JUNGHEINRICH UK LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Registered no: 757192

JUNGHEINRICH UK LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

DIRECTORS AND ADVISERS

Directors

S Jeffs (resigned 31 December 2003)
J Porter
M Williamson (appointed 1 January 2004)

Secretary and Registered Office

S Shaw
Southmoor Road
Wythenshawe
Manchester
M23 9DU

Registered Auditors

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

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

Solicitors

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

Chaffe Street
Brook House
77 Fountain Street
Manchester
M2 2EE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

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:

	2003	2002
	£	£
Accumulated deficit at beginning of year	(16,778,112)	(16.157.386)
Profit/(loss) for the financial year	3,535,715	(620.726)
Accumulated deficit	**(13,242,397)**	(16.778.112)

Dividends

The directors do not recommend the payment of a dividend (2002: £nil).

Charitable donations

The company has made charitable donations totalling £3,810 (2002: £7,345).

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003 (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 2003 (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 2003 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

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

S Shaw
Company secretary
13th August 2004

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.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
13th August 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Continuing operations			
Turnover	2	**130,246,289**	135,525,742
Change in stocks of spare parts and goods for resale		**(1,695,345)**	(2,533,437)
Other operating income		**70,791**	373,302
		128,621,735	133,365,607
Purchases of spare parts and goods for resale		**(67,693,140)**	(76,501,934)
Other external charges		**(505,896)**	(495,193)
Staff costs	4	**(30,423,922)**	(30,220,293)
Depreciation and amounts written off tangible fixed assets		**(4,290,350)**	(4,898,414)
Other operating expenses		**(20,548,743)**	(20,080,110)
Operating profit		**5,159,684**	1,169,663
Interest receivable and similar income	5	**51,275**	201,725
Interest payable and similar charges	6	**(1,675,244)**	(1,992,114)
Profit/(loss) on ordinary activities before taxation	7	**3,535,715**	(620,726)
Tax on profit/(loss) on ordinary activities	8	**-**	-
Profit/(loss) for the financial year	20	**3,535,715**	(620,726)
Accumulated deficit at beginning of year		**(16,778,112)**	(16,157,386)
Accumulated deficit at end of year		**(13,242,397)**	(16,778,112)

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

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

BALANCE SHEET AT 31 DECEMBER 2003

	Notes	2003	2002
		£	£
Fixed assets			
Tangible fixed assets	9	**12,138,450**	13,307,367
Fixed asset investment	10	**2**	2
		12,138,452	13,307,369
Current assets			
Stocks	11	**28,633,189**	31,896,769
Debtors	12	**31,552,344**	35,430,549
Cash at bank and in hand		**350,354**	360,302
		60,535,887	67,687,620
Creditors: amounts falling due within one year	13	**(49,874,234)**	(62,721,902)
Net current assets		**10,661,653**	4,965,718
Total assets less current liabilities		**22,800,105**	18,273,087
Creditors: amounts falling due after more than one year	14	**(19,592,704)**	(21,672,277)
Provisions for liabilities and charges	16	**(919,798)**	(988,922)
		2,287,603	(4,388,112)
Capital and reserves			
Called up share capital	19	**10,290,000**	10,290,000
Capital contribution		**5,240,000**	2,100,000
Profit and loss account	20	**(13,242,397)**	(16,778,112)
Closing shareholders' funds	21	**2,287,603**	(4,388,112)
Analysed as:			
Equity shareholders funds		**(6,312,397)**	(12,988,112)
Non-equity shareholders funds		**8,600,000**	8,600,000
		2,287,603	(4,388,112)

The financial statements on pages 7 to 27 were approved by the board of directors on 13th August 2004 and were signed on its behalf by:

J Porter
Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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 £32,000,000 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

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:

	2003	2002
	£	£
United Kingdom	**125,517,878**	132,721,214
Other European countries	**4,724,761**	2,804,528
Rest of the world	**3,650**	-
	130,246,289	135,525,742

Included in the turnover which arises from Europe is £3,777,442 (2002: £2,751,323) of sales made to other group undertakings.

3 DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Emoluments (including pension contributions and benefits in kind)	**407,179**	316,185

Retirement benefits are accruing to two (2002: two) directors under a defined benefit scheme.

The emoluments of the highest paid director totalled £265,315 (2002 : £157,230). The accrued pension of the highest paid director at the end of the year being £72,599 (2002 : £49,599).

