

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1983

52

The Directors present their annual report together with the audited accounts for the year ended 31st December, 1983.

**BUSINESS REVIEW**

The Company's principal activities during the year have been the manufacture and supply of hydraulic power packs, trailers and attachments.

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

**RESULTS AND DIVIDEND**

The loss for the year before taxation and after providing for all charges amounted to £44,401 (1982 Profit £7,038).

The Directors do not recommend the payment of a dividend.

**DIRECTORS**

The following were Directors of the Company during the year and their respective interests in shares were as follows:-

	<u>31/12/83</u>	<u>31/12/82</u>
Mr. A.P. Bamford	~	~
Mr. R.W. Ryeland	50,000	50,000
Mr. G. Johnston	~	~
Mr. C. Marsden	~	~

Mr. G. Johnston retiring in accordance with Article 90 of Table A Part 1 of the First Schedule to the Companies Act 1948, being eligible, offers himself for re-election.

**FIXED ASSETS**

The Directors are of the opinion that at the end of the year there was no material difference between the market value of the land and buildings which were purchased in 1982 and the cost as stated in the accounts.

The movements of fixed assets are set out in Note 8 to the accounts.

**TAX STATUS**

The company is a close company within the provisions of the Income and Corporation Taxes Act, 1970.



J.C.B. HYDRAPOWER LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1983

AUDITORS

The auditors, Messrs. C. Howson & Co., have expressed their willingness to continue in office and a resolution to reappoint them will be put to the members at the Annual General Meeting.

SIGNED ON BEHALF OF THE BOARD

CHAIRMAN



DATE

10th June 1985

REPORT OF THE AUDITORS

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

We have audited the annexed accounts and notes thereon in accordance with approved auditing standards.

In our opinion, these accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31st December, 1983 and of the results and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

102 June. 1985

STOKE-ON-TRENT

C Howson & Co.

CHARTERED ACCOUNTANTS

J.C.B. HYDRAPOWER LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1983

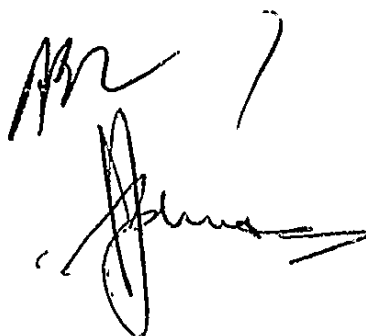
		<u>1983</u>		<u>1982</u>	
	<u>NOTES</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
TURNOVER	2	1,013,704		953,011	
COST OF SALES		<u>788,501</u>		<u>677,294</u>	
GROSS PROFIT		225,203		275,717	
DISTRIBUTION COSTS		119,558		106,420	
ADMINISTRATIVE EXPENSES		<u>126,913</u>		<u>124,555</u>	
		246,471		230,975	
OPERATING (LOSS) PROFIT	3	(21,268)		44,742	
INTEREST PAYABLE	6	<u>23,133</u>		<u>37,704</u>	
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(44,401)		7,038	
TAXATION	7	<u>(22,233)</u>		<u>—</u>	
(LOSS) PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(22,168)		7,038	
DEFICIENCY BROUGHT FORWARD		(354,916)		(361,954)	
DEFICIENCY CARRIED FORWARD		<u>(377,084)</u>		<u>(354,916)</u>	

J.C.B. HYDRAPOWER LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1983

		<u>1983</u>	<u>1982</u>
	<u>NOTES</u>	<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	8	272,723	197,129
CURRENT ASSETS			
Stocks	9	180,925	200,484
Debtors	10	240,770	355,884
Cash		<u>305</u>	<u>106</u>
		422,000	556,474
CREDITORS: amounts falling due within one year	11	<u>739,513</u>	<u>776,225</u>
NET CURRENT LIABILITIES		(317,513)	(219,751)
NET LIABILITIES		<u>(44,790)</u>	<u>(22,622)</u>
CAPITAL AND RESERVES			
Called up Share Capital	12	332,294	332,294
Profit and Loss Account - deficit		<u>(377,084)</u>	<u>(354,916)</u>
		<u>(44,790)</u>	<u>(22,622)</u>

The accounts were approved by the Board of Directors on 10th June, 1985



J.C.B. HYDRAPOWER LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1983

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
<b>SOURCE OF FUNDS</b>		
(Loss)/Profit on ordinary activities before taxation	(44,401)	7,038
Adjustment for items not involving the movement of funds		
Depreciation	<u>30,792</u>	<u>21,171</u>
TOTAL (ABSORBED)/GENERATED BY OPERATIONS	(13,609)	28,209
<b>FUNDS FROM OTHER SOURCES</b>		
Sale of Tax Losses	<u>22,233</u>	<u>—</u>
	8,624	28,209
<b>APPLICATION OF FUNDS</b>		
Purchases less disposals of Tangible fixed assets	<u>106,386</u>	<u>174,627</u>
DECREASE IN WORKING CAPITAL	(97,762)	(146,418)
<b>REPRESENTED BY:-</b>		
(Decrease)/Increase in Stocks	(19,559)	35,300
Decrease in Debtors	(115,114)	(116,275)
Decrease/(Increase) in Creditors	<u>193,839</u>	<u>(81,228)</u>
	59,166	(162,203)
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
Increase/(Decrease) in Cash	199	(72)
(Increase)/Decrease in Short Term Bank Loan and Overdraft	<u>(157,127)</u>	<u>15,857</u>
	(156,928)	15,785
	(97,762)	(146,418)

J.C.B. HYDRAPOWER LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1983

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

The format of the accounts has been changed to comply with the Companies Act, 1981. Where necessary the comparative figures have been restated to conform with the new presentation.

