

JCB Hydrapower Limited

Company Registration Number 1224998

REPORT AND ACCOUNTS

For the year ended 31 December 1994

HOWSONS

Chartered Accountants

Registered Auditor



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31 December 1994.

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 for the foreseeable future.

The profit on ordinary activities before taxation amounted to £4,317,000 (1993: £1,361,000).

The directors do not recommend the payment of a dividend and therefore £2,787,000 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

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 8 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 1994

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 1994 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Howsons
Chartered Accountants
Registered Auditor

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

Date: 6th April 1995

JCB Hydrapower Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1994

	Notes	1994 £'000	1993 £'000
TURNOVER - continuing operations	2	29,157	16,763
Cost of sales		20,269	12,067
GROSS PROFIT		8,888	4,696
Administrative expenses		4,715	3,350
OPERATING PROFIT - continuing operations	3	4,173	1,346
Interest receivable	6	144	15
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,317	1,361
Taxation on profit on ordinary activities	7	1,530	423
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED PROFIT FOR THE YEAR	15	2,787	938

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 Hydrapower Limited

BALANCE SHEET

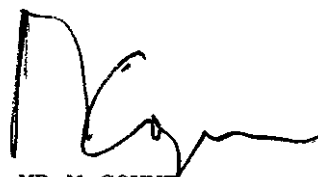
As at 31 December 1994

	Notes	1994		1993	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		1,088		1,201
CURRENT ASSETS					
Stocks	9	2,821		1,742	
Debtors	10	3,690		2,077	
Cash at bank		<u>4,446</u>		<u>2,168</u>	
		10,957		5,987	
CREDITORS: Amounts falling due within one year	11	<u>6,883</u>		<u>4,850</u>	
NET CURRENT ASSETS			<u>4,074</u>		<u>1,137</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,162		2,338
PROVISION FOR LIABILITIES AND CHARGES	12		<u>129</u>		<u>92</u>
NET ASSETS			<u>5,033</u>		<u>2,246</u>
CAPITAL AND RESERVES					
Called up share capital	14		332		332
Profit and loss account	15		<u>4,701</u>		<u>1,914</u>
SHAREHOLDERS' FUNDS	16		<u>5,033</u>		<u>2,246</u>

The accounts were approved by the Board of Directors on 6th April 1995



SIR ANTHONY BAMFORD DL



MR M COYNE

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

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% and 25%
Fixtures and equipment	10% and 20%
Motor vehicles	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.

JCB Hydrapower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

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:-

	1994 £'000	1993 £'000
United Kingdom	15,981	8,780
Europe	12,704	7,792
North America	38	20
America-Central & South	114	79
Middle East	176	49
Africa	70	39
Far East & Australia	71	2
Other	<u>3</u>	<u>2</u>
	29,157	16,763

3. OPERATING PROFIT

Operating profit is stated after the following items:-

	1994 £'000	1993 £'000
Directors remuneration	50	-
Auditors remuneration - audit	14	8
- other services	-	1
Depreciation of tangible fixed assets	267	303
Operating lease - property rent	175	175
Research and development	235	143
Loss on exchange	114	176

JCB Hydrapower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

4. STAFF NUMBERS AND COSTS

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

	1994	1993
Management and sales	53	39
Production	68	80
Temporary	<u>32</u>	<u>9</u>
	153	128
	—	—

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

	1994 £'000	1993 £'000
Wages and salaries	2,449	1,947
Social security costs	251	176
Other pension costs	<u>112</u>	<u>94</u>
	2,812	2,217
	—	—

5. DIRECTORS REMUNERATION

Excluding pension contributions, the emoluments of the chairman were £Nil (1993: £Nil). The emoluments of the highest paid director were £50,000 (1993: £Nil).

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

	1994	1993
£Nil to £5,000	1	2

6. INTEREST RECEIVABLE

	1994 £'000	1993 £'000
Group interest	144	15
	—	—

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1994 £'000	1993 £'000
Corporation Tax at 33% (1993: 33%)		
On profit for the year	1,500	454
In respect of prior years	(7)	-
Deferred Taxation	<u>37</u>	<u>(31)</u>
	<u>1,530</u>	<u>423</u>

8. TANGIBLE FIXED ASSETS

	Plant and Machinery	Motor Vehicles	Fixtures and Equipment	Total
COST	£'000	£'000	£'000	£'000
At 31 December 1993	1,931	162	545	2,638
Additions	134	27	31	192
Disposals	<u>(68)</u>	<u>(88)</u>	<u>(7)</u>	<u>(163)</u>
At 31 December 1994	<u>1,997</u>	<u>101</u>	<u>569</u>	<u>2,667</u>
DEPRECIATION				
At 31 December 1993	882	143	412	1,437
Charge for the year	206	8	53	267
Eliminated re disposals	<u>(48)</u>	<u>(69)</u>	<u>(8)</u>	<u>(125)</u>
At 31 December 1994	<u>1,040</u>	<u>82</u>	<u>457</u>	<u>1,579</u>
NET BOOK VALUE				
At 31 December 1994	<u>957</u>	<u>19</u>	<u>112</u>	<u>1,088</u>
At 31 December 1993	<u>1,049</u>	<u>19</u>	<u>133</u>	<u>1,201</u>

9. STOCKS

	1994 £'000	1993 £'000
Production materials and parts	2,158	1,252
Work in progress	168	454
Finished goods	<u>495</u>	<u>36</u>
	<u>2,821</u>	<u>1,742</u>

JCB Hydrapower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

10. DEBTORS

	1994 £'000	1993 £'000
Trade debtors	1,236	597
Amounts owed by group undertakings	1,927	1,442
Other debtors	494	-
Prepayments	<u>33</u>	<u>38</u>
	3,690	2,077
	<u> </u>	<u> </u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £'000	1993 £'000
Trade creditors	3,399	2,983
Amount owed to parent company	35	32
Amounts owed to group undertakings	1,046	546
Amount owed to J.C.B. company	-	19
Other creditors	482	674
Corporation tax	1,500	467
Accruals and deferred income	<u>421</u>	<u>129</u>
	6,883	4,850
	<u> </u>	<u> </u>

Other creditors includes social security of £84,000 (1993: £70,000).

12. PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	Provision		Full Potential Liability	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Accelerated capital allowances	<u>129</u>	<u>92</u>	<u>129</u>	<u>92</u>

13. CAPITAL COMMITMENTS

	1994 £'000	1993 £'000
Authorised and contracted for	<u>-</u>	<u>75</u>
Authorised but not contracted for	850	62
	<u> </u>	<u> </u>

JCB Hydrapower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

14. SHARE CAPITAL

	1994	1993
	£'000	£'000
Authorised, issued and fully paid:-		
332,294 Ordinary shares of £1 each	332	332
	—	—

15. PROFIT AND LOSS ACCOUNT

	1994	1993
	£'000	£'000
At 31 December 1993	1,914	976
Retained profit for the year	<u>2,787</u>	<u>938</u>
At 31 December 1994	<u>4,701</u>	<u>1,914</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994	1993
	£'000	£'000
Profit for the year after taxation being net increase in shareholders' funds	2,787	938
Shareholders' funds at 31 December 1993	<u>2,246</u>	<u>1,308</u>
Shareholders' funds at 31 December 1994	<u>5,033</u>	<u>2,246</u>

17. 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.

18. 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 £13,000 (1993: £85,000). The net amount owed by the company to JCB Research at 31 December 1994 was £41,000 (1993: £19,000).

JCB Hydrapower Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

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.