

FANUC Robotics (UK) Limited

Accounts 31 December 1996
together with directors' and auditors' reports

Registered number: 153227



Directors' report

For the year ended 31 December 1996

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 1996.

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 £12,746,598 (1995 - £7,594,271) generating a profit on ordinary activities before taxation of £197,016 (1995 - loss of £127,077).

Results and dividends

	£
Retained profit at 1 January 1996	78,721
Profit for the financial year	162,048
Retained profit at 31 December 1996	<u>240,769</u>

The directors do not recommend the payment of a dividend in the current year (1995 - £Nil).

Directors and their interests

The directors who served during the year were as follows:

B Potts (resigned 1 January 1996)
P Planchock (appointed 1 January 1996)
M Wilson (resigned 12 January 1996)
C Sumner (appointed 12 January 1996)

No director has any interest required to be disclosed under Schedule 7 of the Companies Act 1995.

Charitable and political contributions

During the year the company made charitable donations of £230.

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- 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;

Directors' report (continued)

Directors responsibilities (continued)

- 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 to enable them to ensure that the accounts comply with the Companies Act. 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.

FANUC Robotics (UK) Limited
Seven Stars Industrial Estate
Wheler Road
Coventry
CV3 4LB

By order of the Board



C Sumner

Director

4 April 1997

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 historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described in the directors' report 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.

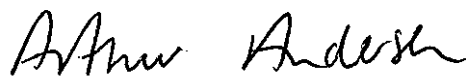
Basis of opinion

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 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 accounts are free from material misstatements, 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 1996 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

4 April 1997

Profit and loss account

For the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	12,746,598	7,594,271
Cost of sales		(11,064,487)	(6,416,779)
Gross profit		1,682,111	1,177,492
Administrative expenses		(1,479,741)	(1,276,092)
Operating profit (loss)		202,370	(98,600)
Interest receivable and similar income		6,930	6,702
Interest payable and similar charges	3	(12,284)	(35,179)
Profit (loss) on ordinary activities before taxation	4	197,016	(127,077)
Tax on profit (loss) on ordinary activities	6	(34,968)	203
Profit (loss) on ordinary activities after taxation		162,048	(126,874)
Retained profit brought forward		78,721	205,595
Retained profit carried forward		240,769	78,721

All activities are derived from continuing operations.

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

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

Balance sheet

31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	7	195,672	207,441
Current assets			
Stocks	8	2,246,960	1,152,891
Debtors	9	4,366,586	1,892,912
Cash at bank and in hand		4,354	10,023
		<u>6,617,900</u>	<u>3,055,826</u>
Creditors: Amounts falling due within one year	10	<u>(5,797,259)</u>	<u>(2,325,488)</u>
Net current assets		<u>820,641</u>	<u>730,338</u>
Total assets less current liabilities		<u>1,016,313</u>	<u>937,779</u>
Provisions for liabilities and charges	11	<u>(75,544)</u>	<u>(159,058)</u>
Net assets		<u>940,769</u>	<u>778,721</u>
Capital and reserves			
Called up share capital	12	700,000	700,000
Profit and loss account		240,769	78,721
Total shareholders' funds - all equity		<u>940,769</u>	<u>778,721</u>

Signed on behalf of the Board



C Sumner

Director

4 April 1997

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

Notes to accounts

31 December 1996

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% per annum
Fixtures and fittings	-	10% per annum

c) Stocks

Stock 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 amounts

Assets and liabilities expressed in foreign currencies have been translated into sterling using the exchange rates ruling at the end of the financial year. All transactions during the year are entered using the rate prevailing at the dates of the transactions. All differences on translation have been dealt with in the profit and loss account.

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

No cashflow statement is presented as a consolidated cashflow statement is presented in the consolidated accounts of the company's immediate holding company.

2 Turnover

The turnover is derived from the principal activity of the company.

	1996 £	1995 £
Geographical analysis of turnover		
United Kingdom	11,232,059	6,561,496
Overseas:		
European Union	1,383,888	928,743
Other	130,651	104,032
	<u>12,746,598</u>	<u>7,594,271</u>

3 Interest payable

	1996 £	1995 £
Bank loans, overdrafts and other loans	12,284	16,905
Interest charged by group companies	-	13,424
Other interest	-	4,850
	<u>12,284</u>	<u>35,179</u>

Notes to accounts (continued)

4 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Depreciation on tangible fixed assets	36,345	40,891
Operating lease rentals:		
- plant and machinery	119,982	113,973
- other	116,275	116,275
Auditors' remuneration:		
- audit fee	15,620	16,560
- non-audit services	6,920	-
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5 Staff costs

