

J.C.B. SALES LIMITED

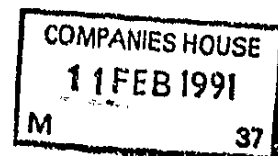
Company No. 792 807

REPORT AND ACCOUNTS

31ST DECEMBER 1989

HOWSONS

Chartered Accountants



J.C.B. SALES LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited accounts for the year ended 31st December 1989.

**BUSINESS REVIEW**

The company's principal activities during the year have been the selling and marketing of products manufactured by or for J.C. Bamford Excavators Limited.

The company traded profitably during the year and the directors expect that it will do so for the foreseeable future.

The profit on ordinary activities before taxation and dividend received amounted to £2,200,000 (1988 - £3,400,000).

An interim dividend of £6,925,000 was paid during the year (1988 - £7,000,000), and the directors do not recommend any further distributions. Accordingly, £745,000 has been transferred from reserves (1988 - £1,143,000).

**DIRECTORS**

The following were directors of the company during the year:-

Sir Anthony Bamford  
Mrs J.C. Bamford  
Mr. R.W. Ryeland  
Mr. G. Johnston  
Mr. G.B. Green

Mrs. J.C. Bamford the director retiring by rotation, being eligible, offers herself for re-election. Mr. R.W. Ryeland retired from the company on the 2nd November 1990.

**DIRECTORS SHAREHOLDINGS**

None of the directors held any interest in the share capital of the company during the year.

**CLOSE COMPANY STATUS**

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

**AUDITORS**

The auditors, Howsons, shall continue in office under the Elective Resolution pursuant to Section 386 of the Companies Act 1985 passed by the company on the 18th October 1990, the directors having received no notice from any member requiring their re-appointment.

Signed on behalf of the Board

  
SIR ANTHONY BAMFORD

CHAIRMAN

AUDITORS' REPORT TO THE MEMBERS OF

J.C.B. SALES LIMITED

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Howsons*

Howsons  
Chartered Accountants

P.O. Box 165,  
Park Chambers,  
Avenue Road,  
Stoke-on-Trent,  
ST4 2EZ.

Date: 17 JAN 1991

J.C.B. SALES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
		<u>£'000</u>	<u>£'000</u>
TURNOVER	2	198,112	187,735
Cost of sales		176,078	175,500
		<hr/>	<hr/>
GROSS PROFIT		22,034	12,235
Distribution costs		5,192	4,916
Administrative expenses		787	592
Selling expenses		14,060	3,486
		<hr/>	<hr/>
OPERATING PROFIT	3	1,995	3,241
INCOME FROM SHARES IN GROUP COMPANY			
Dividend received		4,795	4,000
		<hr/>	<hr/>
		6,790	7,241
Interest receivable	4	307	204
Interest payable	5	(102)	(45)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,995	7,400
Taxation on profit on ordinary activities	8	815	1,543
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,180	5,857
Dividend paid		6,925	7,000
		<hr/>	<hr/>
DEFICIENCY FOR THE YEAR		(745)	(1,143)
Retained profit brought forward		2,105	3,248
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		1,360	2,105
		<hr/>	<hr/>

J.C.B. SALES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1989

	<u>Notes</u>	<u>1989</u>		<u>1988</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>FIXED ASSETS</b>					
Investments - subsidiary	9	-		-	
other	10	191		191	
		—	191	—	191
<b>CURRENT ASSETS</b>					
Debtors	11	61,762		40,722	
Cash at bank		16,693		14,780	
		—		—	
		78,455		55,502	
CREDITORS: Amounts falling due within one year	12	77,286		53,588	
		—		—	
NET CURRENT ASSETS			1,169		1,914
			—		—
NET ASSETS			1,360		2,105
			—		—
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13	-		-	
Profit and loss account			1,360		2,105
			—		—
TOTAL CAPITAL EMPLOYED			1,360		2,105
			—		—

The accounts were approved by the Board of Directors on 13th JANUARY 1991

  
SIR ANTHONY BAMFORD

  
G. JOHNSTON

J.C.B. SALES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>1989</u>		<u>1988</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
SOURCE OF FUNDS				
Profit on ordinary activities before taxation and dividend received		2,200		3,400
OTHER SOURCES OF FUNDS				
Dividend received		4,795		4,000
		<u>        </u>		<u>        </u>
		6,995		7,400
APPLICATION OF FUNDS				
Dividend paid	6,925		7,000	
Taxation paid	<u>2,424</u>		<u>587</u>	
		(9,349)		(7,587)
		<u>        </u>		<u>        </u>
DECREASE IN WORKING CAPITAL		(2,354)		(187)
		<u>        </u>		<u>        </u>
REPRESENTED BY:-				
Increase in debtors		21,040		9,561
(Increase)/Decrease in creditors		(35,653)		4,394
		<u>        </u>		<u>        </u>
		(14,613)		13,955
MOVEMENT IN NET LIQUID FUNDS				
Increase/(Decrease) in bank balance		12,259		(14,142)
		<u>        </u>		<u>        </u>
		(2,354)		(187)
		<u>        </u>		<u>        </u>

J.C.B. SALES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1989

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts are prepared under the historical cost convention.

b) Consolidation Policy

The results of the subsidiary and associated companies have not been included in the accounts of J.C.B. Sales Limited as the company is itself a wholly-owned subsidiary of J.C.B. Service, a company registered in the United Kingdom.

c) Foreign Currencies

Foreign exchange conversion differences, arising primarily on the sale of machines invoiced in foreign currency, are taken to the profit and loss account for the year.

d) Pensions Costs

Pension costs are charged in the profit and loss account at the actuarially recommended funding rate on pensionable salary costs for the year.

