



FANUC Robotics (UK) Limited

Accounts 31 December 1998

together with directors' and auditors' reports

Registered number: 153227



Directors' report

For the year ended 31 December 1998

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 1998.

Principal activity and business review

The principal activity of the company is the manufacture and distribution of robots and robotic systems.

Turnover for the year was £10,151,375 (1997 - £10,848,064) generating a profit on ordinary activities before taxation of £465,569 (1997 - £302,817).

Results and dividends

	£
Retained profit at 1 January 1998	
Profit for the year	297,660
	22,179
Retained profit at 31 December 1998	<u>319,839</u>

The directors do not recommend a final dividend in the current year (1997 - £Nil). An interim dividend of £280,000 was paid to the immediate holding company on 1 July 1998 (1997 - £125,000).

Directors and their interests

The directors who served during the year were as follows:

P Planchock
C Sumner

No director has any interest required to be disclosed under Schedule 7 of the Companies Act 1985.

Charitable and political contributions

During the year the company made charitable donations of £238 (1997 - £585).

Year 2000

The company is heavily reliant on computers for the day to day running and control of its business. The Board is very aware of the importance of the Year 2000 issue and appropriate action is now believed to have been taken to ensure compliance of all critical business systems. All costs associated with ensuring Year 2000 compliance have been charged to the profit and loss account as incurred.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

Directors' report (continued)

Directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Seven Stars Industrial Estate
Wheler Road
Coventry
CV3 4LB

By order of the Board,



C Sumner

Director

9 March 1999

ARTHUR ANDERSEN

Auditors' report

Birmingham

To the Shareholders of FANUC Robotics (UK) Limited:

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

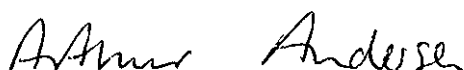
Basis of audit opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Victoria Square
Birmingham
B1 1BD

9 March 1999

Profit and loss account

For the year ended 31 December 1998

	Notes	1998 £	1997 £
Turnover	2	10,151,375	10,848,064
Cost of sales		(7,658,294)	(8,628,852)
Gross profit		2,493,081	2,219,212
Administrative expenses		(1,985,410)	(1,902,418)
Operating profit		507,671	316,794
Interest receivable and similar income		3,188	6,314
Interest payable and similar charges	3	(45,290)	(20,291)
Profit on ordinary activities before taxation	4	465,569	302,817
Tax on profit on ordinary activities	6	(163,390)	(120,926)
Profit on ordinary activities after taxation		302,179	181,891
Dividends paid and proposed	7	(280,000)	(125,000)
Retained profit for the year		22,179	56,891
Retained profit brought forward		297,660	240,769
Retained profit carried forward		319,839	297,660

All results are derived from continuing operations.

There were no recognised gains or losses in either year other than the profit for each year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	8	201,618	202,957
Current assets			
Stocks	9	2,576,803	1,986,194
Debtors	10	3,276,824	1,266,413
Cash at bank and in hand		40,395	386,421
		5,894,022	3,639,028
Creditors: Amounts falling due within one year	11	(5,031,615)	(2,758,796)
Net current assets		862,407	880,232
Total assets less current liabilities		1,064,025	1,083,189
Provisions for liabilities and charges	12	(44,186)	(85,529)
Net assets		1,019,839	997,660
Capital and reserves			
Called-up share capital	13	700,000	700,000
Profit and loss account		319,839	297,660
Total shareholders' funds - all equity	14	1,019,839	997,660

Signed on behalf of the Board

C Sumner



Director

Approved by the Board of Directors on 9 March 1999.

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1998

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	- 4% per annum
Plant and machinery	- 25% or 33% per annum
Fixtures and fittings	- 10% per annum

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

f) Turnover

Turnover represents the net value of goods invoiced to customers during the year, excluding value added tax.

Notes to accounts (continued)

1 Accounting policies (continued)

g) Pension costs

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

h) Research and development

Research and development expenditure is written off in the year in which it is incurred.

i) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

j) Cashflow

Under the provisions of Financial Reporting Standard No 1 (Revised), the company has not prepared a cash flow statement because 100% of the voting rights of the company are controlled by a larger group, whose consolidated financial statements are publicly available.

2 Turnover

All turnover is derived from the principal continuing activity of the company.

	1998 £	1997 £
Geographical analysis of turnover		
United Kingdom		
Overseas:	8,201,023	8,861,292
European Union	1,901,508	1,605,844
Other	48,844	380,928
	<u>10,151,375</u>	<u>10,848,064</u>

3 Interest payable

	1998 £	1997 £
Bank loans, overdrafts and other loans	<u>45,290</u>	<u>20,291</u>

Notes to accounts (continued)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Depreciation on tangible fixed assets	50,729	41,808
Operating lease rentals:		
- plant and machinery	135,591	124,996
- other	116,275	116,275
Auditors' remuneration:		
- audit fee	13,290	18,000
- non-audit services	520	3,250
	<u>520</u>	<u>3,250</u>

5 Staff costs

Employee costs during the year amounted to:

