

Gunn JCB (Holdings) Limited
Directors' report and financial statements
for the year ended 31 December 2009

Registered number 03971940

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Gunn JCB (Holdings) Limited

Directors' report and financial statements for the year ended 31 December 2009

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Gunn JCB (Holdings) Limited

Directors and advisers for the year ended 31 December 2009

Directors

G W F Smith
J H Bailey
J A Dolphin
S P Nixon

Company secretary

J H Bailey

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Kent Jones and Done
Churchill House
Regent Road
Stoke on Trent
ST1 3RQ

Bankers

Barclays Bank Plc
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

Registered office

Atlantic Street
Broadheath
Altrincham
Cheshire
WA14 5DN

Registered number 03971940

Gunn JCB (Holdings) Limited

Directors' report for the year ended 31 December 2009

The directors present their annual report and the consolidated audited financial statements of the group for the year ended 31 December 2009

Business review and principal activity

Gunn JCB (Holdings) Limited operates as a holding company and through the group as a distribution and after sales support organisation for JCB construction, extraction, mechanical handling, agricultural, groundcare and industrial equipment. The group has a network of 10 strategically located depots (as well as home based staff) throughout the North West, Midlands, North and Mid Wales and the Isle of Man to enable it to provide a quick response to its customers.

The results for the year are set out in the financial statements on page 7. The directors consider the performance of the trading companies to have been satisfactory during the year.

The global economic recession continued to suppress demand for the group's products which are principally supplied to the construction market in the UK along with lower demand for used equipment from overseas.

The group had a difficult start to the year but this gradually improved as cost control measures taken in the previous year took full effect enabling the group to become profitable on much lower levels of business. As a result of the prolonged recession the group continued to review all its operations and further actions were taken in 2009 to reduce costs within the group which unfortunately has led to some additional job losses.

New bank facilities were agreed with Barclays Bank plc on 22 July 2010 comprising a bank overdraft and term loan with a final repayment date of August 2013. The bank overdraft is secured by a bond and a floating charge over all the group's assets in favour of Barclays Bank PLC. Interest on the new facility will be charged on the bank overdraft at a rate of 2.25% above the bank's base rate. Interest will be charged on the term loan at a rate of 2.5% above LIBOR.

The group considers that it has adequate financial resources to cope with the current continuing economic conditions.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Future outlook

The external commercial environment improved during the early part of 2010 and the group continued to trade profitably but going forward the markets in which we operate are challenging due to the uncertain economic climate surrounding the Euro as well as a new UK Government that has embarked on a program to significantly reduce public expenditure, both of these factors could have a negative impact on the short term profitability for the group. However the directors are optimistic of the group's and company's future performance and long term profitability.

Gunn JCB (Holdings) Limited

Directors' report for the year ended 31 December 2009 (continued)

Results and dividends

The consolidated profit and loss account for the group is set out on page 7. The results for the group show a pre-tax profit of £222,000 (2008 loss £356,000) for the financial year and sales of £54,768,000 (2008 £78,371,000).

No interim dividend has been paid (2008 £2.50 per share) in respect of each class of share during the year amounting to £nil (2008 £381,250). The directors do not propose any final dividend (2008 £nil).

Donations

During the year the group donated £220 (2008 £500) to charity. No donation during the year exceeded £200.

No political donations were made in the year or in the previous year.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

G W F Smith
J H Bailey
S P Nixon
J A Dolphin

The company maintains liability insurance for its directors and officers.

Principal risks and uncertainties

The management of the business and the execution of the company's (and group's) strategy are subject to a number of risks.

Business risk

The key business risks affecting the company (and group) are considered to relate to competition from other suppliers of similar products and services, product availability, product innovation, employee retention, levels of demand (particularly within the house building and agricultural sectors) and market residual values for used equipment.

Gunn JCB (Holdings) Limited

Directors' report for the year ended 31 December 2009 (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that includes the effects of changes in credit risk, liquidity risk and interest rate risk. The directors are aware that the group is susceptible to such changes and has in place a risk management programme that seeks to limit and mitigate the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The group seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the finance department of the company.