4 EMPLOYEE INFORMATION

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

	2003 Number	2002 Number
By activity		
Service	725	728
Administration and sales	249	258
	974	986

	£	£
Staff costs (for the above persons)		
Wages and salaries	25,941,575	25,552,600
Social security costs	2,099,190	2,100,081
Other pension costs	2,383,157	2,567,612
	30,423,922	30,220,293

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Finance leases and hire purchase contracts	50,657	-
Receivable from intercompany loans	-	129,761
Bank interest receivable	618	71,964
	51,275	201,725

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On bank loans, overdrafts and other loans	1,675,244	1,992,114

Included in the above is the interest element of charges payable under finance leases amounting to £nil (2002: £2,242).

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/loss on ordinary activities before taxation is stated after Charging/crediting :

	2003	2002
	£	£
Depreciation and amounts written off tangible fixed assets:		
Owned	776,648	620,237
Held under finance leases	3,513,702	4,278,177
Loss on sale of fixed assets	-	880
Auditors' remuneration for:		
Audit services	40,000	30,000
Non-audit services	10,571	27,264
Hire of plant and machinery – operating leases	2,348,661	2,613,132
Hire of other assets – operating leases	386,703	99,254
Compensation received in respect of transfer of spare parts activities to group	5,325,000	-

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The company has no charge to tax in the year (2002: £nil), due to the availability of brought forward losses for offset.

	2003	2002
	£	£
UK corporation tax	-	-
Current tax reconciliation :		
Profit/(loss) on ordinary activities before tax	3,535,715	(620,726)
Current tax at 30% (2002 : 30%)	1,060,715	(186,218)
Effects of :		
Expenses not deductible for tax purposes	488,000	107,918
Depreciation for period in excess of capital allowances	(1,251,000)	81,000
Movement in short term timing differences	(156,000)	(2,700)
Group relief claimed not paid	(141,715)	-
	-	-

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
	£	£	£	£	£	£	£
Cost							
At 1 January 2003	2,150,000	262,124	864,388	3,119,938	20,896,714	517,790	27,810,954
Additions	-	64,067	73,633	209,503	5,017,136	46,921	5,411,260
Disposals	-	(121,295)	(257,305)	(1,068,535)	(6,692,987)	(5,384)	(8,145,506)
At 31 December 2003	**2,150,000**	**204,896**	**680,716**	**2,260,906**	**19,220,863**	**559,327**	**25,076,708**
Depreciation							
At 1 January 2003	120,754	104,660	601,385	2,395,785	10,926,696	354,307	14,503,587
Charge	57,962	122,593	105,206	420,612	3,513,702	70,275	4,290,350
Disposals	-	(121,295)	(257,305)	(1,068,535)	(4,403,160)	(5,384)	(5,855,679)
At 31 December 2003	**178,716**	**105,958**	**449,286**	**1,747,862**	**10,037,238**	**419,198**	**12,938,258**
Net book value At 31 December 2003	**1,971,284**	**98,938**	**231,430**	**513,044**	**9,183,625**	**140,129**	**12,138,450**
Net book value At 31 December 2002	2,029,246	157,464	263,003	724,153	9,970,018	163,483	13,307,367

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 2003	-	-	-	**9,183,625**	-	**9,183,625**
As at 31 December 2002	-	-	-	9,970,018	-	9,970,018

10 FIXED ASSET INVESTMENT

	2003	2002
	£	£
Cost at 31 December	**2**	2

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

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

	2003	2002
	£	£
Finished goods (including parts stock)	**14,050,879**	15,746,222
Residual interest in trucks	**14,505,613**	16,132,619
Long term work in progress	**76,697**	17,928
	28,633,189	31.896.769

12 DEBTORS

	2003	2002
	£	£
Amounts falling due within one year		
Trade debtors	**27,125,557**	28.656.553
Amounts owed by other group undertakings	**268,853**	1,092,359
Receivable under leasing agreements	**2,276,529**	3,571,603
Other debtors	**90,700**	131,486
Prepayments and accrued income	**1,326,891**	1,484,195
	31,088,530	34,936,196
Amounts falling due after more than one year		
Receivable within five years under leasing agreements	**463,814**	494,353
	31,552,344	35,430,549

13 CREDITORS: amounts falling due within one year

	2003 £	2002 £
Obligations under finance leases	**3,021,914**	3,681,445
Liabilities in respect of sale and repurchase transactions (note 15)	**3,270,456**	3,829,742
Bank loans and overdrafts (note 15)	**18,944,795**	25,428,183
Trade creditors	**7,658,682**	9,335,769
Amounts owed to other group undertakings	**7,511,850**	6,118,817
Other creditors:		
Value added tax	**2,656,698**	4,737,120
Other creditors	**772,875**	577,919
Other taxation and social security and PAYE	**796,749**	815,728
Accruals and deferred income	**5,240,215**	8,197,179
	49,874,234	62,721,902