	1998 £	1997 £
Wages and salaries	1,129,268	1,085,574
Social security costs	124,546	111,850
Other pension costs	30,880	29,907
	<u>1,284,694</u>	<u>1,227,331</u>

The average monthly number of persons employed by the company during the year was as follows:

	1998 Number	1997 Number
Management and administration	5	5
Engineering	18	15
Selling and distribution	4	4
	<u>27</u>	<u>24</u>

Notes to accounts (continued)

5 Staff costs (continued)

Directors' remuneration

	1998 £	1997 £
Emoluments	105,465	102,423
Company contributions to money purchase pension schemes	2,509	2,391
	<u>107,974</u>	<u>104,814</u>

Directors' pensions

The number of directors who were members of pension schemes was as follows:

	1998 Number	1997 Number
Money purchase schemes	<u>1</u>	<u>1</u>

6 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	1998 £	1997 £
Corporation tax at 31%(1997 - 31.5%)	163,000	118,000
Adjustments of current taxation in respect of prior years	390	2,926
	<u>163,390</u>	<u>120,926</u>

7 Dividends paid

	1998 £	1997 £
<i>Equity shares</i>		
- interim paid of 40p (1997 - 17.9p) per ordinary share	<u>280,000</u>	<u>125,000</u>

Notes to accounts (continued)

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
Beginning of year	170,580	196,411	112,911	479,902
Additions	8,921	26,044	14,425	49,390
Disposals	-	-	-	-
End of year	<u>179,501</u>	<u>222,455</u>	<u>127,336</u>	<u>529,292</u>
Depreciation				
Beginning of year	50,275	140,399	86,271	276,945
Charge for year	7,129	30,714	12,886	50,729
Disposals	-	-	-	-
End of year	<u>57,404</u>	<u>171,113</u>	<u>99,157</u>	<u>327,674</u>
Net book value				
Beginning of year	120,305	56,012	26,640	202,957
End of year	<u>122,097</u>	<u>51,342</u>	<u>28,179</u>	<u>201,618</u>

9 Stocks

	1998 £	1997 £
Work-in-progress		
Finished goods and goods for resale	368,322	222,188
	<u>2,208,481</u>	<u>1,764,006</u>
	<u>2,576,803</u>	<u>1,986,194</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

10 Debtors

Amounts falling due within one year:

	1998 £	1997 £
Trade debtors		
Amounts owed by group undertakings	3,036,003	1,150,370
Prepayments and accrued income	153,119	42,008
	<u>87,702</u>	<u>74,035</u>
	<u>3,276,824</u>	<u>1,266,413</u>

Notes to accounts (continued)

11 Creditors: Amounts falling due within one year

	1998 £	1997 £
Bank overdraft	327,138	-
Payments received on account	1,163,207	332,180
Trade creditors	784,665	540,044
Amounts owed to group undertakings	1,548,246	703,150
Corporation tax	93,000	86,750
Other taxation and social security	217,538	153,087
Accruals and deferred income	897,821	943,585
	<u>5,031,615</u>	<u>2,758,796</u>

12 Provisions for liabilities and charges

	£
Product warranties	
Beginning of year	
Utilised in year	85,529
Credited to profit and loss account	(30,448)
	(10,895)
End of year	<u>44,186</u>

13 Called-up share capital

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid:</i>		
350,000 'A' Ordinary shares of £1 each	350,000	350,000
350,000 'B' Ordinary shares of £1 each	350,000	350,000
	<u>700,000</u>	<u>700,000</u>

14 Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Profit for the year, being net increase in shareholders' funds	22,179	56,891
Opening shareholders' funds	997,660	940,769
Closing shareholders' funds	<u>1,019,839</u>	<u>997,660</u>

Notes to accounts (continued)

15 Guarantees and other financial commitments

a) Capital commitments

There were no capital commitments at either year end.

b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
Expiry date:	£	£	£	£
- within one year	-	-	19,627	16,218
- within two to five years	-	-	87,188	91,263
- after five years	116,275	116,275	-	-
	<u>116,275</u>	<u>116,275</u>	<u>106,815</u>	<u>107,481</u>

c) Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge amounted to £30,880 (1997 - £29,907). Contributions totalling £2,955 (1997 - £2,879) were payable to the fund at the year end and are included in creditors.

d) Deferred taxation

There was no deferred tax liability at either year end.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 and has not disclosed transactions with other group undertakings as 100% of the company's voting rights are controlled within the group, and consolidated financial statements in which the company is included are publicly available.

17 Ultimate parent company and controlling party

The ultimate parent company and controlling party is FANUC Limited, a company incorporated in Japan. The group's headquarters are located at Oshino-mura, Yamanashi Prefecture 401-0511, Japan.

The smallest group into which the financial statements of the company are consolidated is FANUC Robotics Europe SA, a company incorporated in Luxembourg. The accounts can be obtained from Registre de Commerce et des Societes de et a Diekirch Palais de Justice, Diekirch Grand - Duche de Luxembourg.

The largest group into which the financial statements of the company are consolidated is FANUC Limited. The accounts can be obtained from Tokyo Stock Exchange, 2-1 Kabuto-cho, Nihanbashi Tokyo, Japan.