Commodity price risk

The group is exposed to increases in raw materials costs, particularly steel and oil, which are reflected in the purchase price of plant and spare parts from manufacturers. The group is not in a position to manage this risk and relies on the manufacturers to maintain prices at a competitive level.

In addition oil and energy costs have an effect on the company's transport and depot facility costs. The group reviews on regular basis prices paid in respect of these costs and searches the market for the most cost effective suppliers.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Interest rate risk

The group has interest bearing liabilities. New bank facilities were agreed with Barclays Bank plc on 22 July 2010 comprising a bank overdraft and term loan. Interest is charged on the bank overdraft at a rate of 2.25% above the bank's base rate. Interest is charged on the term loans at rates of 1.5% to 2.5% above LIBOR. The group has a policy of maintaining debt at variable rates and the directors have in place a system to monitor levels of debt and the related interest cost. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Gunn JCB (Holdings) Limited

Directors' report for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the independent auditors

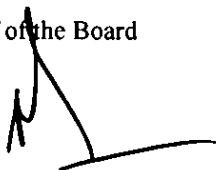
So far as each director is aware there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

On behalf of the Board



J H Bailey
Company Secretary

23 July 2010

Gunn JCB (Holdings) Limited

Independent auditors' report to the members of Gunn JCB (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of Gunn JCB (Holdings) Limited for the year ended 31 December 2009 which comprise of the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

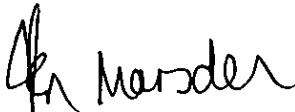
Gunn JCB (Holdings) Limited

Independent auditors' report to the members of Gunn JCB (Holdings) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
23 July 2010

Gunn JCB (Holdings) Limited

Consolidated profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	1	54,768	78,371
Cost of sales		(49,383)	(70,958)
Gross profit		5,385	7,413
Administrative expenses		(4,789)	(6,758)
Operating profit	2	596	655
Interest payable	3	(374)	(1,011)
Profit/(loss) on ordinary activities before taxation		222	(356)
Tax on profit/(loss) on ordinary activities	6	(87)	90
Profit/(loss) for the financial year	18	135	(266)

All operations in the year are continuing

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

The accounting policies and notes on pages 11 to 25 form an integral part of these financial statements

Gunn JCB (Holdings) Limited

Note of group historical cost profits for the year ended 31 December 2009

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	222	(356)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1	1
Historical cost profit/(loss) for the year before taxation	223	(355)
Historical cost profit/(loss) for the year retained after taxation	136	(265)

Gunn JCB (Holdings) Limited

Balance sheets as at 31 December 2009

	Note	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Fixed assets					
Tangible assets	8	6,492	6,528	4,554	4,592
Investments in subsidiary undertakings	9	-	-	11	11
		6,492	6,528	4,565	4,603
Current assets					
Stocks	10	7,261	10,268	-	-
Debtors	11	4,444	4,553	1,140	1,158
Cash at bank and in hand		2	2	-	-
		11,707	14,823	1,140	1,158
Creditors: amounts falling due within one year	12	(12,257)	(15,276)	(1,922)	(1,865)
Net current liabilities		(550)	(453)	(782)	(707)
Total assets less current liabilities		5,942	6,075	3,783	3,896
Creditors: amounts falling due after one year	14	(1,313)	(1,495)	(980)	(1,120)
Provisions for liabilities	15	(566)	(652)	-	-
Net assets		4,063	3,928	2,803	2,776
Capital and reserves					
Called up share capital	17	152	152	152	152
Capital redemption reserve	18	77	77	77	77
Revaluation reserve	18	1,542	1,542	1,542	1,542
Profit and loss account	18	2,292	2,157	1,032	1,005
Total shareholders' funds	19	4,063	3,928	2,803	2,776

The financial statements on pages 7 to 25 were approved by the board of directors on 23 July 2010 and signed on its behalf by



