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MASSEY-FERGUSON (UNITED KINGDOM) LIMITED

REPORT AND ACCOUNTS 31 OCTOBER 1978

CERTIFIED TRUE COPY

*John James*

DIRECTOR

A. MITAGE & NORTON

PLAT MARWICK MITCHELL & CO

*TWJ Collins*

SECRETARY

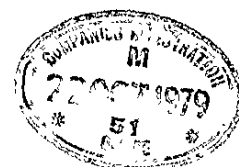
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MASSEY-FERGUSON (UNITED KINGDOM) LIMITED

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**Directors**

<b>Chairman</b>	H A R Powell
<b>Managing</b>	H J Hebden
<b>Executive</b>	M G Bird
	D J Bowler
	A H Williams

<b>Secretary</b>	J W J Collins
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<b>Registered office</b>	Massey-Ferguson House 33 Davies Street London W1 Y 2EA
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<b>Auditors</b>	Armitage & Norton Station Street Buildings Huddersfield HD1 1LZ
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	Peat Marwick Mitchell & Co 1 Puddle Dock Blackfriars London EC4V 3PD
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**Notice of meeting**

Notice is hereby given that the annual general meeting of the company will be held at Massey-Ferguson House, 33 Davies Street, London W1 on 31 July 1979 at 2.45 pm for the following purposes:

- 1 to receive and adopt the report of the directors and the audited accounts for the year ended 31 October 1978
- 2 to elect directors
- 3 to appoint auditors and to authorise the directors to fix their remuneration
- 4 to transact any other business which may be transacted at an annual general meeting.

By order of the board  
J W J Collins Secretary  
31 July 1979

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him; a proxy need not be a member

Report of the Directors

The directors submit their report and the accounts for the year ended 31 October 1978.

Principal activities

The principal activities of the company are the marketing and selling of agricultural and industrial tractors, combine harvesters, agricultural machinery and implements and industrial and construction machinery.

Results and dividends

The loss after taxation for the year amounted to £6,948,000. The directors do not recommend a dividend for the year.

Exports

The value of goods exported by the company during the year amounted to £196,759,000.

Fixed assets

Details of the changes during the year in the fixed assets of the company are dealt with in note 3 to the accounts. A professional valuation of the land and buildings was carried out in 1975. In the opinion of the directors these values have not changed significantly since that date.

Directors

The directors named on page 1 served throughout the year. Messrs R M Jennings and D E T Jayne resigned on 11 November 1977 and 20 December 1977 respectively.

All directors retire in accordance with the articles of association and, being eligible, offer themselves for re-election.

No director had any beneficial interest in shares of the group companies at any time during the year.

Auditors

Under the provisions of the Companies Act 1976, the auditors, Armitage & Norton and Peat Marwick Mitchell & Co retire, and offer themselves for reappointment.

On behalf of the board



H A R Powell  
31 July 1979

Director

**Report of the Auditors**  
**To the members of Massey-Ferguson (United Kingdom) Limited**

We have examined the accounts set out on pages 5 to 10 which have been prepared under the historical cost convention, including the revaluation of certain assets. In our opinion the accounts give, under that convention, a true and fair view of the state of affairs of the company at 31 October 1978 and of the result and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

**ARMITAGE & NORTON**

Chartered Accountants

Huddersfield

31 July 1979

**PEAT MARWICK MITCHELL & CO**

Chartered Accountants

London

**Accounting Policies**

The company has adopted the following accounting policies which should be read in conjunction with the accounts set out on pages 6 to 10 and which have been prepared under the historical cost convention including the revaluation of certain assets.

**Turnover**

Turnover represents the net invoice value of goods sold.

**Fixed assets and depreciation**

Fixed assets are stated at cost or professional valuation, less depreciation. Government grants are deducted in arriving at cost. Depreciation is calculated to write off fixed assets over their estimated useful lives at the following annual rates:

Leasehold improvements	Over the period of the lease
Machinery and equipment	10–20% of cost

The surplus arising from the valuation of land and buildings in 1975 has been credited to reserves.

**Stock**

Stock is stated at the lower of cost, including attributable overheads, and net realisable value.

**Taxation**

Taxation represents group relief receivable from other companies within the group.

**Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the the balance sheet date. Exchange differences are dealt with through the profit and loss account as part of the ordinary activities of the company.

**Warranty**

Provision is made for the estimated liability in respect of all products still under warranty.

