4,596,755
Between two and five years	6,217,032	8,504,484
After five years	-	-
	<u>9,898,477</u>	<u>13,101,239</u>

**Bank Loan**

	£	£
Within one year	180,000	180,000
Between two and five years	720,000	720,000
After five years	540,000	720,000
	<u>1,440,000</u>	<u>1,620,000</u>

**Liabilities in respect of sale and repurchase transaction**

	£	£
Within one year	3,829,742	4,100,794
Between two and five years	13,829,213	14,522,282
After five years	366,032	686,229
	<u>18,024,987</u>	<u>19,309,305</u>



**16 PROVISIONS FOR LIABILITIES AND CHARGES**

	2002 £	2001 £
Provision for warranties	988,922	1,464,561
	<u>988,922</u>	<u>1,464,561</u>

£

The movement in the provision for warranty costs is as follows:

At 1 January 2002	1,464,561
Released to the profit and loss account	(475,639)
At 31 December 2002	<u>988,922</u>

The warranty provision has been calculated to cover the anticipated future labour and parts costs expected to be incurred in 2003 for warranty claims on trucks sold in 2002.

**17 DEFERRED TAXATION**

No deferred tax asset has been recognised due to the uncertainties over the future utilisation of such losses. The amount of the deferred tax asset that has not been recognised amounts to £9,184,000 (2001 : £9,106,000).

## 18 PENSION AND SIMILAR OBLIGATIONS

Contributions to the company's defined benefit funded 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 1999. 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 8.5% per annum and that salary increases would average 6% per annum, plus a scale to reflect merit and promotional increases.

At the valuation date, the market value of the Scheme's assets was £10,220,000 and the valuation showed that the actuarial value of these assets represented approximately 87% of the benefits that had accrued to members calculated on the basis of the projected accrued benefit method. This deficiency should be eliminated in 2011 at the current employer's contribution rate of 12% pensionable earnings. The pension charge for the year was £1,585,000 (2001: £1,240,000) and £586,000 (2000: £566,000) is accrued in the balance sheet at the year end.

The most recent valuation of the Boss scheme was at 1 May 1999. The main actuarial assumptions were that the investment return would be 9% per annum pre retirement and 8% per annum post retirement, that salary increases would average 6% per annum and future pension increases would average 4% per annum. The market value of the scheme's assets was £17,255,000 which was sufficient to cover 99.6% of the benefits accrued to members. The pension charge for the year was £983,000 (2001 : £nil) following the integration of Boss trade and assets into Jungheinrich UK Limited. In the prior year the pension charge was borne by the Boss group of companies.

Under the terms of Financial Reporting Standard 17, "Retirement Benefits" ("FRS 17"), the company is required to adopt alternative accounting for its defined benefit scheme by the year ended 31 December 2005. In accordance with the transitional arrangements under FRS 17 (paragraph 94), additional balance sheet disclosures are required for the year ended 31 December 2002.

The following disclosures relate to both the Jungheinrich pension scheme and the Boss Group scheme. Appropriate values for the Boss Group scheme have been allocated between Boss Manufacturing Limited and Jungheinrich UK Limited by actuaries.

The method used is based on the relative proportion of pensionable salaries for scheme members employed by the respective companies.

The Boss Group scheme was closed to new members on 1 October 2002. The Jungheinrich scheme was closed to new members on 18 January 2003. Following the closure of the schemes an increase in the current service cost will result.



**FRS 17 disclosures**

The most recent actuarial valuation of the Scheme at 6 April 1999 was updated to 31 December 2002 by a qualified actuary, using a set of assumptions consistent with those required under FRS 17.

The major assumptions used by the actuary were:

	2002	2001
	£	£
Rate of increase in pensionable salaries	3.75%	4.00%
Rate of increase in pensions in payment	2.25%	3.00%
Discount rate	5.25%	5.50%
Inflation assumption	2.25%	3.00%

The expected long term rate of return and fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, are set out in the table below.

	2002		2001	
	Expected long term rate of return at 31 December	Market value at 31 December	Expected long term rate of return at 31 December	Market value at 31 December
	%	£	%	£
UK Equities	8.5	20,900,000	7.5	24,759,000
Bonds and gilts	5.5	5,500,000	5.0	4,714,000
Others	4.5	<u>3,300,000</u>	4.0	<u>1,005,000</u>
		<u>29,700,000</u>		<u>30,478,000</u>



The net pension liability which would be recognised in the company's balance sheet as at 31 December 2002 if FRS 17 had been adopted in full would be as follows:

	2002 £	2001 £
Total market value of assets	29,700,000	30,478,000
Present value of scheme liabilities	(57,700,000)	(48,874,000)
<b>Deficit in the scheme</b>	<b>(28,000,000)</b>	<b>(18,396,000)</b>
Related deferred tax asset	8,400,000	5,519,000
<b>Net pension liability</b>	<b>(19,600,000)</b>	<b>(12,877,000)</b>