G W F Smith
Director

Gunn JCB (Holdings) Limited
Registration no 03971940

Gunn JCB (Holdings) Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	24	4,750	9,067
Returns on investments and servicing of finance			
Interest element of finance lease payments		(69)	(90)
Interest paid		(395)	(911)
Net cash outflow from returns on investments and servicing of finance		(464)	(1,001)
Taxation		(19)	(595)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(691)	(587)
Sale of tangible fixed assets		650	355
Net cash outflow for capital expenditure and financial investment		(41)	(232)
Equity dividends paid to shareholders		-	(381)
Net cash inflow before financing		4,226	6,858
Financing			
Changes in borrowings			
Inception of treasury loan		1,750	-
Capital element of finance lease payments		(609)	(883)
Repayment of treasury loans		(140)	(140)
Net cash inflow/(outflow) from financing		1,001	(1,023)
Increase in net cash	25	5,227	5,835

Gunn JCB (Holdings) Limited

Statement of accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention (subject to revaluation of land and buildings), in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies which have been applied consistently throughout are set out below.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost with the exception of freehold land and buildings which were revalued in 2008. The impact of this has been included in Note 8. Cost includes the original purchase price of the asset, less any purchase rebates and the costs attributable to bringing the asset to its working condition for its intended use.

With the exception of freehold land, which is not depreciated, depreciation is provided at rates which are calculated to write down the cost or valuation of fixed assets by annual instalments as follows:

Freehold buildings	2% on buildings on a straight line basis
Vehicles	25% to 33 $\frac{1}{3}$ % on reducing balance
Plant, fixtures and fittings	20% to 33 $\frac{1}{3}$ % on a straight line basis

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is the expenditure incurred in the normal course of business in bringing the item to its present location and condition. Where necessary, provision is made for slow moving, obsolete and defective stock. Net realisable value is the actual or estimated selling price less all further costs to completion, selling and distribution expenses.

Work in progress is valued at the cost of direct materials and labour in bringing the product to its present condition.

Turnover

Turnover represents the value of goods and services, net of value added tax and trade discounts invoiced to external customers during the year less returns. Turnover is recognised at the point of supply.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where the transactions or events that give rise to an obligation to pay more or less tax in the future have occurred by the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Gunn JCB (Holdings) Limited

Statement of accounting policies (continued)

Hire purchase and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Pension costs

Pension costs as incurred by the group under the defined contribution scheme are charged to the profit and loss account as incurred. The assets of the scheme are held separately from those of the group in an independently administered fund.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Warranty provisions, with various expiry dates, based on historical after sales costs, are included within the accounts. Maintenance provisions, based on historical costs in respect of obligations of the company to maintain customers' plant and machinery to agreed standards to various expiry dates which fall due after the year end, are included within the accounts.

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved. Dividend income is recognised in the period in which the right to receive payment is established.

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Turnover

Turnover represents the amount derived from the provision of goods and services under the group's principal activity, which is carried out in the UK, and is stated net of value added tax

The geographical analysis of turnover by destination is as follows

	Group	
	2009	2008
	£'000	£'000
United Kingdom	51,618	72,744
Overseas	3,150	5,627
	54,768	78,371

2 Operating profit

	Group	
	2009	2008
	£'000	£'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets		
On owned assets	392	384
On leased assets	386	493
Auditors' remuneration for		
Audit services *	25	31
Taxation services *	14	12
Pension advisory services	5	14
Staff costs (note 4)	4,936	6,843
Profit on sale of tangible fixed assets	(75)	(18)
Operating lease - plant and machinery	11	9
Operating leases - other than plant and machinery	80	79

* £1,500 of this amount (2008 £1,500) relates to the company, for both audit and taxation services

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

3 Interest payable

	Group	
	2009	2008
	£'000	£'000
Interest payable on bank overdrafts	70	225
Interest payable on stocking loan	174	591
Interest payable on treasury loan	61	105
Interest payable on hire purchase leases	69	90
	374	1,011

The stocking loan is a loan facility for stocking new and used machines. Bank balances are aggregated on a group basis for the purpose of calculating net interest payable. The treasury loan is a facility that is used to fund the investment in our freehold land and buildings.

