

JCB EARTHMOVERS LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2002

Company Registration Number 934508



HOWSONS

Chartered Accountants

Registered Auditors

JCB EARTHMOVERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year has been the design, manufacture and marketing of front-end loading shovels and parts, and dump trucks. The company also manufactures high mobility vehicles and other agricultural vehicles on a subcontract basis for a fellow subsidiary, JCB Landpower Limited.

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

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend for the year.

DIRECTORS AND SHAREHOLDINGS

The directors who served the company during the year and subsequently were:

Sir Anthony Bamford DL
Lady Bamford
M J C Bamford
J Patterson
M J Edwards
C H Spring
M W Turner

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

M W Turner was appointed as a director on 28 August 2002.

M J Edwards retired as a director on 26 July 2002.

C H Spring retired as a director on 26 July 2002.

RESEARCH AND DEVELOPMENT

The company maintains a continued commitment to the development of new earthmoving machines in order to provide future product innovations. Research and development expenditure during the year amounted to £2,170,000 (2001 - £1,705,000).

EMPLOYMENT OF DISABLED PERSONS

Applications for employment from disabled persons are considered on their merits and regard is paid only to the ability of an applicant to carry out satisfactorily the functions required. The same policy is adopted when considering career development and promotion, while in the field of training a distinction would only be made in order to meet the particular requirements of the disabled person. If an employee becomes disabled whilst in employment all due consideration would be given to continued employment, whether in the same or in an alternative capacity, and training would be given where necessary.

JCB EARTHMOVERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

EMPLOYEE INVOLVEMENT

The Board acknowledges the need to encourage employee involvement in the improvement of the group's performance by supplying information on matters of importance through regular consultation with employees.

Information is provided by various means, including audio-visual presentations, company newspapers and information bulletins. There is also an annual review of the group's performance, which is presented to all employees.

Employees are encouraged to participate in local schemes designed to improve performance in the areas in which they work.

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

AUDITORS

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

Signed on behalf of the board



SIR ANTHONY BAMFORD DL
CHAIRMAN

JCB EARTHMOVERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2002

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 9 to 11, and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

JCB EARTHMOVERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2002

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

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

JCB EARTHMOVERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2002

OPINION

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

HOWSONS *Howsons*

Chartered Accountants
Registered Auditors

Winton House
Stoke Road
Stoke on Trent
Staffordshire
ST4 2RW

30 JUNE 2003

JCB EARTHMOVERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

		2002 £'000	As restated 2001 £'000
TURNOVER	2	46,875	42,827
Cost of sales		(40,651)	(37,070)
GROSS PROFIT		6,224	5,757
Distribution costs		(2,224)	(1,985)
Administrative expenses		(877)	(1,034)
OPERATING PROFIT	3	3,123	2,738
Interim distribution from associated company	6	1,182	—
Interest receivable and similar income	7	23	—
Interest payable	8	(424)	(836)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,904	1,902
Tax on profit on ordinary activities	9	(1,144)	(346)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>2,760</u>	<u>1,556</u>

CONTINUING OPERATIONS

All of the activities of the company are classed as continuing.

The notes on pages 9 to 18 form part of these financial statements.

JCB EARTHMOVERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2002

		As restated
	2002 £000	2001 £000
Profit for the financial year attributable to the shareholders	2,760	1,556
Total recognised gains and losses relating to the year	<u>2,760</u>	<u>1,556</u>
Prior year adjustment (see note 10)	245	-
Total gains and losses recognised since the last annual report	<u>3,005</u>	<u>1,556</u>

The notes on pages 9 to 18 form part of these financial statements.