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

14 CREDITORS: amounts falling due after more than one year

	2003 £	2002 £
Obligations payable within five years under finance leases	**6,096,616**	6,217,032
Bank loan payable	**1,080,000**	1,260,000
Liabilities in respect of sale and repurchase transactions	**12,416,088**	14,195,245
	19,592,704	21,672,277

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

	2003	2002
	£	£
Bank loans and overdrafts (Unsecured)	**18,764,795**	25,248,183
Obligations under finance leases	**9,118,530**	9,898,477
Bank loan	**1,260,000**	1,440,000
Liabilities in respect of sale and repurchase transactions	**15,686,544**	18,024,987
	44,829,869	54,611,647

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	**3,021,914**	3,681,445
Between two and five years	**6,096,616**	6,217,032
	9,118,530	9,898,477

Bank Loan

	£	£
Within one year	**180,000**	180,000
Between two and five years	**720,000**	720,000
After five years	**360,000**	540,000
	1,260,000	1,440,000

Liabilities in respect of sale and repurchase transaction

	£	£
Within one year	**3,270,456**	3,829,742
Between two and five years	**12,293,181**	13,829,213
After five years	**122,907**	366,032
	15,686,544	18,024,987

16 PROVISIONS FOR LIABILITIES AND CHARGES

	2003	2002
	£	£
Provision for warranties	919,798	988,922
	919,798	988.922

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

	£
At 1 January 2003	988.922
Released to the profit and loss account	(69,124)
At 31 December 2003	919,798

The warranty provision has been calculated to cover the anticipated future labour and parts costs expected to be incurred in 2004 for warranty claims on trucks sold in 2003.

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 £6,921,000 (2002 : £9,184,000).

18 PENSION AND SIMILAR OBLIGATIONS

The Jungheinrich (GB) Limited Retirement Benefits Scheme merged with the Boss Group Pension Scheme in April 2003. Benefits provided by the Boss Group Scheme were aligned with those of the Jungheinrich Scheme with effect from October 2002 in preparation for the merger.

Contributions to the merged defined benefit funded pension scheme are determined by a qualified actuary on the basis of triennial valuations. However, no actuarial valuation has yet been carried out for the merged scheme.

The most recent valuation of the Jungheinrich (GB) Limited Retirement Benefits Scheme was at 6 April 2002. The assumptions which have the most significant effects 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 7% per annum pre retirement and 6% per annum post retirement and that salary increases would average 4% per annum, including a scale to reflect merit and promotional increases. The market value of the Jungheinrich Scheme's assets was £18,552,000 and the valuation showed that the actuarial value of these assets represented approximately 84% of the benefits that had accrued to members calculated on the basis of the projected accrued benefit method. It was estimated that the deficiency would be eliminated by 2014 based on the employer's contribution rate of 10.5% pensionable earnings.

The most recent valuation of the Boss Scheme was at 1 May 2002. The main actuarial assumptions were that the investment return would be 7% per annum pre retirement and 6% per annum post retirement, that salary increases would average 4% per annum and future pension increases would average 3.6% per annum. The market value of the Boss Scheme's assets was £21,420,000 which was sufficient to cover 82.8% of the benefits accrued to members. It was estimated that the deficiency would be eliminated by 2014 based on the employer's contribution rate of 17.5% pensionable earnings.

Following the merger of the two schemes, the employer agreed a contribution rate of at least 13% pensionable earnings.

The pension charge for the year for the merged scheme was £2,383,000 (2002 : £1,585,000 Jungheinrich scheme, £983,000 Boss scheme) and £65,000 (2002 : £586,000) is a provision in the balance sheet at the year end.

FRS 17 disclosures

The most recent actuarial valuation of the Scheme at 6 April 2002 was updated to 31 December 2003 by a qualified actuary, using a set of assumptions consistent with those required under FRS 17.

The major assumptions used by the actuary were:

	2003	2002
	£	£
Rate of increase in pensionable salaries	**4.20%**	3.75%
Rate of increase in pensions in payment	**2.70%**	2.25%
Discount rate	**5.40%**	5.25%
Inflation assumption	**2.70%**	2.25%

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.