4 Staff costs and numbers

	Group	
	2009	2008
	£'000	£'000
Wages and salaries	4,422	6,015
Social security costs	429	610
Pension costs	85	218
	4,936	6,843

Pension costs relate to the agreed contributions that have been made by the group to the Gunn JCB defined contribution scheme for all employees including directors. The pension cost charge represents the total contributions payable to the funds. No pension costs have been accrued (2008: £nil) or prepaid (2008: £nil) at the year end.

The average monthly number of employees during the year, including directors, analysed by category, was as follows:

	Group	
	2009	2008
	Number	Number
Office and management	53	82
Sales and technical	96	110
	149	192

Other than the four directors (2008: four), the company has no employees (2008: nil). The directors received no remuneration for their services to the company (2008: £nil).

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

5 Remuneration of directors

	Group	
	2009 £'000	2008 £'000
Aggregate emoluments of the directors	563	458
Contributions to money purchase pension scheme	15	92
	578	550

The emoluments of the highest paid director were £175,325 (2008 £146,095) The amount of the group's contribution paid to the defined contribution pension scheme in respect of the highest paid director was £5,417 (2008 £32,502)

Three other directors (2008 three) participate in a defined contribution pension scheme The group's contributions in respect of those directors amounted to £9,996 (2008 £59,978)

6 Tax on profit on ordinary activities

a) Analysis of tax charge in year

	Group	
	2009 £'000	2008 £'000
Current tax		
UK corporation tax on profits of the year	66	(21)
Adjustment in respect of prior years	19	26
Total current tax	85	5
Deferred tax		
Origination and reversal of timing differences – current year	(5)	(83)
Origination and reversal of timing differences – prior year	7	(12)
Total deferred tax	2	(95)
Total tax on profit on ordinary activities	87	(90)

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Tax on profit on ordinary activities

b) Factors affecting the tax charge for the year

The current tax charge for the year is higher (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5%) as shown in the table below

	Group 2009 £'000	2008 £'000
Profit on ordinary activities before tax	222	(356)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	62	(101)
Adjustments in respect of prior years	19	26
Expenses not deductible for tax purposes	9	32
Accelerated capital allowances and other timing differences	(5)	83
Movement in respect of revaluations of assets becoming non-qualifying	-	(22)
Effect of change in tax rate on loss carry back claim	-	(4)
Corporation tax rate adjustment	-	(9)
Current tax charge for the year	85	5

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. A calculation has been performed on the potential deferred tax on the revaluation for the year ended 31 December 2009, resulting in a total amount unprovided of £160,000 (2008 £168,000).

7 Dividends

	2009 £'000	2008 £'000
Interim dividends paid £nil per share (2008 £2.50 per share)	-	381

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

8 Tangible assets - Group

	Freehold land and buildings* £'000	Vehicles £'000	Plant, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2009	4,640	2,374	2,497	9,511
Additions	10	366	941	1,317
Disposals	-	(829)	(587)	(1,416)
At 31 December 2009	4,650	1,911	2,851	9,412
Accumulated depreciation				
At 1 January 2009	48	1,322	1,613	2,983
Charge for the year	48	402	328	778
Disposals	-	(651)	(190)	(841)
At 31 December 2009	96	1,073	1,751	2,920
Net book amount				
At 31 December 2009	4,554	838	1,100	6,492
At 31 December 2008	4,592	1,052	884	6,528

Company

*The land and buildings relate to the company

Included above, are fixed assets with a net book value of £970,969 (2008 £1,192,231) which are held under hire purchase leases. The depreciation charge for the year includes £386,429 (2008 £492,555) in respect of these assets.

The company's freehold land and buildings were revalued at 20 March 2008 on the basis of existing use value by independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors by Drivers Jonas, a firm of independent Chartered Surveyors.