The net liabilities and reserves which would be recognised in the company's balance sheet as at 31 December 2002 if FRS 17 had been adopted in full would be as follows :

#### Net liabilities

	2002 £	2001 £
Net liabilities excluding pension deficit	(4,388,112)	(3,767,000)
Net pension liability	(19,600,000)	(12,877,000)
Net liabilities including pension deficit	(23,988,112)	(16,644,000)

#### Reserves

	2002 £	2001 £
Profit and loss reserve excluding pension deficit	(16,778,112)	(16,157,000)
Net pension liability	(19,600,000)	(12,877,000)
Profit and loss reserve including pension deficit	(36,378,112)	(29,034,000)

#### Analysis of the amount charged to operating profit

	2002 £
Net company service cost	2,600,000
Past service cost	-
Loss/(gain) on curtailment	-
<b>Total operating charge</b>	<b>2,600,000</b>



**Analysis of the amount credited to other finance income**

	2002 £
Expected return on scheme assets	2,300,000
Interest on scheme liabilities	<u>(2,800,000)</u>
Net return	<u>(500,000)</u>

**Amounts which would be included within the statement of total recognised gains and losses**

	2002 £
Actual less expected return on assets	(7,000,000)
Experience gains/losses	-
Change in assumptions	<u>(2,200,000)</u>
Actuarial gain recognised in STRGL	<u>(9,200,000)</u>

**Movement in deficit during the year**

	2002 £
Deficit at beginning of the year	(18,400,000)
<b>Movement in year :</b>	
Current service cost	(2,600,000)
Contributions	2,700,000
Past service costs	-
Other finance income	(500,000)
Actuarial loss	(9,200,000)
Curtailment gain	-
Deficit at end of the year	<u>(28,000,000)</u>

**Statement of experience gains and losses**

	2002 £
Actual less expected return on assets	(7,000,000)
Percentage of assets	-24%
Experience gains and losses on liabilities	-
Percentage of liabilities	0%
Total amount recognised in STRGL	(9,200,000)
Percentage of liabilities	-16%



**Pension costs**

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The company provides no other post retirement benefits to its employees.

**19 SHARE CAPITAL**

	2002 £	2001 £
<b>Equity : Authorised, allotted, called up and fully paid</b>		
1,690,000 called up and fully paid ordinary shares of £1 each	1,690,000	1,690,000
<b>Non-equity : Authorised, allotted, called up and fully paid</b>		
8,600,000 called up and fully paid redeemable shares of £1 each	8,600,000	8,600,000
	<hr/>	<hr/>
	10,290,000	10,290,000
	<hr/>	<hr/>

**Redeemable shares**

The redeemable shares rank pari passu with the ordinary shares.

The shares may be redeemed at anytime, in writing, at the option of the shareholders at nil premium.

**20 RESERVES**

	Profit and loss account 2002 £	2001 £
At 1 January	(16,157,386)	(9,885,316)
Loss for the year	<u>(620,726)</u>	<u>(6,272,070)</u>
At 31 December	<hr/> <u>(16,778,112)</u>	<hr/> <u>(16,157,386)</u>

## 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Opening shareholders' funds	(3,767,386)	2,504,684
Loss for the financial year	<u>(620,726)</u>	<u>(6,272,070)</u>
Closing shareholders' funds	<u>(4,388,112)</u>	<u>(3,767,386)</u>
Analysed As:		
Equity interests	(12,988,112)	(12,367,386)
Non-equity interests	<u>8,600,000</u>	<u>8,600,000</u>
	<u>(4,388,112)</u>	<u>(3,767,386)</u>

## 22 FINANCIAL COMMITMENTS

At the end of the year capital commitments were £Nil (2001: £Nil).

The company leases certain land and buildings on short and long-term operating leases. The annual rental on these leases was £953,269 (2001: £614,197).

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

	2002		2001	
	Land and Buildings £	Other £	Land and buildings £	Other £
Expiring within one year	499,000	662,728	92,394	234,139
Expiring between two and five years inclusive	17,969	1,856,405	634,835	1,117,264
Expiring in over five years	<u>436,300</u>	<u>-</u>	<u>290,000</u>	<u>-</u>
	<u>953,269</u>	<u>2,519,133</u>	<u>1,017,229</u>	<u>1,351,403</u>



**23 CONTINGENT LIABILITIES**

The company has contingent liabilities in the normal course of trade to repurchase trucks, at certain defined periods, within certain lease agreements. Full provision has been made for expected losses under these arrangements.

**24 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

The largest and smallest group of which Jungheinrich UK Limited is a member, and for which group financial statements 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 financial statements of this group are available to the public and may be obtained from Frederick-Ebert-Damm 129, 22407 Hamburg, Germany.

In preparing these financial statements, the company has taken advantage of the provisions of Financial Reporting Standard Number 8 and has not disclosed transactions with the ultimate parent company, Jungheinrich AG or other group undertakings. However, most purchases of stocks and fixed asset trucks are made from group companies.