GOING CONCERN BASIS

The accounts have been prepared on a going concern basis, the shareholders having informed the board that it is their present intention to support the operations of the company.

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 rates used are:-

Buildings	2%
Plant and Equipment	10% - 25%

STOCKS AND WORK IN PROGRESS

Stocks and work in progress have been consistently valued at the lower of cost and net realisable value, with due allowance being made for any obsolete or slow moving items. Cost includes attributable overheads.

RESEARCH AND DEVELOPMENT

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

2. TURNOVER

Turnover represents the invoice value of goods sold (excluding value added tax).

The analysis by geographical regions is as follows:-

	<u>1983</u>	<u>1982</u>
	£	£
United Kingdom	694,969	452,919
Middle East	59,571	216,358
Africa	68,890	50,130
Europe	131,009	110,859
Other	<u>59,265</u>	<u>122,745</u>
	<u>1,013,704</u>	<u>953,011</u>

J.C.B. HYDRAPOWER LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1983

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss before taxation has been arrived at after charging the following items:

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Directors' remuneration	21,595	21,842
Auditors' remuneration	1,750	1,600
Depreciation on tangible fixed assets	30,792	21,171

4. STAFF NUMBERS AND COST

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

	<u>1983</u>	<u>1982</u>
	<u>Number</u>	<u>Number</u>
Management and Sales	15	14
Production	<u>7</u>	<u>7</u>
	22	21
	—	—

The aggregate payroll costs of these employees was as follows:-

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Wages and Salaries	174,480	160,093
Social Security costs	16,117	13,485
Other pension costs	<u>12,887</u>	<u>10,443</u>
	203,484	184,021
	—	—

5. DIRECTORS REMUNERATION

Excluding pension contributions the emoluments of the chairman were £Nil (1982 £Nil) and the emoluments of the highest paid director were £19,800 (1982 £20,250).

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

	<u>1983</u>	<u>1982</u>
£Nil to £5,000	2	2



J.C.B. HYDRAPOWER LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1983

6. INTEREST PAYABLE	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Short term loan and overdraft	23,133	37,704
	<u>          </u>	<u>          </u>

7. TAXATION

This amount represents tax losses surrendered to the Holding Company (J.C.B. Service) for which payment was received in 1984.

8. TANGIBLE FIXED ASSETS	<u>FREEHOLD PROPERTY</u>	<u>PLANT AND MACHINERY</u>	<u>TOTAL</u>
COST	<u>£</u>	<u>£</u>	<u>£</u>
Balance 31 December 1982	145,886	91,162	237,048
Additions	73,873	61,514	135,387
Disposals	<u>(21,650)</u>	<u>(15,574)</u>	<u>(37,224)</u>
Balance 31 December 1983	<u>198,109</u>	<u>137,102</u>	<u>335,211</u>
DEPRECIATION			
Balance 31 December 1982	~	39,919	39,919
Charge for year	3,250	27,542	30,792
Disposals	<u>~</u>	<u>(8,223)</u>	<u>(8,223)</u>
Balance 31 December 1983	<u>3,250</u>	<u>59,238</u>	<u>62,488</u>
NET BOOK VALUE			
At 31 December 1983	<u>194,859</u>	<u>77,864</u>	<u>272,723</u>
At 31 December 1982	<u>145,886</u>	<u>51,243</u>	<u>197,129</u>

9. STOCKS	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Production materials and parts	129,932	116,286
Finished Products	<u>50,993</u>	<u>84,198</u>
	<u>180,925</u>	<u>200,484</u>

J.C.B. HYDRAPOWER LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1983

10. DEBTORS	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Trade Debtors	144,430	287,696
Amount due from Holding Company	23,847	25,262
Amount due from Group Companies	19,248	1,262
Amount due from J.C.B. Companies	16,524	-
Other Debtors	6,506	9,469
Prepayments	<u>30,215</u>	<u>32,195</u>
	240,770	355,884
	<hr/>	<hr/>
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Trade Creditors	154,821	317,804
Amounts due to Group Companies	2,325	25,589
Amounts due to J.C.B. Companies	-	7,145
Other Creditors	12,675	10,026
Accruals	29,886	34,696
Social Security	3,679	2,045
Bank Loan	201,264	142,800
Bank Overdraft	<u>334,863</u>	<u>236,120</u>
	739,513	776,225
	<hr/>	<hr/>

The bank loan is secured by a charge over the freehold land and buildings.

12. SHARE CAPITAL	<u>1983</u>	<u>1982</u>
Authorised, Issued and fully paid.	<u>£</u>	<u>£</u>
332,294 Ordinary Shares of £1 each	<u>332,294</u>	<u>332,294</u>
13. DEFERRED TAXATION		

Because timing differences brought about by accelerated capital allowances are covered by taxation losses brought forward there is no potential liability to deferred tax.

14. ULTIMATE HOLDING COMPANY

The company is a 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.