These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. The revaluations during the year ended 31 December 2008 resulted in a further revaluation surplus of £492,000 and this amount is included in the opening and closing balance of the revaluation reserve as shown in note 18. The Directors' are of the opinion that the revaluation of the Land and Buildings represents the fair value of these assets to the business as at 31 December 2009.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over. If the revalued assets were stated on the historical cost basis, the amounts would be

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

8 Tangible assets – Group (continued)

Freehold land and buildings*

	2009	2008
	£'000	£'000
At cost	3,538	3,528
Aggregate depreciation	(368)	(320)
Net book value based on historical cost	3,170	3,208

* the land and buildings relate to the company

9 Investments

	£'000
Cost at 31 December 2008 and 31 December 2009	11

The company owns the entire issued share capital and 100% voting rights of the under noted companies

Gunn JCB Limited	Registered in England	No 00527818
Gunn JCB Compact Equipment Limited *	Registered in England	No 00200773

* 100% interest held by subsidiary company

Gunn JCB Limited is engaged in the distribution of equipment and after sales support to construction, agricultural, groundcare and industrial markets whereas Gunn JCB Compact Equipment Limited did not trade in the year and there is no intention for the company to trade going forward

No profit and loss account is presented for the parent company as permitted by section 408 of the Companies Act 2006 The profit dealt with in the financial statements of the parent company was £26,497 (2008 profit £47)

The financial statements of all subsidiaries are included in the group consolidation

10 Stocks

	Group	
	2009	2008
	£'000	£'000
Consumables and goods for resale	7,200	10,156
Work in progress	61	112
	7,261	10,268

Company

The company had no stocks at 31 December 2009 and 31 December 2008

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

11 Debtors

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	2,909	3,185	-	-
Amounts owed by group undertakings	-	-	1,140	1,158
Deferred tax asset (note 13)	73	75	-	-
Other debtors	1,256	969	-	-
Corporation tax	-	134	-	-
Prepayments and accrued income	206	190	-	-
	4,444	4,553	1,140	1,158

Amounts owed by the group undertakings are unsecured, interest free and are repayable on demand

12 Creditors: amounts falling due within one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank overdraft	238	2,706	-	1,719
Treasury loans	1,890	140	1,890	140
Trade creditors	3,610	3,105	-	-
Other creditors	181	93	-	-
JCB Finance – stocking facility	5,457	8,216	-	-
Hire purchase	540	481	-	-
Other taxation and social security	160	303	-	-
Corporation tax	66	-	24	6
Accruals and deferred income	115	232	8	-
	12,257	15,276	1,922	1,865

The bank overdraft is secured by a bond and floating charge over all of the group's assets in favour of Barclays Bank PLC. Interest is charged on the bank overdraft at a rate of 2.5% above the bank's base rate. Interest is charged on the treasury loans at rates of 1.5% to 2.25% above LIBOR.

The JCB Finance stocking facility is secured upon individual items included in stock and by a bond and floating charge over all of the group's assets in favour of JCB Finance Limited as security for loans advanced to the group. This charge ranks behind the charge to Barclays Bank PLC. Interest is charged on the stocking loan at a rate of 1% above Finance House's base rate.

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

13 Deferred tax

The deferred tax asset can be analysed as follows

	Group 2009 £'000	Company 2009 £'000
At start of year	(75)	-
Deferred tax charge in the profit and loss account for the year (note 6)	2	-
At end of year (asset)	(73)	-

The deferred tax asset as shown above can be analysed as follows

	Provided 2009 £'000	2008 £'000	Unprovided 2009 £'000	2008 £'000
Excess of depreciation over capital allowances	73	75	-	-

14 Creditors: amounts falling due after one year

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Treasury loan	980	1,120	980	1,120
Hire purchase	333	375	-	-
	1,313	1,495	980	1,120
Maturity of debt				
In one year or less	2,430	621	1,890	140
In more than one year but not more than two years	340	420	140	140
In more than two years but not more than five years	973	1,075	840	980
	3,743	2,116	2,870	1,260

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

15 Provisions for liabilities

	Group maintenance, warranty and buy back provisions
At 1 January 2009	652
Charged in the year	1,358
Utilised in the year	(1,444)
At 31 December 2009	566

16 Contingent liabilities

The company is a participant in a group banking arrangement with Barclays Bank PLC under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these group facilities. As at 31 December 2009 the contingent liability of the company under this arrangement was £238,000.