JCB EARTHMOVERS LIMITED

BALANCE SHEET

31 DECEMBER 2002

	Note	£000	2002 £000	£000	As restated 2001 £000
FIXED ASSETS					
Tangible assets	11		12,261		13,192
Investments	12		1,017		1,017
			<u>13,278</u>		<u>14,209</u>
CURRENT ASSETS					
Stocks	13	3,149		2,813	
Debtors	14	14,241		12,616	
Cash at bank		<u>2</u>		<u>1</u>	
		17,392		15,430	
CREDITORS: Amounts falling due within one year	15	<u>23,284</u>		<u>25,532</u>	
NET CURRENT LIABILITIES			<u>(5,892)</u>		<u>(10,102)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,386		4,107
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17		930		444
Other Provisions	18		1,861		1,828
			<u>4,595</u>		<u>1,835</u>
CAPITAL AND RESERVES					
Share capital	20		—		—
Profit and Loss Account	21		4,595		1,835
SHAREHOLDERS' FUNDS	22		<u>4,595</u>		<u>1,835</u>

These financial statements were approved by the directors on the ~~30 June 2003~~ and are signed on their behalf by:


SIR ANTHONY BAMFORD DL

The notes on pages 9 to 18 form part of these financial statements.

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. With the exception of deferred taxation, where FRS19 has now been adopted, these accounting policies have been applied consistently.

Consolidation

The results of the subsidiary and associated undertakings have not been included in the accounts of JCB Earthmovers Limited as the company is itself a wholly-owned subsidiary of JCB Service, a company registered in England and Wales, for whom consolidated financial statements, including a cash flow statement, are prepared.

Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned, and the ultimate parent company, JCB Service, publishes a consolidated cashflow statement which is publicly available.

Turnover

Turnover represents the invoice value of products sold, excluding VAT and net of sales incentives. The company recognises revenue from sales of products upon shipment.

Depreciation

Depreciation is calculated so as to write off the original cost by equal annual instalments over the expected useful lives of the assets concerned, other than freehold land which is not depreciated.

The principal rates used are:

Freehold buildings - Industrial	- 2%
Plant and machinery	- 10%
Fixtures, fittings and office equipment	- 10% / 20% / 25%
Motor vehicles	- 20% / 25%
Computers	- 20% / 25%

Additional depreciation is provided where, in the opinion of the directors, there has been a permanent diminution in the value of a fixed asset.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme, both of which are funded, defined benefit schemes. The costs of providing pensions for employees are charged in the profit and loss account over the average working life of the employees, in accordance with the recommendations of a qualified actuary. Any funding surpluses or deficits that may arise from time to time are amortised over the average remaining service life of employees. The most recent formal actuarial valuations were carried out as at 6 April 2001 and 1 January 2002. Full disclosure of the results of these latter valuations is given in the financial statements of JCB Service.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at the balance sheet date, or at forward rates to the extent that related currency contracts are in place.

Other transactional exchange differences are taken to the profit and loss account.

Warranty

Provision is made for the company's estimated liability on all machines still under warranty, including claims already received. The provision is charged against trading profits and is included in provision for liabilities and charges, with amounts recoverable from suppliers included in other debtors.

Research and development

Expenditure on research and development is incurred continuously and is charged against revenue as incurred.

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

Repairs and renewals

All repairs and renewals are charged against revenue as incurred.

Provisions against investments

Provision is made for any diminution in the value of an investment which is considered to be permanent, based on the higher of value in use and net realisable value.

2. TURNOVER

The analysis of turnover, achieved through JCB Sales Limited as agent, by geographical regions is as follows:

	2002 £000	2001 £000
Group		
United Kingdom	828	318
Europe	10,179	11,149
North America	7,918	9,440
South America	19	26
Far East	1,942	602
Non-Group		
United Kingdom	13,986	10,296
Europe	9,539	8,117
Middle East	1,554	2,124
Africa	276	369
South America	634	386
	<u>46,875</u>	<u>42,827</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002 £000	2001 £000
Depreciation of tangible fixed assets	732	912
Profit on disposal of tangible fixed assets	(22)	(144)
Auditors' remuneration		
- for auditing	11	14
- for other services	8	8
Operating lease costs		
- plant and equipment	90	72
Profit on exchange	(40)	(54)
Research and development	<u>2,170</u>	<u>1,705</u>

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

4. STAFF NUMBERS AND COSTS

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

	2002 No.	2001 No.
Directors	5	6
Administration	51	61
Production	120	107
Temporary employees	35	10
	<u>211</u>	<u>184</u>

The aggregate payroll costs of these persons were as follows:

	2002 £000	2001 £000
Wages and salaries	4,618	4,010
Social security costs	358	294
Other pension costs	414	376
	<u>5,390</u>	<u>4,680</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2002 £000	2001 £000
Aggregate emoluments	<u>85</u>	<u>85</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002 No.	2001 No.
Defined benefit schemes	<u>4</u>	<u>4</u>

6. INCOME FROM FIXED ASSET INVESTMENTS

	2002 £000	2001 £000
Interim distribution from Associated Company	<u>1,182</u>	<u>-</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £000	2001 £000
Other interest	<u>23</u>	<u>-</u>

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

8. INTEREST PAYABLE

	2002	2001
	£000	£000
Group interest	337	722
Group discounting charges	87	114
	<u>424</u>	<u>836</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a)

	2002	As restated 2001
	£000	£000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	763	503
Prior year adjustment	(105)	(35)
Total current tax	<u>658</u>	<u>468</u>
Deferred tax:		
Increase/(decrease) in deferred tax provision	486	(122)
Tax on profit on ordinary activities	<u>1,144</u>	<u>346</u>

(b) Factors affecting current tax charge

	2002	2001
	£000	£000
Profit on ordinary activities before taxation	<u>3,904</u>	<u>1,902</u>
Profit on ordinary activities at standard rate	1,245	571
Excess of capital allowances over depreciation charge	(127)	(156)
Permanent differences	(355)	(46)
Other differences	-	134
Total current tax (note 9(a))	<u>763</u>	<u>503</u>

10. PRIOR YEAR ADJUSTMENT

The company is now providing for deferred tax in accordance with the provisions of FRS 19 - Deferred Tax. The adjustment to the previous years financial statements in order to reflect this change in basis has been credited to the opening balance on the profit and loss account as a prior year adjustment.

The adjustment amounts to £245,000 in total, of which £272,000 has been deducted from the tax charge for 2001, and £27,000 has been deducted from profit and loss account reserves brought forward at 31 December 2000. The balance sheet provision for deferred tax has decreased by £245,000 at 31 December 2001 (Note 17).

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

11. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Plant and Machinery £000	Fixtures, Fittings and Equipment £000	Motor Vehicles £000	Total £000
COST					
At 1 January 2002	9,448	5,261	569	41	15,319
Additions	—	133	3	—	136
Disposals	—	(315)	(7)	(32)	(354)
Transfers	—	(245)	(39)	—	(284)
At 31 December 2002	9,448	4,834	526	9	14,817
DEPRECIATION					
At 1 January 2002	362	1,471	253	41	2,127
Charge for the year	181	485	66	—	732
On disposals	—	(186)	(4)	(32)	(222)
Transfers	—	(76)	(5)	—	(81)
At 31 December 2002	543	1,694	310	9	2,556
NET BOOK VALUE					
At 31 December 2002	8,905	3,140	216	—	12,261
At 31 December 2001	9,086	3,790	316	—	13,192

i) All land and buildings are freehold.

ii) Freehold industrial land of £372,000 (2001 - £372,000) has not been depreciated.

12. INVESTMENTS

	Shares in Subsidiary companies £000
COST	
At 1 January 2002 and 31 December 2002	1,017
NET BOOK VALUE	
At 31 December 2002	1,017
At 31 December 2001	1,017

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

12. INVESTMENTS *(continued)*

Shares in Subsidiary Companies

At 31 December 2002, the company holds the following investments in subsidiary companies. All equity holdings are in ordinary shares.

	Equity Held	Principal Business	Country of Incorporation
JCB Equipment Limited	100%	Non-trading	UK
JCB SA	100%	Equipment distributor	France
And due to its holding in JCB SA:			
JCB Ile de France SNC	100%	Dealer	France
JCB Service SNC	100%	Parts distributor	France
Lyomat SA	100%	Dealer	France
JCB Finance SAS	100%	Finance marketing	France

Shares in Associated Company

During the year the company received an interim distribution of £1,182,000 due to its holding in C B Brookes Advertising Limited, which ceased trading. A final distribution is expected in the near future. (See Note 6).

