

757192

JUNGHEINRICH (G.B.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1980

69

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 1980.

PRINCIPAL ACTIVITY:

The Company is engaged in the sale, hire and servicing of mechanical handling equipment.

RESULTS OF OPERATIONS:

The net profit for the year, after recording a write-back of all deferred tax in respect of stock relief previously provided of £446,607, amounted to £541,663. The Directors recommend that this be added to the retained earnings at the beginning of the year of £573,092 and that the balance of £1,114,755 be carried forward. No dividend is proposed.

The invoiced value of goods exported from the United Kingdom during the year was £313,698.

DIRECTORS:

The Directors of the Company during the year were -

R.A.T. Bischof  
M.M.P. Wolgram

Neither of the Directors has a financial interest which is required to be disclosed under Section 16 (1) of the Companies Act 1967.

EMPLOYEES:

The average number of employees of the Company in each week during the year was 193 and their aggregate remuneration was £1,278,380.



AUDITORS:

Arthur Andersen & Co. have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

M.M.P. Wolgram  
Secretary

23 February 1981

ARTHUR ANDERSEN & Co.

BANK HOUSE  
9 CHARLOTTE STREET  
MANCHESTER M14EU

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

We have audited the accounts of JUNGHEINRICH (G.B.) LIMITED (a wholly-owned subsidiary company) set out on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the historical cost basis, give a true and fair view of the state of the Company's affairs at 31 December 1980, and of the profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice Number 16.

*Arthur Andersen & Co.*

23 February 1981

JUNGHEINRICH (G.B.) LIMITED

BALANCE SHEET -- 31 DECEMBER 1980

	<u>Note</u>	<u>1980</u>	<u>1979</u>
<b>CURRENT ASSETS:</b>			
Cash		£ 425	£ 315,587
Accounts receivable and prepaid expenses	2	2,028,457	2,060,006
Inventories	3	1,209,235	1,407,802
Due from fellow-subsubsidiary companies		83,868	1,213
Corporation tax recoverable		43,738	43,738
		<u>£3,365,723</u>	<u>£3,828,346</u>
 <b>CURRENT LIABILITIES:</b>			
Bank overdraft	4	£ 192,400	£ 286,690
Accounts payable and accrued liabilities	3	1,249,674	1,169,180
Due to fellow-subsubsidiary companies		799,189	1,273,536
Current portion of leasing obligations		343,314	186,088
		<u>£2,584,577</u>	<u>£2,915,494</u>
 Net current assets		£ 781,146	£ 912,852
 <b>FIXED ASSETS</b>	5	1,708,512	1,109,865
 LONG-TERM PORTION OF LEASING OBLIGATIONS		( 914,903)	( 513,049)
 DEFERRED TAXATION	6	-	( 476,576)
		<u>£1,574,755</u>	<u>£1,033,092</u>
 <b>SHAREHOLDERS' INVESTMENT:</b>			
Share capital - Authorised, issued and fully-paid, 460,000 ordinary shares of £1 each		£ 460,000	£ 460,000
Retained earnings		1,114,755	573,092
		<u>£1,574,755</u>	<u>£1,033,092</u>

R.A.T. Bischof )

) Directors

M.M.P. Wolgram )

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

JUNGHEINRICH (G.B.) LIMITED

STATEMENT OF PROFIT AND LOSS AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>Note</u>	<u>1980</u>	<u>1979</u>
SALES AND RENTAL INCOME		£10,114,103	£8,535,655
COST OF SALES (the majority of purchases are made from fellow-subsidiary companies)		6,256,249	5,445,170
Gross profit		£ 3,857,854	£3,090,485
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		3,792,767	2,930,961
Profit before taxation	7	£ 65,087	£ 159,524
TAXATION CHARGE (CREDIT)	6	( 29,969)	92,634
PRIOR YEARS' STOCK RELIEF WRITTEN BACK	6	( 446,607)	( 89,626)
Net profit		£ 541,663	£ 156,516
RETAINED EARNINGS, beginning of year		573,092	416,576
RETAINED EARNINGS, end of year		£ 1,114,755	£ 573,092

The accompanying notes are an integral part of this statement.