17 Called up share capital

	Number	£
Authorised at 31 December 2008 and 31 December 2009		
"A" ordinary shares of £1 each	100,000	100,000
"B" ordinary shares of £1 each	52,500	52,500
	152,500	152,500
Allotted and fully paid at 31 December 2008 and 31 December 2009		
"A" ordinary shares of £1 each	100,000	100,000
"B" ordinary shares of £1 each	52,500	52,500
	152,500	152,500

The shares rank pari passu in all respects except that "B" shares have no voting rights.

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

18 Reserves

	Group	Company
	2009 £'000	2009 £'000
Profit and loss account		
At 1 January	2,157	1,005
Profit for the financial year	135	27
At 31 December	2,292	1,032
Capital redemption reserve		
At 1 January and 31 December	77	77
Revaluation reserve		
At 1 January and 31 December	1,542	1,542

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening shareholders' funds	3,928	4,083	2,776	2,665
Profit/(loss) for the financial year	135	(266)	27	-
Revaluation of Freehold Land & Buildings	-	492	-	492
Dividend (note 7)	-	(381)	-	(381)
Closing shareholders' funds	4,063	3,928	2,803	2,776

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

20 Operating lease commitments

Annual commitments under non-cancellable operating leases relating to land and buildings

	Group	
	2009 £'000	2008 £'000
Operating leases which expire		
Within two to five years	63	63
After five years	17	16
	80	79

Annual commitments under non-cancellable operating leases relating to plant and machinery

	Group	
	2009 £'000	2008 £'000
Operating leases which expire		
Within two to five years	11	9
	11	9

21 Machine repurchase agreements

At 31 December 2009, a subsidiary company has future commitments to repurchase machines from customers, at the customer's option, of up to £3,617,000 (2008 £5,406,000) of which options of up to £1,079,000 (2008 £1,852,000) may be exercised within 12 months. Option prices vary according to the dates on which the options are exercised and provision has been made in the accounts for any losses expected to arise from these arrangements.

22 Capital commitments

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	314	-	10

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

23 Related party disclosures

The group is exempt from disclosing transactions and balances that are eliminated on consolidation. There were no other related party transactions in the year and no balance outstanding.

24 Reconciliation of operating profit to net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	596	655
Profit on sale of fixed assets	(75)	(18)
Depreciation charge	778	877
Decrease in stocks	3,007	4,921
Decrease in debtors	106	3,832
Increase/(decrease) in creditors	338	(1,200)
Net cash inflow from operating activities	4,750	9,067

25 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase in cash for the year	5,227	5,835
Cash (inflow)/outflow from decrease in debt	(1,001)	1,023
Inception of new finance leases	(626)	(502)
	3,600	6,356
Net debt at 1 January	(13,036)	(19,392)
Net debt at 31 December	(9,436)	(13,036)

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

26 Analysis of changes in net debt

	At beginning of year £'000	Cash flow £'000	Non-cash changes £'000	At end of year £'000
Net cash :				
Cash in hand and at bank	2	-	-	2
Overdraft and stocking facility	(10,922)	5,227	-	(5,695)
	(10,920)	5,227		(5,693)
Debt :				
Debt due within one year	(140)	(1,610)	(140)	(1,890)
Debt due after one year	(1,120)		140	(980)
Finance lease due within one year	(481)	609	(668)	(540)
Finance lease due within two to five years	(375)	-	42	(333)
	(13,036)	4,226	(626)	(9,436)

27 Post Balance Sheet Events

New bank facilities were agreed with Barclays Bank plc on 22 July 2010 comprising a bank overdraft and term loan. The bank overdraft is secured by a bond and a floating charge over all the group's assets in favour of Barclays Bank PLC. Interest is charged on the bank overdraft at a rate of 2.25% above the bank's base rate. Interest is charged on the treasury loan and term loan at rates of 1.5% and 2.5% above LIBOR.

This will ensure that the group will have sufficient financial resources to continue to deal with the current economic environment.

28 Ultimate controlling party

The company is ultimately controlled by Mr G W F Smith who owns the shares that control voting rights at shareholders' meetings of the company.