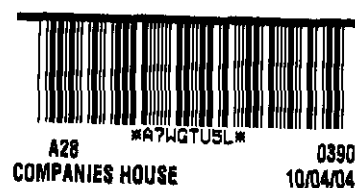


**Gunn JCB (Holdings) Limited**  
**Directors' report and financial statements**  
**for the year ended 31 December 2003**

**Registered Number 3971940**



# Gunn JCB (Holdings) Limited

## Directors' report and financial statements

for the year ended 31 December 2003

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# Gunn JCB (Holdings) Limited

## Directors' report for the year ended 31 December 2003

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### Principal activity

The principal activity is that of a holding company.

### Review of business and future development

The results for the year are set out in the financial statements on pages 4 to 19. The directors consider that the trading performance of the operating subsidiary has been very satisfactory.

The market for the group's products was in excess of last year resulting in an increase in turnover but competitive pressures reduced gross margins which together with increased overheads resulted in profits of a similar level to last year. Although the directors do not expect demand to continue to grow at the same level as in 2003, they nevertheless expect profits to be maintained at a satisfactory level.

In August 2003, the group became the sole JCB distributor for the Isle of Man. A depot is now fully operational in Douglas to accommodate both the sale and product support for JCB products on the island.

### Results and dividends

The profit and loss of the group is set out on page 4.

The directors do not recommend the payment of a dividend.

### Donations

During the year the group donated £1,424 (2002: £1,665) to charity. No political donations were made in the year or in the previous period.

### Directors and their interests

The directors who served during the year were as follows:

G W F Smith	
J H Bailey	
S P Nixon	
J A Dolphin	
C E Coutts	(resigned 31 January 2004)
S E R Ovens	(resigned 31 January 2004)
J M B Davies	

The interests of the directors in the share capital of the company were:

	31 December 2003	
	Ordinary shares of £1 each	
G W F Smith	100,000	'A' ordinary
J H Bailey	23,000	'B' ordinary
J A Dolphin	14,750	'B' ordinary
S P Nixon	14,750	'B' ordinary

### Purchase and redemption of shares

On the 31 January 2003 the company purchased 76,499 of its "B" ordinary shares of £1 each and redeemed 1 "C" ordinary share of £1 from JCB Service at a cost of £323,499 and £1 respectively. The company also entered into an option agreement with JCB Service on 31 January 2003 for the purchase of the 1 remaining "B" share at a price determined by reference to the net assets of the company at 31 December 2002, such option to be exercised by either party by 30 June 2003. The option to purchase the final "B" ordinary share held by JCB Service was exercised by the company on 23 June 2003 at a cost of £59,338.

The company repurchased 100% of the "B" and "C" ordinary shares which equated to 33.4% of the total called up share capital. The "D" shares owned by the directors were then reclassified as "B" shares.

The directors consider that the change in ownership and structure of the business to be in the best interests of the future development of the company.

# **Gunn JCB (Holdings) Limited**

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company and the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP for the year 2004 will be proposed at the annual general meeting.

## **On behalf of the Board**

A handwritten signature in black ink, appearing to be 'J H Bailey', with a horizontal line underneath.

**J H Bailey**  
**Secretary**

**2 April 2004**

# **Gunn JCB (Holdings) Limited**

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

We have audited the financial statements which comprise the profit and loss account, the balance sheets, the statement of total recognised gains and losses, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been provided for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept and assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the company and the group's affairs at 31 December 2003 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
2 April 2004

## Gunn JCB (Holdings) Limited

### Consolidated profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	62,333	54,887
Cost of sales		(56,614)	(49,456)
Gross profit		5,719	5,431
Administration expenses		(4,486)	(4,302)
Operating profit	2	1,233	1,129
Net interest payable	3	(582)	(461)
Profit on ordinary activities before taxation		651	668
Taxation on ordinary activities	6	(226)	(239)
Retained profit for the financial period	17	425	429

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All operations in the year are continuing.

### Statement of total recognised gains and losses for the year ended 31 December 2003

	2003 £'000	2002 £'000
Profit for the year	425	429
Total recognised profit for the year	425	429
Prior year adjustment on implementation of FRS 19	-	57
Total recognised gains since last annual report	425	486

# Gunn JCB (Holdings) Limited

## Balance sheet as at 31 December 2003

	Note	Group	Company		
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>Fixed assets</b>					
Intangible assets	7	(26)	(45)	-	-
Tangible assets	8	4,682	4,355	3,269	3,219
Investments in subsidiaries	9	-	-	11	11
		4,656	4,310	3,280	3,230
<b>Current assets</b>					
Stock	10	5,672	5,393	-	-
Debtors	11	4,892	4,085	868	1,957
Cash at bank and in hand		1	1	-	-
		10,565	9,479	868	1,957
Creditors: amounts falling due within one year	12	(10,711)	(9,397)	(850)	(1,547)
<b>Net current (liabilities) / assets</b>		<b>(146)</b>	<b>82</b>	<b>18</b>	<b>410</b>
<b>Total assets less current liabilities</b>		<b>4,510</b>	<b>4,392</b>	<b>3,298</b>	<b>3,640</b>
Creditors: amounts falling due after more than one year	13	(3,044)	(3,014)	(2,670)	(2,967)
Provisions for liabilities and charges	14	(287)	(233)	-	-
<b>Net assets</b>		<b>1,179</b>	<b>1,145</b>	<b>628</b>	<b>673</b>
<b>Capital and reserves</b>					
Called up share capital	16	152	229	152	229
Capital redemption reserve	17	77	-	77	-
Profit and loss account	17	950	916	399	444
<b>Equity shareholders' funds</b>	18	<b>1,179</b>	<b>1,145</b>	<b>628</b>	<b>673</b>

