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J.C.B. SALES LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1978

1. ACTIVITIES
Consist of the selling and marketing of products manufactured by J.C. Bamford Excavators Limited.
2. STATE OF AFFAIRS
The profit for the year before taxation and after providing for all charges amounted to £315,715 (1977 £154,955).

The Board does not recommend the payment of a dividend.
3. EXPORTS
The Sales value of goods and services exported directly from the United Kingdom during the year was £37,969,370 (1977 £34,357,246).
4. DIRECTORS
The following were Directors of the Company during the year and subsequently and their respective interests in shares were as follows:

	<u>31/12/78</u>	<u>31/12/77</u>
Mr. A.P. Bamford	NIL	51
Mrs. J.C. Bamford	NIL	1
Mr. J.F. Harrison	NIL	NIL
Mr. R.W. Ryeland	NIL	NIL
Mr. P.R. Massardy	NIL	NIL
Mr. G. Johnston		
Mr. J.E.T. Watson - retired 30th April 1979	NIL	NIL
Mr. J.H. Ballin - resigned 15th June 1979	NIL	NIL

During the year Mr. A.P. Bamford and Mrs. J.C. Bamford disposed of their beneficial ownership of shares in the Company.

Mr. G. Johnston retiring in accordance with Article 89 of the Articles of Association, being eligible, offers himself for re-election.

5. EMPLOYEES
In the United Kingdom the average number of employees per week during the year was 124 (1977 - 119). The aggregate remuneration paid or payable to those employees for the year was £623,641 (1977 £510,818).
6. The Company is a close company for tax purposes.
7. AUDITORS
The Directors recommend the re-appointment of Messrs. C. Howson & Co., as Auditors of the Company in accordance with Section 14 of the Companies Act 1976.

SIGNED ON BEHALF OF THE BOARD

DATE 9TH JUNE 1980

CHAIRMAN



REPORT OF THE AUDITORS

TO THE MEMBERS OF J.C.B. SALES LIMITED

We have examined the annexed accounts together with the Notes thereon which have been prepared under the historical cost convention. In our opinion, based upon our examination, these accounts give, under the convention stated above, a true and fair view of the state of affairs of the Company at 31st December 1978, and of the results and the source and application of funds of the Company for the year ended on that date and comply with the Companies Acts 1948 and 1967.

W. Howson & Co.

9TH JUNE 1980

STOKE-ON-TRENT

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 31ST DECEMBER 1978

[illegible]

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1978

[illegible]

J.C.B. SALES LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1978

	<u>1978</u>	<u>1977</u>
	£	£
<u>SOURCE OF FUNDS</u>		
Profit before Taxation	315,715	154,955
Adjustment for items not involving the movement of funds		
Depreciation	<u>-</u>	<u>-</u>
<u>TOTAL GENERATED FROM OPERATION</u>	315,715	154,955
<u>APPLICATION OF FUNDS</u>		
Purchase of Shares	100	<u>-</u>
Payment of Tax	<u>-</u>	<u>22,697</u>
	315,615	132,258
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>		
Increase in Debtors	2,671,019	2,079,005
Increase in Creditors excluding Taxation	(2,521,685)	(1,940,806)
<u>MOVEMENT IN NET LIQUID FUNDS</u>		
Increase in Bank Balances <u>166,281</u>		<u>(5,941)</u>
	<u>315,615</u>	<u>132,258</u>

J.C.B. SALES LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31ST DECEMBER 1978

1. INVESTMENTS
UNQUOTED AT COST - ASSOCIATED COMPANY

The Company owns 40% of the issued share capital of J.C. Bamford N.W.E., a Company registered in the Netherlands.

	<u>1978</u> £	<u>1977</u> £
a) The Income for the Year from such Investment is	NIL	NIL
b) The Company's share of the profits for the year attributable to the Investment is		
i) Before Tax	84,034	15,975
ii) After Tax	51,610	10,396
c) The Company's share of the undistributed profit is	88,848	37,238

2. SUBSIDIARY COMPANY

During 1978 the Company acquired the whole of the issued share capital of J.C.B. Materials Handling Limited which is incorporated in the United Kingdom.

3. TRADING PROFIT BEFORE TAXATION

The Trading Profit before Taxation has been arrived at after charging the items shown below:-

	<u>1978</u> £	<u>1977</u> £
Directors Remuneration	109,578	92,005
Interest Payable - J.C.B. Company	4,500	7,583
Auditors Remuneration	1,105	1,000
Hire of Plant and Machinery	246,067	198,047

4. DIRECTORS

The emoluments of the Chairman were
The emoluments of the highest paid Director were.
The number of other Directors whose emoluments were within the ranges:

	<u>1978</u> £	<u>1977</u> £
The emoluments of the Chairman were	15,000	12,500
The emoluments of the highest paid Director were.	19,877	17,500
The number of other Directors whose emoluments were within the ranges:		
NIL to £2,500	1	1
£2,501 to £5,000	1	1
£5,001 to £7,500	-	1
£7,501 to £10,000	2	-
£10,001 to £12,500	-	1
£12,501 to £15,000	2	2

(continued)

NOTES TO THE ACCOUNTS - (CONTINUED)
YEAR ENDED 31ST DECEMBER 1978

5. EMPLOYEES

The number of employees other than Directors whose emoluments exceeded £10,000 were within the following ranges:

			<u>1978</u>	<u>1977</u>
£10,001	to	£12,500	2	2
£12,501	to	£15,000	1	-

6. CONTINGENT LIABILITY

During the year the Company gave counter indemnities to Barclays Bank Limited in respect of guarantees given by the Bank in support of certain export sales. At 31st December 1978 the Company was contingently liable under such indemnities for amounts aggregating to £91,517 (1977 £92,410).

7. ACCOUNTING POLICIES

a) The results of the associated company (See Note 1 above) have not been included in the Profit and Loss Account as these are not considered material.

b) The results of the subsidiary company (See Note 2 above) have not been consolidated with these accounts as it did not commence trading until 1st January 1979.