	1996 £	1995 £
Employee costs during the year amounted to:		
Wages and salaries	794,659	811,973
Social security costs	90,356	87,584
Other pension costs	26,676	26,223
	<hr/>	<hr/>
	911,691	925,780
	<hr/>	<hr/>

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

	1996 Number	1995 Number
Management and administration	5	5
Engineering	14	14
Selling and distribution	4	4
	<hr/>	<hr/>
	23	23
	<hr/>	<hr/>

Notes to accounts (continued)

5 Staff costs (continued)

Directors' remuneration

	1996 £	1995 £
Emoluments including pension scheme contributions	<u>71,762</u>	<u>56,951</u>

The emoluments, excluding pension contributions, of the directors included:

	1996 £	1995 £
Highest paid director	<u>57,600</u>	<u>52,101</u>

The ranges of directors' emoluments, excluding pension contributions, were as follows:

	1996 Number	1995 Number
Up to £5,000	2	2
£10,001 - £15,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	<u>1</u>	<u>-</u>

6 Tax on profit (loss) on ordinary activities

The tax charge (credit) is based on the profit (loss) for the year and comprises:

	1996 £	1995 £
Corporation tax at 33%	35,000	-
Adjustments of current taxation in respect of prior years	<u>(32)</u>	<u>(203)</u>
	<u>34,968</u>	<u>(203)</u>

Notes to accounts (continued)

7 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
Beginning of year	162,302	226,716	108,499	497,517
Additions	4,852	27,275	3,202	35,329
Disposals	-	(100,666)	-	(100,666)
End of year	<u>167,154</u>	<u>153,325</u>	<u>111,701</u>	<u>432,180</u>
Depreciation				
Beginning of year	36,562	189,502	64,012	290,076
Charge	6,684	18,398	11,263	36,345
Disposals	-	(89,913)	-	(89,913)
End of year	<u>43,246</u>	<u>117,987</u>	<u>75,275</u>	<u>236,508</u>
Net book value				
End of year	<u>123,908</u>	<u>35,338</u>	<u>36,426</u>	<u>195,672</u>
Beginning of year	<u>125,740</u>	<u>37,214</u>	<u>44,487</u>	<u>207,441</u>

8 Stocks

	1996 £	1995 £
Work-in-progress	740,835	147,204
Finished goods and goods for resale	1,506,125	1,005,687
	<u>2,246,960</u>	<u>1,152,891</u>

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

9 Debtors

The following are included in the net book value of debtors all falling due within one year:

	1996 £	1995 £
Trade debtors	4,089,921	1,701,959
Amounts owed by group undertakings	205,487	120,269
Prepayments and accrued income	71,178	70,684
	<u>4,366,586</u>	<u>1,892,912</u>

Notes to accounts (continued)

10 Creditors: Amounts falling due within one year

The following amounts are included in creditors due within one year:

	1996 £	1995 £
Bank overdraft	431,510	131,022
Payments received on account	675,421	103,114
Trade creditors	640,743	297,796
Amounts owed to group undertakings	3,117,086	1,403,566
Corporation tax	35,000	-
Other taxation and social security	490,020	161,539
Accruals and deferred income	407,479	228,451
	<u>5,797,259</u>	<u>2,325,488</u>

11 Provisions for liabilities and charges

	£
Product warranties	
Beginning of year	159,058
Credited to profit and loss account	(83,514)
End of year	<u>75,544</u>

12 Called up share capital

	1996 £	1995 £
<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>

13 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
Profit (loss) for the year, being net increase (reduction) in shareholders' funds	162,048	(126,874)
Opening shareholders' funds	778,721	905,595
Closing shareholders' funds	<u>940,769</u>	<u>778,721</u>

Notes to accounts (continued)

14 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:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
- within one year	-	21,029	-	5,258
- within two to five years	-	68,128	-	93,228
- after five years	116,275	-	116,275	-
	<u>116,275</u>	<u>89,157</u>	<u>116,275</u>	<u>98,486</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 £26,676 (1995 - £26,223). Contributions totalling £2,405 (1995 - £2,299) were payable to the fund at the year end and are included in creditors.

d) Deferred taxation

There is no deferred tax liability at either year end.

15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 and has not disclosed transactions with group undertakings.

16 Ultimate parent company

The ultimate parent company is FANUC Limited, a company incorporated in Japan. The group's headquarters are located at Oshino-mura, Yamanashi Prefecture 401-05, 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, Nihonbashi Tokyo, Japan.