

JCB Hydropower Limited

Company Registration Number 1224998

REPORT AND ACCOUNTS

For the year ended 31 December 1993

HOWSONS

Chartered Accountants

Registered Auditor



\*AN0PN364\*

A251 RECEIPT DATE: 23/07/94

JCB Hydropower Limited

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31 December 1993.

BUSINESS REVIEW

The company's principal activities during the year have been the manufacture and supply of hydraulic power packs and attachments and the manufacture, selling and marketing of earthmoving equipment.

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

A geographical analysis of turnover is given in Note 2 to the accounts.

RESULTS AND DIVIDEND

The profit on ordinary activities before taxation amounted to £1,361,000 (1992: £1,083,000).

The directors do not recommend the payment of a dividend and therefore £938,000 has been transferred to reserves.

DIRECTORS AND SHAREHOLDINGS

The directors who served during the year and subsequently are:-

Sir Anthony Bamford DL  
Mr Martin Coyne  
Gilbert Johnston CBE - resigned 31 October 1993  
Mr Howard McCallum - appointed 22 February 1994

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

FIXED ASSETS

The movements in tangible fixed assets are set out in Note 9 to the accounts.

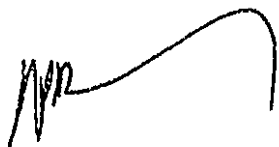
TAX STATUS

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 DL

CHAIRMAN

DIRECTORS RESPONSIBILITIES

For the year ended 31 December 1993

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is not appropriate 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# AUDITOR'S REPORT TO THE MEMBERS

## OF JCB HYDRAPOWER LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the 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 1993 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Howsons*

Howsons  
Chartered Accountants  
Registered Auditor

Park Chambers,  
28 Avenue Road,  
Stoke-on-Trent,  
ST4 2EZ.

Date: *10th May 1994.*

JCB Hydropower Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
TURNOVER - continuing operations	2	16,753	14,336
Cost of sales		<u>12,067</u>	<u>10,395</u>
GROSS PROFIT		4,696	3,941
Administrative expenses		<u>3,350</u>	<u>2,680</u>
OPERATING PROFIT - continuing operations	3	1,346	1,261
Interest receivable	6	15	-
Interest payable	7	<u>-</u>	<u>178</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,361	1,083
Tax on profit on ordinary activities	8	<u>423</u>	<u>358</u>
RETAINED PROFIT FOR THE YEAR	16	<u>938</u>	<u>725</u>

TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the retained profit for the year ends as stated.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The accounts are prepared under the historical cost convention and thus the reported profit on ordinary activities before taxation is the historical cost profit.

JCB Hydropower Limited

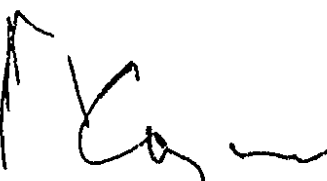
BALANCE SHEET

As at 31 December 1993

	Notes	1993		1992	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		1,201		1,440
CURRENT ASSETS					
Stocks	10	1,742		1,103	
Debtors	11	2,077		2,588	
Cash at bank and in hand		<u>2,168</u>		<u>-</u>	
		5,987		3,701	
CREDITORS: Amounts falling due within one year	12	<u>4,850</u>		<u>3,710</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,137</u>		<u>(9)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,338		1,431
PROVISION FOR LIABILITIES AND CHARGES	13		<u>92</u>		<u>123</u>
NET ASSETS			<u>2,246</u>		<u>1,308</u>
CAPITAL AND RESERVES					
Called up share capital	15		332		332
Profit and loss account	16		<u>1,914</u>		<u>976</u>
SHAREHOLDERS' FUNDS	17		<u>2,246</u>		<u>1,308</u>

The accounts were approved by the Board of Directors on 10th May 1994

  
SIR ANTHONY BAMFORD DL

  
MR M COYNE

NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Depreciation

Depreciation of tangible fixed assets is calculated so as to write off the original cost by equal annual instalments over the expected useful lives of the assets concerned. The principal rates used are:-

Plant and machinery	10%
Fixtures and fittings, office equipment	10% and 20%
Motor vehicles	20% and 25%
Computers	33 1/3%

(c) Stock and Work in Progress

Stock and work in progress are valued at the lower of cost and net realisable value, with due allowance being made for any obsolete or slow moving items. Cost includes direct materials, labour and appropriate works overheads.

(d) Research and Development

Research and development expenditure is written off to revenue when it is incurred.

(e) 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 creditors.

(f) Deferred Taxation

Provision is only made for deferred taxation in respect of timing differences where it is considered that the deferral is unlikely to continue for the foreseeable future and where the consequent liability is expected to be material.

(g) 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.