The financial statements on pages 4 to 19 were approved by the Board of Directors on 2 April 2004 and signed on its behalf by:



**G W F Smith**  
Director

# Gunn JCB (Holdings) Limited

## Consolidated cash flow statement for the year ended 31 December 2003

	Notes	2003 £'000	Restated 2002 £'000
<b>Net cash inflow from operating activities</b>	23	1,270	534
<b>Returns on investments and sourcing of finance</b>			
Interest paid		(575)	(514)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(575)	(514)
<b>Taxation</b>		(242)	(218)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(357)	(1,395)
Receipts from sale of tangible fixed assets		58	148
Payments to acquire company's own shares	17	(391)	-
<b>Net cash outflow for capital expenditure</b>		(690)	(1,247)
<b>Net cash outflow before financing</b>		(237)	(1,445)
<b>Financing</b>			
Increase in borrowings:			
Movements in Chattel mortgage		114	-
(Repayment) of finance leases		(96)	(19)
Changes in treasury loans		(1,072)	71
<b>Net cash (outflow) / inflow from financing</b>		(1,054)	52
<b>Decrease in net cash</b>	24	(1,291)	(1,393)



# Gunn JCB (Holdings) Limited

## Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### Basis of preparation and accounting year

The financial statements are prepared in accordance with applicable accounting standards, under the historical cost convention. The accounting policies have been applied consistently with the prior year.

### Goodwill

Goodwill (positive or negative) arising on acquisitions is the difference between the fair value of the consideration paid and the fair value of the assets acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of the period over which the assets, to which the negative goodwill is related, is recovered. This period for the acquisition of Gunn JCB Limited and DGS Plant Sales Limited is 5 years.

### Fixed Assets

Fixed assets are stated at cost.

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

### 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. 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 period less returns. Turnover is recognised at the point of supply.

### Deferred taxation

FRS 19, Deferred Taxation, which was adopted in the financial year ended 31 December 2003, required full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their inclusion in tax computations.

The impact of FRS 19 in the prior year is shown in the table below:

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Years to 31 December				
(Decrease) in profit for the period	-	(25)	-	(3)
As at 31 December				
Increase / (decrease) in net assets	-	62	-	(4)

### Operating lease

Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### Pension costs

Pension costs as incurred by the company 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 company in an independently administered fund.

# Gunn JCB (Holdings) Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Turnover

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

### 2 Operating profit

	Group	
	2003 £'000	2002 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	504	384
Amortisation of goodwill	(19)	(19)
Auditors' remuneration for:		
Audit services *	19	20
Other services *	15	18
Staff costs (note 4)	4,752	4,390
(Profit) on sale of tangible fixed assets	(4)	(22)
Operating leases - plant & machinery	46	100
Operating leases - other	29	64

\* £1,000 of this amount relates to the company, for both audit and other.

### 3 Net interest payable

	2003 £'000	2002 £'000
Interest payable on bank overdrafts	135	106
Interest payable on stocking loan	214	175
Interest payable on loan stock	9	74
Interest payable on treasury loan	196	103
Interest payable on hire purchase	25	3
Net interest payable on sundry amounts outstanding	3	-
	582	461

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 to fund the purchase of premises and the repayment on 31 January 2003 of the loan stock from JCB Service.

# Gunn JCB (Holdings) Limited

## 4 Staff costs and numbers

	Group	
	2003 £'000	2002 £'000
Wages and salaries	4,182	3,903
Social security costs	421	356
Pension costs	149	131
	4,752	4,390

Pension costs relate to the agreed contributions that have been made by the company to the defined contribution scheme for all employees including directors.

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

	2003 Number	2002 Number
Office and management	71	71
Sales and technical	101	96
	172	167

## 5 Remuneration of directors

	Group	
	2003 £'000	2002 £'000
Aggregate emoluments of the directors	530	505

The emoluments of the highest paid director were £142,029 (2002: £135,684). The amount of the group's contribution paid to the defined contribution pension scheme in respect of the highest paid director was £19,176 (2002: £14,930).

Four other directors participate in a defined contribution pension scheme. The group's contributions in respect of those directors amounted to £45,582 (2002: £44,399).