13. STOCKS

	2002 £000	2001 £000
Production parts and materials	2,668	2,404
Work in progress	441	409
Finished machines	40	—
	<u>3,149</u>	<u>2,813</u>

14. DEBTORS

	2002 £000	2001 £000
Trade debtors	102	30
Amounts owed by group undertakings	12,423	12,088
Amounts owed by associated undertakings	1	—
Amounts owed by JCB companies	—	88
Other taxation and social security	1,395	—
Other debtors	232	235
Prepayments	88	175
	<u>14,241</u>	<u>12,616</u>

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

15. CREDITORS: Amounts falling due within one year

	2002	2001
	£000	£000
Bank overdraft	10,600	12,374
Trade creditors	8,425	7,745
Amounts owed to group undertakings	2,875	4,336
Amounts owed to JCB companies	87	254
Amounts owed to other related parties	136	46
Corporation tax	711	446
Other taxation and social security	186	-
Accruals	264	331
	<u>23,284</u>	<u>25,532</u>

16. PENSIONS

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefits Scheme. The company is unable to identify its share of the underlying assets and liabilities of these schemes and accounts for contributions to the schemes as if they were defined contribution schemes. The schemes have a combined deficit of £100.5 million (£70.3 million net of deferred tax), calculated in accordance with FRS 17.

17. DEFERRED TAXATION

	2002	As restated 2001
	£000	£000
The movement in the deferred taxation provision during the year was:		
Provision brought forward	444	566
Increase/(Decrease) in provision	486	(122)
Provision carried forward	<u>930</u>	<u>444</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	2001
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	<u>930</u>	<u>444</u>

18. OTHER PROVISIONS

	2002 £000
Warranty:	
At 1 January 2002	1,828
Additional provisions made in the year	1,213
Amounts used	(1,180)
At 31 December 2002	<u>1,861</u>

It is expected that most warranty expenditure will be incurred in the next financial year, and nearly all will be incurred within two years of the balance sheet date. Included in Other debtors (Note 14) is an amount totalling £228,000 representing amounts recoverable from suppliers.

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption, allowed under FRS8, available to wholly-owned subsidiary companies whose results are included in consolidated financial statements that are made publicly available, not to disclose details of transactions with entities that are part of the JCB Service Group or investees of the group qualifying as related parties.

The company subcontracts some of its research and development projects to JCB Research in which Sir Anthony Bamford is a shareholder of one third of the share capital. JCB Research charges this work at cost, so as to make neither profit nor loss after allowing for taxation. The total value of services purchased by the company during the year was £269,000 (2001 - £421,000). The net amount owed by the company to JCB Research at 31 December 2002 was £Nil (2001 - £6,000).

The company purchased production parts and consumables from Iracraft Limited, a company in which Sir Anthony Bamford has an interest. The total value of these purchases to the company during the year was £684,000 (2001 - £481,000). The net amount owed by the company to Iracraft Limited at 31 December 2002 was £59,000 (2001 - £46,000).

During the year, the company was required to pay a technical assistance fee to JCB Compact Products Limited, a company in which Sir Anthony Bamford and his immediate family are the shareholders. The total value of the technical assistance fee for the year was £34,000 (2001 - £89,000), which is due to JCB Compact Products Limited at 31 December 2002.

20. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
100 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

21. PROFIT AND LOSS ACCOUNT

	2002	As restated 2001
	£000	£000
Original balance brought forward	1,590	306
Prior year adjustment (note 10)	<u>245</u>	<u>(27)</u>
Restated balance brought forward	1,835	279
Retained profit for the financial year	<u>2,760</u>	<u>1,556</u>
At 31 December 2002	<u>4,595</u>	<u>1,835</u>

JCB EARTHMOVERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£000	2002 £000	£000	As restated 2001 £000
Profit for the financial year		2,760		1,556
Opening shareholders' equity funds	1,590		306	
Prior year adjustment (see note 10)	<u>245</u>		<u>(27)</u>	
		<u>1,835</u>		<u>279</u>
Closing shareholders' equity funds		<u>4,595</u>		<u>1,835</u>

Shareholders' funds are wholly attributable to equity interests.

23. ULTIMATE CONTROLLING PARTY

The company is a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. The largest company to consolidate the accounts of JCB Service is Transmissions and Engineering Services Netherlands BV, a company incorporated in the Netherlands. Transmissions and Engineering Services Netherlands BV is ultimately controlled by Bamford family interests.