	2003		2002	
	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	**8.0**	**30,500,000**	8.5	20,900,000
Bonds and gilts	**5.5**	**6,100,000**	5.5	5,500,000
Others	**5.5**	**1,000,000**	4.5	3,300,000
		37,600,000		29,700,000

The net pension liability which would be recognised in the company's balance sheet as at 31 December 2003 if FRS 17 had been adopted in full would be as follows:

	2003	2002
	£	£
Total market value of assets	**37,600,000**	29,700,000
Present value of scheme liabilities	**(61,300,000)**	(57,700,000)
Deficit in the scheme	**(23,700,000)**	(28,000,000)
Related deferred tax asset	**7,110,000**	8,400,000
Net pension liability	**(16,590,000)**	(19,600,000)

The net liabilities and reserves which would be recognised in the company's balance sheet as at 31 December 2003 if FRS 17 had been adopted in full would be as follows :

Net liabilities

	2003	2002
	£	£
Net assets/(liabilities) excluding pension deficit	2,287,603	(4,388,112)
Net pension liability	(16,590,000)	(19,600,000)
Net liabilities including pension deficit	(14,302,397)	(23,988,112)

Reserves

	2003	2002
	£	£
Profit and loss reserve excluding pension deficit	(13,242,397)	(16,778,112)
Net pension liability	(16,590,000)	(19,600,000)
Profit and loss reserve including pension deficit	(29,832,397)	(36,378,112)

Analysis of the amount charged to operating profit

	2003
	£
Net company service cost	2,010,000
Past service cost	-
Loss/(gain) on curtailment	-
Total operating charge	2,010,000

Analysis of the amount credited to other finance income

	2003
	£
Expected return on scheme assets	2,340,000
Interest on scheme liabilities	(3,030,000)
Net return	(690,000)

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

	2003
	£
Actual less expected return on assets	2,500,000
Experience gains/losses	4,200,000
Change in assumptions	(3,500,000)
Actuarial gain recognised in STRGL	3,200,000

Movement in deficit during the year

	2003
	£
Deficit at beginning of the year	(28,000,000)
Movement in year :	
Current service cost	(2,000,000)
Contributions	3,700,000
Past service costs	-
Other finance income	(700,000)
Actuarial loss	3,200,000
Curtailment gain	-
Deficit at end of the year	(23,800,000)

Statement of experience gains and losses

	2003
	£
Actual less expected return on assets	2,500,000
Percentage of assets	7%
Experience gains and losses on liabilities	4,200,000
Percentage of liabilities	-7%
Total amount recognised in STRGL	3,200,000
Percentage of liabilities	5%

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

	2003 £	2002 £
Equity : Authorised, allotted, called up and fully paid		
1,690,000 called up and fully paid ordinary shares of £1 each	**1,690,000**	1,690,000
Non-equity : Authorised, allotted, called up and fully paid		
8,600,000 called up and fully paid redeemable shares of £1 each	**8,600,000**	8,600,000
	10,290,000	10,290,000

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 2003 £	2002 £
At 1 January	**(16,778,112)**	(16,157,386)
Profit/(loss) for the year	**3,535,715**	(620,726)
At 31 December	**(13,242,397)**	(16,778,112)

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Opening shareholders' funds	**(4,388,112)**	(3,767,386)
Capital contribution	**3,140,000**	-
Profit/(loss) for the financial year	**3,535,715**	(620,726)
Closing shareholders' funds	**2,287,603**	(4,388,112)
analysed as:		
Equity interests	**(6,312,397)**	(12,988,112)
Non-equity interests	**8,600,000**	8,600,000
	2,287,603	(4,388,112)

22 FINANCIAL COMMITMENTS

At the end of the year capital commitments were £nil (2002: £nil).

The company leases certain land and buildings on short and long-term operating leases. The annual rental on these leases was £801,031 (2002: £953,269).

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

	2003		2002	
	Land and Buildings £	**Other £**	Land and buildings £	Other £
Expiring within one year	**546,805**	**452,362**	499,000	662,728
Expiring between two and five years inclusive	**28,026**	**1,673,154**	17,969	1,856,405
Expiring in over five years	**226,200**	**-**	436,300	-
	801,031	**2,125,516**	953,269	2,519,133

22 FINANCIAL COMMITMENTS (continued)

VAT

The company is registered for VAT purposes as part of a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by group undertakings to meet their VAT liabilities would give rise to additional liabilities for the company. The directors have no reason to expect that the other group undertakings will fail to meet their VAT obligations. At 31 December 2003 the group's VAT payable was £785,268 (2002 15 months: £665,391).

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 POST BALANCE SHEET EVENT

On the 28th April 2004 the Board of Directors made an announcement to close the central operations in Manchester on 31st March 2005. These operations will be relocated within the UK. This is a non adjusting post balance sheet event under SSAP 17.

25 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.