(h) Pension Costs

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

# JCS Hydropower Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

### 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 regions is as follows:-

	1993 £'000	1992 £'000
United Kingdom	8,780	4,097
Europe	7,792	9,956
North America	20	10
America-Central & South	79	61
Middle East	49	132
Africa	39	78
Far East & Australia	2	2
Other	2	-
	<u>16,763</u>	<u>14,336</u>

### 3. OPERATING PROFIT

Operating profit is stated after the following items:-

	1993 £'000	1992 £'000
Directors remuneration	-	7
Auditors remuneration - audit	8	9
- other services	1	2
Depreciation of tangible fixed assets	303	314
Operating lease - property rent	175	175
Research and development	143	17
Loss/(profit) on exchange	176	(317)



# JCB Hydropower Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

### 4. STAFF NUMBERS AND COSTS

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

	1993	1992
Management and sales	37	34
Production	<u>80</u>	<u>65</u>
	117	99

The aggregate payroll costs of these persons were as follows:-

	1993 £'000	1992 £'000
Wages and salaries	1,947	1,780
Social security costs	176	138
Other pension costs	<u>94</u>	<u>83</u>
	2,217	2,001

### 5. DIRECTORS REMUNERATION

No director received any remuneration during the year. In 1992, the highest paid director received £5,000 with the chairman and the other director both receiving £Nil.

### 6. INTEREST RECEIVABLE

	1993 £'000	1992 £'000
Group interest	<u>15</u>	<u>-</u>

### 7. INTEREST PAYABLE

	1993 £'000	1992 £'000
Group interest	<u>-</u>	<u>178</u>

JCB Hydropower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1993 £'000	1992 £'000
Corporation Tax at 33% (1992: 33%)		
On profit for the year	454	343
Deferred Taxation	(31)	15
	423	358
	—	—

9. TANGIBLE FIXED ASSETS

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000
COST				
At 31 December 1992	1,889	171	536	2,596
Additions	82	—	9	91
Disposals	(40)	(9)	—	(49)
At 31 December 1993	1,931	162	545	2,638
	—	—	—	—
DEPRECIATION				
At 31 December 1992	683	111	362	1,156
Charge for the year	215	38	50	303
Disposals	(16)	(6)	—	(22)
At 31 December 1993	882	143	412	1,437
	—	—	—	—
NET BOOK VALUE				
At 31 December 1993	1,049	19	133	1,201
	—	—	—	—
At 31 December 1992	1,206	60	174	1,440
	—	—	—	—

10. STOCKS

	1993 £'000	1992 £'000
Production materials and parts	1,252	969
Work in progress	454	122
Finished goods	36	12
	1,742	1,103
	—	—

JCB Hydropower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

11. DEBTORS

	1993 £'000	1992 £'000
Trade debtors	597	607
Amounts owed by group undertakings	1,442	1,856
Other debtors	-	112
Prepayments	38	23
	<u>2,077</u>	<u>2,598</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993 £'000	1992 £'000
Bank overdraft	-	795
Trade creditors	2,983	1,863
Amounts owed to group undertakings	578	150
Amount owed to J.C.B. Company	19	8
Other creditors	674	455
Corporation tax	467	343
Accruals and deferred income	129	96
	<u>4,850</u>	<u>3,710</u>

Other creditors includes social security of £70,000 (1992: £39,000).

13. PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	Provision		Full Potential Liability	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Accelerated capital allowances	92	123	92	123
	<u>92</u>	<u>123</u>	<u>92</u>	<u>123</u>

14. CAPITAL COMMITMENTS

	1993 £'000	1992 £'000
Authorised and contracted for	75	-
Authorised but not contracted for	62	-
	<u>75</u>	<u>-</u>
	<u>62</u>	<u>-</u>

# JCB Hydropower Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

### 15. SHARE CAPITAL

	1993	1992
	£'000	£'000
Authorised, issued and fully paid:-		
332,294 Ordinary shares of £1 each	332	332
	—	—

### 16. PROFIT AND LOSS ACCOUNT

	1993	1992
	£'000	£'000
At 31 December 1992	976	251
Retained profit for the year	<u>938</u>	<u>725</u>
At 31 December 1993	<u>1,914</u>	<u>976</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1993	1992
	£'000	£'000
Profit for the year after taxation being net increase in shareholders' funds	938	725
Shareholders' funds at 31 December 1992	<u>1,308</u>	<u>583</u>
Shareholders' funds at 31 December 1993	<u>2,246</u>	<u>1,308</u>

### 18. 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 an ongoing basis method as at 6 April 1992. Details of the last valuation are disclosed in the accounts of J.C.B. Service.

### 19. ULTIMATE PARENT COMPANY

The company is a wholly-owned subsidiary of J.C.B. Service, a company registered in England and Wales. The ultimate parent company is Transmissions and Engineering Services Netherlands B.V., a company incorporated in the Netherlands.

JCB Hydropower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1993

20. TRANSACTIONS WITH DIRECTORS

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 providing for taxation. The total value of services purchased by the company during the year was £85,000 (1992: £8,000). The net amount owed by the company to JCB Research at 31 December 1993 was £19,000 (1992: £8,000).