JUNGHEINRICH (G.B.) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1980

	<u>1980</u>	<u>1979</u>
<b>SOURCE OF FUNDS:</b>		
Net profit	£ 541,663	£ 156,516
Adjustments for items not involving the movement of funds -		
Depreciation of fixed assets	181,400	141,537
Depreciation of leased assets	287,854	143,666
Provision for deferred taxation	( 29,969)	136,372
Prior years' stock relief written back	(446,607)	( 89,626)
Profit on sale of fixed assets	( 9,118)	( 5,425)
	-----	-----
Total funds from operations	£ 525,223	£ 483,040
Leasing obligations, net of current maturity	401,854	232,091
Proceeds from sale of fixed assets	72,166	18,765
Transfer from deferred taxation	-	( 332)
	-----	-----
	£ 999,243	£ 733,564
<b>APPLICATION OF FUNDS:</b>		
Purchase of fixed assets	1,130,949	813,771
	-----	-----
Decrease in working capital	£( 131,706)	£( 80,207)
	=====	=====
<b>INCREASE (DECREASE) IN WORKING CAPITAL:</b>		
Accounts receivable and prepaid expenses	£( 31,549)	£ 110,391
Inventories	( 198,567)	329,762
Corporation tax recoverable	-	43,738
Accounts payable and accrued liabilities	( 80,494)	(252,184)
Due to fellow-subsidiary companies, net	557,002	167,370
Corporation tax	-	43,667
Current portion of leasing obligations	( 157,226)	( 99,643)
Movement in net liquid funds -		
	<u>1980</u>	<u>1979</u>
Cash	£(315,162)	£(136,618)
Bank overdraft	<u>94,290</u>	<u>(286,690)</u>
	-----	-----
	£( 131,706)	£( 80,207)
	=====	=====

The accompanying notes are an integral part of this statement.

JUNGHEINRICH (G.B.) LIMITED

NOTES TO ACCOUNTS -- 31 DECEMBER 1980

1. ACCOUNTING POLICIES:

The accounts have been prepared under the historical cost convention, using the following accounting policies -

a. Foreign currency items -

Transactions in foreign currencies during the year are translated into sterling either at rates of exchange specified in forward exchange contracts, or at market rates of exchange current at the date of the transactions. Foreign currency amounts in the year-end balance sheet are translated at rates of exchange specified in foreign exchange contracts (liabilities of approximately £676,267 denominated in German marks) and at the market rates of exchange current at the year-end (primarily liabilities of approximately £121,280 denominated in French francs).

b. Accounts receivable -

Accounts receivable are stated net of a provision for doubtful accounts.

c. Inventories -

Inventories are stated at the lower of first-in, first-out cost, including an appropriate portion of duty and inward carriage charges, or net realisable value.

d. Fixed assets -

Fixed assets are stated 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 -

Motor vehicles	-	3 years
Fixtures and fittings	-	5 years
Plant and equipment	-	5 years
Trucks on hire	-	3 - 5 years

e. Leased assets -

Certain trucks for hire are being leased over a period of four-five years. A sum equivalent to the cost of these assets has been capitalised and is being depreciated over their estimated economic lives. A corresponding amount has been recorded as a long-term liability (excluding that portion payable within one year which is classified as a current liability) and is being reduced by the capital element of the annual lease payments. The interest element of the annual lease payments is being charged to the statement of profit and loss on a basis which approximates to the reducing balance basis over the life of the leases.

f. Taxation -

Corporation tax is provided on the taxable profits for the year at the rates current during the year.

Deferred taxation has been calculated, on the liability method, in accordance with the principles of Statement of Standard Accounting Practice Number 15. Provision has been made for all short-term timing differences except where the Directors expect with reasonable probability that these will continue to be deferred into the foreseeable future. In reaching this judgement, the Directors have taken into account the proposals published on 14 November 1980 in the Inland Revenue's Consultative Document concerning the intended reform of stock relief.

g. Sales -

Sales represent invoiced sales, services and rental income, net of trade discounts, allowances and value added tax.

2. INVENTORIES:

Inventories comprise -

	<u>1980</u>	<u>1979</u>
Trucks	£ 780,664	£1,001,895
Ancillary equipment	428,571	405,907
	-----	-----
	£1,209,235	£1,407,802
	=====	=====

3. AMOUNTS DUE FROM (TO) FELLOW-SUBSIDIARY COMPANIES:

The amounts due from (to) fellow-subsubsidiary companies are in respect of normal trading transactions.



4. BANK OVERDRAFT FACILITIES:

The Company had overdraft facilities totalling £900,000 at 31 December 1980.

5. FIXED ASSETS:

a. The movement in these accounts during the year was as follows -

	<u>Motor vehicles</u>	<u>Fixtures and fittings</u>	<u>Plant and equipment</u>	<u>Trucks Owned</u>
Cost -				
Beginning of year	£378,982	£184,078	£43,948	£14,228
Additions	111,264	79,318	8,679	27,893
Retirements	( 44,131)	-	-	(14,228)
End of year	<u>£446,115</u>	<u>£263,396</u>	<u>£52,627</u>	<u>£27,893</u>
Accumulated depreciation -				
Beginning of year	£165,459	£ 44,066	£20,284	£11,659
Charge for year	125,367	41,675	8,180	6,178
Retirements	( 41,302)	-	-	(14,221)
End of year	<u>£249,524</u>	<u>£ 85,741</u>	<u>£28,464</u>	<u>£ 3,616</u>
Net book value	<u>£196,591</u>	<u>£177,655</u>	<u>£24,163</u>	<u>£24,277</u>

b. The Company's capital commitments were as follows -

	<u>1980</u>	<u>1979</u>
Contracts for capital expenditure	£ 5,807	£25,110
Capital expenditure authorised by the Directors but not contracted for	159,473	-
	<u>£165,280</u>	<u>£25,110</u>

December 1980.