MASSEY-FERGUSON (UNITED KINGDOM) LIMITED

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Profit and Loss Account year ended 31 October 1978

	Note	1978		1977	
		£ 000	£ 000	£ 000	£ 000
Turnover			<u>312,767</u>		<u>304,197</u>
Trading loss			(10,794)		(8,259)
After charging:					
Amount due from group company written off		1,728		—	
Interest and discounting charges	3	11,306		10,652	
Depreciation	1	15		15	
Emoluments of directors	1	<u>40</u>		<u>25</u>	
Taxation	2		<u>3,846</u>		<u>4,339</u>
Loss after taxation			(6,948)		(3,920)
Unappropriated profits brought forward			<u>9,311</u>		<u>13,231</u>
Unappropriated profits			<u>2,363</u>		<u>9,311</u>

The notes on pages 9 and 10 form part of these accounts



MASSEY-FERGUSON (UNITED KINGDOM) LIMITED

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Balance Sheet

31 October 1978

	Note	1978		1977	
		£ 000	£ 000	£ 000	£ 000
NET ASSETS EMPLOYED					
Fixed assets	3		150		161
Current assets					
Stock - Finished goods		2,298		1,357	
Amounts due from subsidiaries of Massey-Ferguson Limited		166,246		150,749	
Debtors		675		377	
Bank balances and cash		—		119	
		<u>169,219</u>		<u>152,602</u>	
Current liabilities					
Amounts due to subsidiaries of Massey-Ferguson Limited		161,666		140,244	
Creditors		5,186		3,052	
Bank overdrafts		117		119	
		<u>166,969</u>		<u>143,415</u>	
Net current assets			<u>2,250</u>		<u>9,187</u>
			<u>2,400</u>		<u>9,348</u>
FINANCED BY					
Share capital					
Authorised issued and fully paid 10,000 shares of £1 each			10		10
Reserves					
Capital		27		27	
Unappropriated profits		<u>2,363</u>		<u>9,311</u>	
			<u>2,390</u>		<u>9,338</u>
			<u>2,400</u>		<u>9,348</u>

The notes on pages 9 and 10 form part of these accounts

*H A R Powell*

H A R Powell

M G Bird

Directors

MASSEY-FERGUSON (UNITED KINGDOM) LIMITED

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Statement of Source and Application of Funds year ended 31 October 1978

	1978		1977	
	£ 000	£ 000	£ 000	£ 000
<b>Source of funds</b>				
Received from group companies for group relief		3,336		4,339
<b>Application of funds</b>				
Trading loss before taxation	10,734		8,259	
Adjustment for items not involving the movement of funds				
Depreciation	15		15	
Funds expended in operations	10,739		8,274	
Purchase of fixed assets	4	(10,783)	50	(11,294)
		(6,937)		(3,955)
<b>Decrease in working capital</b>				
<b>Movements in working capital</b>				
Increase in stock	941		375	
Increase/(decrease) in debtors	298		(15)	
Increase in amounts due from subsidiaries of Massey-Ferguson Limited	15,497		26,462	
(Increase) in creditors	(2,134)		(1,416)	
(Increase) in amounts due to subsidiaries of Massey-Ferguson Limited	(21,422)	(6,820)	(29,359)	(3,953)
<b>Change in liquid funds</b>				
Increase/(decrease) in bank balances and cash	(119)		117	
(Increase)/decrease in bank overdrafts	2	(117)	(119)	(2)
		(6,937)		(3,955)

## Notes to the Accounts

		1978 £ 000	1977 £ 000
<b>1 Emoluments of the directors</b>	Emoluments of directors as managers of the company, including pension contributions	<u>40</u>	<u>25</u>
	Additional particulars of the emoluments (excluding pension contributions) of the directors		
	Chairman	—	—
	Highest paid director	<u>14</u>	<u>4</u>
	Number of other directors within the range in £s.		
	Not more than 2,500	3	3
	2,501 — 5,000	1	4
	12,501 — 15,000	<u>1</u>	<u>—</u>
<b>2 Taxation</b>	The relief for taxation is based upon the loss for the year and is made up as follows		
	Corporation tax group relief at 52% (1977 — 52%)	4,447	4,339
	Prior years	<u>(601)</u>	<u>—</u>
		<u>3,846</u>	<u>4,339</u>
<b>3 Fixed assets</b>	Leasehold Improvements	Total	Total
	£ 000		
	At 1 November 1977		
	Cost	178	128
	Valuation in 1975	83	83
	Additions	4	50
	Disposals	<u>(26)</u>	<u>—</u>
		<u>239</u>	<u>261</u>
	Depreciation		
	1 November 1977	100	85
	Provided this year	15	15
	On disposals	<u>(26)</u>	<u>—</u>
		<u>89</u>	<u>100</u>
	Net book value 31 October 1978	<u>150</u>	<u>161</u>
	Capital commitments		
	Capital expenditure for which no provision has been made in these accounts:		
	Contracts placed	—	—
	Authorised but not contracted for	<u>—</u>	<u>187</u>
		<u>—</u>	<u>187</u>

Notes to the Accounts continued

**4 Contingent liabilities**

At 31 October 1978 there were contingent liabilities in respect of bills discounted amounting to £8,305,000 (1977 £1,782,000) after deduction of amounts estimated to be recoverable on the exercise of rights of recourse to a Government department.

The company has given an unconditional guarantee in respect of the principal of, and interest on, the £7,971,000 7½% Unsecured Loan Stock 1987/92 issued by Massey-Ferguson Holdings Limited. (1977 — £10,148,000)

**5 Holding company**

The ultimate holding company is Massey-Ferguson Limited, registered in Canada.