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J.C.B. HYDRAPOWER LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1981

1. ACTIVITIES
The company's principal activity is the manufacture and supply of hydraulic power packs and attachments.

2. STATE OF AFFAIRS
The loss for the year before taxation and after providing for all charges amounted to £12,755 (1980 £239,285 - 14 months).

3. TURNOVER of the company amounted to £646,651 (1980 £620,995 - 14 months).

4. DIRECTORS
The following were Directors of the company during the year and subsequently and their respective interests in shares were as follows:-

		31/12/81	31/12/80
Mr. R.W. Ryeland	- Chairman - appointed 4th February 1981	50,000	-
Mr. G. Johnston	- appointed 1st May 1980	-	-
Mr. C. Marsden	- appointed 1st April 1981	-	-
Mr. G.D. White	- resigned 28th August 1981	-	-
Mr. N.D. Allen	- resigned 1st April 1981	-	-
Mr. A.M. Smith	- resigned 1st April 1981	-	-
Mr. R.K. Eve	- resigned 4th February 1981	-	-
Mr. D.C. Danson	- resigned 1st April 1981	-	-
Mr. A.P. Bamford	- appointed 25th October 1982		

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.

Mr. A.P. Bamford retiring in accordance with Article 95 of Table A Part 1 of the First Schedule to the Companies Act 1948, being eligible offers himself for re-election.

5. TAX STATUS
The company is a close company for tax purposes.

6. AUDITORS
The Directors recommend the re-appointment of Messrs. C. Howson and Co., as Auditors of the Company in accordance with Section 14 of the Companies Act 1976.

SIGNED ON BEHALF OF THE BOARD

CHAIRMAN

6 May 1983
DATE

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 1981, and of the results and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

6th May, 1982

STOKE-ON-TRENT

[illegible]

CHARTERED ACCOUNTANTS

J.C.B. HYDRAPOWER LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1981

14 MONTHS 1980		
£		£
620,995	TURNOVER - being the invoice value of goods and services excluding Value Added Tax	646,651
(239,285)	TRADING LOSS FOR THE YEAR (See Note 2)	(12,755)
-	TAXATION (See Note 3)	(91,959)
(239,285)	TRADING PROFIT (LOSS) AFTER TAXATION	79,204
(201,873)	LOSSES BROUGHT FORWARD	(441,158)
(441,158)	LOSSES CARRIED FORWARD	(361,954)

J.C.B. HYDRAPOWER LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1981

1980 £	1980 £		£	£
52,412		FIXED ASSETS (See Note 1)		43,673
		CURRENT ASSETS		
	254,805	Stock and Work in Progress	165,184	
		Debtors:		
	(12,841)	Holding Company	106,414	
	92,479	Group Companies	37,355	
	-	J.C.B. Companies	12,213	
	96,005	Others	316,177	
	53	Cash	178	
	430,501		637,521	
		Deduct:		
		CURRENT LIABILITIES		
		Creditors and Accrued Charges		
	-	Group Companies	1,205	
	3,682	J.C.B. Companies	-	
	289,767	Others	314,872	
	298,328	Bank Overdraft	394,777	
	591,777		710,854	
(161,276)		NET CURRENT LIABILITIES		(73,333)
(108,864)				(29,660)
		SHARE CAPITAL		
		Authorised, Issued and Fully Paid		
332,294		332,294 Shares of £1 each		332,294
(441,158)		ACCUMULATED LOSSES		(361,954)
(108,864)				(29,660)