OWS -

ures ttings	Plant and equipment	Trucks for hire		Total
		<u>Owned</u>	<u>Leased</u>	
,078	£43,948	£14,228	£ 930,441	£1,551,677
,318	8,679	27,893	903,795	1,130,949
-	-	(14,228)	( 129,027)	( 187,386)
,396	£52,627	£27,893	£1,705,209	£2,495,240
,066	£20,284	£11,659	£ 200,344	£ 441,812
,675	8,180	6,178	287,854	469,254
-	-	(14,221)	( 68,815)	( 124,338)
5,741	£28,464	£ 3,616	£ 419,383	£ 786,728
7,655	£24,163	£24,277	£1,285,826	£1,708,512

<u>1980</u>	<u>1979</u>
£ 5,807	£25,110
159,473	-
£165,280	£25,110

## 6. TAXATION:

- a. The taxation charge (credit) comprises -

	<u>1980</u>	<u>1979</u>
Current	£ -	£(43,738)
Deferred	(29,969)	136,372
	<u>£(29,969)</u>	<u>£ 92,634</u>

As indicated in Accounting Policy Note f, the Company has taken account of the proposals published on 14 November 1980 by the Inland Revenue dealing with the proposed reform of stock relief.

Accordingly, no deferred taxation has been provided in respect of stock relief for the year to 31 December 1980 and all deferred tax in respect of stock relief previously provided has been written back during the year (except for that arising from stock relief, given in the first two years of the scheme, which was written back in 1979 in accordance with the provisions of the Finance (No.2) Act 1979).

Had stock relief been provided and calculated on the basis of the current legislation, the deferred tax charge for the year would have been approximately £38,000 and the deferred tax balance at 31 December 1980 would have been increased to approximately £514,000. The contingent liability for unprovided deferred tax in respect of stock relief recalculated on this basis at 31 December 1980 would amount to approximately £414,000.

- b. The movement on the deferred taxation account during the year was as follows -

	<u>1980</u>	<u>1979</u>
Beginning of year	£476,576	£430,162
Charge for year	( 29,969)	136,372
Transfer to current taxation	-	( 332)
Prior years' stock relief written back	(446,607)	( 89,626)
End of year	<u>£ -</u>	<u>£476,576</u>

- c. Deferred taxation comprises -

	<u>1980</u>	<u>1979</u>
Stock relief	£ -	£446,607
Excess of tax allowances for fixed assets over book depreciation	125,896	129,351
Other timing differences	( 6,184)	( 10,961)
Losses	(119,712)	( 88,421)
	<u>£ -</u>	<u>£476,576</u>

Tax losses available at 31 December 1980, for offset against future taxable profits of the same trade amounted to approximately £234,000 arising from stock relief. To the extent that tax benefits are recognised in the future from offsetting these losses, provision for deferred taxes will be required in equal amounts.

7. SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

- a. The profit before taxation has been determined after charging (crediting) the following -

	<u>1980</u>	<u>1979</u>
Depreciation of fixed assets	£181,400	£141,537
Depreciation of leased assets	287,854	143,666
Auditors' remuneration	7,800	6,000
Gain/loss on exchange	( 36,425)	58,148
Directors' emoluments for management services	70,823	67,881
Interest on bank overdraft repayable within five years	67,445	39,785
	=====	=====

- b. The aggregate emoluments shown above, excluding pension contributions, were paid as follows -

	<u>1980</u>	<u>1979</u>
Emoluments of the highest-paid Director	£37,500	£33,050
	=====	=====

Emoluments of the other Director -

	<u>Number</u>	
	-----	-----
£25,000 - £30,000	-	1
£30,001 - £35,000	1	-
	==	==

- c. Emoluments, excluding pension contributions, were paid to certain employees as follows -

	<u>Number</u>	
	-----	-----
£20,000 - £25,000	-	1
	==	==

8. PENSION SCHEME:

The Company maintains a non-contributory pension scheme covering all employees who satisfy the conditions of age and length of service. The scheme, which is funded through an insurance company, provides a variety of defined benefits on retirement or earlier death which comply with United Kingdom Government requirements. The pension cost to the Company for the year was £73,483 (1979 - £62,524). There are no significant unfunded past service costs.

9. ULTIMATE PARENT COMPANY:

The Company is a wholly-owned subsidiary of Jungheinrich GmbH, incorporated in Switzerland and its ultimate parent company is Jungheinrich Unternehmensverwaltung KG Hamburg, incorporated in West Germany.