2. TURNOVER

Turnover represents the invoice value of goods sold (excluding value added tax), and net of sales incentives.

The analysis of turnover by geographical area is as follows:-

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
United Kingdom	75,935	94,772
Europe	102,414	74,664
Middle East	2,029	4,022
Africa	5,581	5,149
Far East	5,780	2,259
North/South America	2,460	4,553
Group - United Kingdom	<u>3,913</u>	<u>2,316</u>
	<u>198,112</u>	<u>187,735</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:-

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Directors remuneration	198	166
Auditors remuneration	4	3
Hire of assets	577	328
Loss/(Profit) on exchange	3,768	(4,063)

J.C.B. SALES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1989

4. INTEREST RECEIVABLE

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Bank interest	307	204

5. INTEREST PAYABLE

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
On bank overdrafts	102	45

6. DIRECTORS REMUNERATION

The emoluments of the directors (excluding pension contributions) were as follows:-

	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
Chairman	30,000	27,500
Highest paid director	45,000	42,500

The number of other directors whose emoluments fell within the following ranges was:-

	<u>1989</u> <u>No</u>	<u>1988</u> <u>No</u>
£15,001 to £20,000	1	2
£20,001 to £25,000	1	-
£25,001 to £30,000	1	1

7. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:-

	<u>1989</u>	<u>1988</u>
Management	5	5
Administration	113	100
	118	105

The aggregate payroll costs of these persons were:-

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Wages and salaries	2,642	2,185
Social security	211	159
Other pension costs	273	231
	3,126	2,575

J.C.B. SALES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1989

7. STAFF NUMBERS AND COSTS (CONTINUED)

The following number of employees received remuneration falling within the stated range:-

	<u>1989</u>	<u>1988</u>
£30,001 to £35,000	4	2
£35,001 to £40,000	1	5
£40,001 to £45,000	4	-

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Corporation Tax at 35% (1988: 35%)		
On profit for the year	794	1,234
Adjustment in respect of previous year	21	309
	<u>815</u>	<u>1,543</u>

9. INVESTMENT IN SUBSIDIARY COMPANY

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Shares at cost	100	100

The company holds a 100% interest in J.C.B. Materials Handling Limited, an unlisted company registered in the United Kingdom.

10. OTHER INVESTMENTS (at cost)

	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Shares in fellow subsidiary	25	25
Shares in associated company	166	166
	<u>191</u>	<u>191</u>

The shares in the fellow subsidiary represent a 4% holding in J.C.B. SpA, a company registered in Italy. The remaining 96% is held by J.C.B. Service. The shares in the associated company represent a 40% holding in J.C. Bamford N.W.E., a company registered in the Netherlands.

J.C.B. SALES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1989

11. DEBTORS

	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Trade debtors	11,360	8,193
Amounts due from group companies	47,535	30,978
Amount due from subsidiary company	2,411	1,015
Other debtors	293	233
Prepayments	163	303
	<hr/>	<hr/>
	61,762	40,722
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR

	<u>1989</u>	<u>1988</u>
	<u>£'000</u>	<u>£'000</u>
Bank overdraft	4,188	14,534
Trade creditors	2,600	2,885
Bills of Exchange	35,332	21,770
Amount due to holding company	7,451	7,606
Amounts due to group companies	20,676	1,569
Other creditors including social security	4,890	1,555
Taxation	949	2,558
Accruals	1,200	1,111
	<hr/>	<hr/>
	77,286	53,588
	<hr/>	<hr/>

13. SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Authorised, issued and fully paid,		
100 Ordinary shares of £1 each	100	100
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14. CONTINGENT LIABILITY

During the year the company gave counter-indemnities to Barclays Bank Plc in respect of guarantees given by the bank in support of certain export sales. At 31st December 1989 the company was contingently liable under such indemnities for amounts aggregating £1,049,000 (1988 - £407,000).

15. ULTIMATE HOLDING COMPANY

The company is a wholly-owned subsidiary of J.C.B. Service, a company registered in the United Kingdom. The ultimate holding company is Transmissions and Engineering Services Netherlands B.V., a company registered in the Netherlands.

J.C.B. SALES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1989

16. PENSION SCHEME ARRANGEMENTS

J.C.B. operates pension schemes for its directors and employees. Each is a funded, defined benefit scheme. The funds are valued every three years by a professionally qualified independent actuary, and contribution rates are determined by the actuary.

The principal group scheme is the J. C. Bamford Pension Scheme which was last valued on the discontinuance method as at 6th April 1986. Details of the last valuation are disclosed in the accounts of J.C.B. Service.