J.C.B. HYDRAPOWER LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1981

	LEASEHOLD IMPROVEMENTS	DEMONSTRATION EQUIPMENT	PLANT AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT AND FURNITURE	TOTAL
1. FIXED ASSETS	£	£	£	£	£	£
COST						
Balance at 31st December 1980	2,366	30,465	6,247	29,872	5,809	74,759
Additions during Year	218	28,305	-	-	153	28,676
Disposals during Year	-	(18,806)	(80)	(3,300)	-	(22,186)
Balance at 31st December 1981	2,584	39,964	6,167	26,572	5,962	81,249
DEPRECIATION						
Balance at 31st December 1980	489	9,704	1,580	9,573	1,001	22,347
Charge for the Year	558	9,297	632	11,713	696	22,896
Depreciation on Disposals	-	(4,327)	(40)	(3,300)	-	(7,667)
Balance at 31st December 1981	1,047	14,674	2,172	17,986	1,697	37,576
NET BOOK AMOUNT 31ST DECEMBER 1981	1,537	25,290	3,995	8,586	4,265	43,673
NET BOOK AMOUNT 31ST DECEMBER 1980	1,877	20,761	4,667	20,299	4,808	52,412

2. TRADING LOSS BEFORE TAXATION

The Trading Loss before Taxation has been arrived at after charging the following items:

	12 MONTHS 1981	14 MONTHS 1980
	£	£
Depreciation	22,896	16,547
Directors Remuneration	25,331	11,830
Auditors Remuneration	1,500	1,300
Bank Interest	45,504	30,272

3. TAXATION

This amount represents tax losses surrended to the Holding Company (J.C.B. Service) for which payment has been received.

4. DEFERRED TAXATION

The enactment of the Finance Act 1981 means that there is no longer any possibility of a clawback of the Stock Relief already claimed by the Company. It is, therefore, no longer necessary to take Stock Relief into account in calculating any potential amount of Deferred Taxation.

In addition, timing differences brought about by accelerated capital allowances are covered by taxation losses brought forward and, therefore, there is no potential deferred tax liability at 31st December 1981.

	12 MONTHS 1981 £	14 MONTHS 1980 £
5. DIRECTORS		
The emoluments of the Chairman were	NIL	NIL
The emoluments of the highest paid Director were	11,618	10,936
The number of other directors during the year whose emoluments were within the following ranges:		
NIL to £5,000	5	8
£5,001 to £10,000	1	NIL

6. DIRECTORS LOAN

During the year an interst free bridging loan of £52,050 was made to Mr. C. Marsden to assist him in the purchase of a freehold dwelling. The amount outstanding at 31st December 1981 was £52,050. This has since been repaid.

7. PARENT COMPANY

The ultimate holding company is Transmissions and Engineering Service Netherlands B.V. a company registered in the Netherlands.

J.C.B. HYDRAPOWER LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1981

	1981		1980	
	£	£	£	£
SOURCE OF FUNDS				
Loss before Taxation		(12,755)		(239,285)
Adjustment for items not involving the movement of funds				
Depreciation		22,896		16,547
TOTAL GENERATED FROM OPERATIONS		10,141		(222,738)
FUNDS FROM OTHER SOURCES				
Issue of Shares		-		331,294
Sale of Tax Losses		91,959		-
		102,100		108,556
APPLICATION OF FUNDS				
Purchases less Sales of Fixed Assets	14,157		49,724	
Repayment of Loan to Holding Company	-	14,157	331,294	381,018
		87,943		(272,462)
INCREASE (DECREASE) IN WORKING CAPITAL				
Decrease in Stock and Work in Progress	(89,621)		60,191	
Increase in Debtors	296,516		50,918	
Increase in Creditors	(22,628)		(165,756)	
MOVEMENT IN NET LIQUID FUNDS				
Increase in Bank borrowings and Cash	(96,324)	87,943	(217,815)	(272,462)

J.C.B. HYDRAPOWER LIMITED

ACCOUNTING POLICIES

1. **DEPRECIATION OF FIXED ASSETS**

Depreciation of fixed assets is calculated to write off the original cost by equal annual instalments over the expected useful lives of the assets concerned.

The rates in use during the year calculated on a straight line basis are as follows:

	%
Leasehold Improvements	15
Demonstration Equipment	25
Plant and Equipment	10
Motor Vehicles	25
Office Equipment and Furniture	10

2. **STOCKS AND WORK IN PROGRESS**

These have been consistently valued at the lower of cost and estimated net realisable value due allowance being made for any obsolete or slow moving items. Cost includes attributable overheads in accordance with Statement of Standard Accounting Practice 9.