## 6 Taxation

	2003 £'000	2002 £'000
Current tax		
UK corporation tax	209	202
UK corporation tax adjustment for prior year	(14)	12
	195	214
Deferred tax		
Origination and reversal of timing differences – current year	10	25
Origination and reversal of timing differences – prior year	21	-
	226	239

# Gunn JCB (Holdings) Limited

## 6 Taxation (continued)

The current tax charge for the year is reconciled to the standard rate of corporation tax in the UK (30%) as shown in the table below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	651	668
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	195	200
Adjustments in respect of prior periods	(14)	12
Expenses not deductible for tax purposes	24	27
Accelerated capital allowances and other timing differences	(10)	(25)
Actual current tax charge	195	214

The directors expect the current level of tax charge to be maintained at the current level in future periods.

## 7 Intangible fixed assets – Group

	Negative goodwill £'000
<b>Cost</b>	
At 1 January 2003 and 31 December 2003	(96)
<b>Amortisation</b>	
At 1 January 2003	51
Credited in the year	19
At 31 December 2003	70
<b>Net book value</b>	
At 31 December 2003	(26)
At 31 December 2002	(45)

# Gunn JCB (Holdings) Limited

## 8 Tangible fixed assets - Group

	Land and buildings*	Vehicles	Plant, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2003	3,277	919	1,604	5,800
Additions	92	608	185	885
Disposals	-	(151)	(450)	(601)
<b>At 31 December 2003</b>	<b>3,369</b>	<b>1,376</b>	<b>1,339</b>	<b>6,084</b>
<b>Depreciation</b>				
At 1 January 2003	58	403	984	1,445
Charge for the year	42	269	193	504
Disposals	-	(121)	(426)	(547)
<b>At 31 December 2003</b>	<b>100</b>	<b>551</b>	<b>751</b>	<b>1,402</b>
<b>Net book value</b>				
<b>At 31 December 2003</b>	<b>3,269</b>	<b>825</b>	<b>588</b>	<b>4,682</b>
At 31 December 2002	3,219	516	620	4,355
<b>Allocation of cost</b>				
Freehold land and buildings	3,369			
Long leasehold land and buildings	-			
<b>At 31 December 2003</b>	<b>3,369</b>			

Included above, in vehicles, are fixed assets with a net book value of £639,000 (2002: £103,000) which are held under hire purchase leases. The depreciation charge for the year includes £183,000 (2002: £52,000) in respect of these assets. \*The land and buildings relate to the company.

# Gunn JCB (Holdings) Limited

## 9 Investments

£'000

Cost at 31 December 2003 and 31 December 2002

11

The company owns the whole issued share capital and voting rights of the undernoted companies:

Gunn JCB Limited  
DGS Plant Sales Limited \*

Registered in England	No: 527818
Registered in England	No: 200773

\* 100% interest held by subsidiary company.

Gunn JCB Limited is engaged in the distribution of equipment to construction, agricultural and industrial markets. DGS Plant Sales Limited has not traded in the year ended 31 December 2002 and the year ended 31 December 2003.

No profit and loss account is presented for the parent company as permitted by section 230 of the Companies Act 1985. The profit dealt with in the financial statements of the parent company was £346,000 (2002: £419,000). The profit and loss financial statements of all subsidiaries are included in the consolidated profit and loss account.

## 10 Stocks – Group

	2003 £'000	2002 £'000
Consumables and goods for resale	5,551	5,313
Work in progress	121	80
	5,672	5,393

The company had no stocks at 31 December 2002 and 31 December 2003.

# Gunn JCB (Holdings) Limited

## 11 Debtors: amounts falling due within one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	4,300	3,635	-	-
Amounts owed by group undertakings	-	-	877	1,959
Prepayments and accrued income	206	162	-	-
Deferred tax asset / (liability)	2	32	(9)	(2)
Other debtors	384	256	-	-
	<b>4,892</b>	<b>4,085</b>	<b>868</b>	<b>1,957</b>

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

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Excess of capital allowances over depreciation	2	29	(9)	(2)
Short term timing differences	-	3	-	-
	<b>2</b>	<b>32</b>	<b>(9)</b>	<b>(2)</b>

# Gunn JCB (Holdings) Limited

## 12 Creditors: amounts falling due within one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank overdraft	2,732	1,702	392	319
JCB Finance – stocking facility	4,487	4,226	-	-
Loan stock	-	1,000	-	1,000
Treasury loan	424	199	424	199
Trade creditors	1,861	1,556	-	-
Hire purchase	301	82	-	-
Accruals and deferred income	125	126	13	14
Corporation tax	89	104	21	15
Other taxation and social security	449	120	-	-
Other creditors	243	282	-	-
	10,711	9,397	850	1,547

## 13 Creditors: amounts falling due after one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Loan stock	-	1,500	-	1,500
Treasury loan	2,670	1,467	2,670	1,467
Hire purchase	374	47	-	-
	3,044	3,014	2,670	2,967
<b>Maturity of debt</b>				
In one year or less	725	1,281	424	1,199
In more than two years but not more than five years	3,044	2,343	2,670	2,296
In more than five years	-	671	-	671
	3,769	4,295	3,094	4,166



# Gunn JCB (Holdings) Limited

## 14 Provisions for liabilities and charges

	Group Maintenance and warranty provisions £'000
At 1 January 2003	233
Charged in the year	256
Utilised in the year	(202)
<b>At end of year</b>	<b>287</b>

## 15 Contingent liability

The company has granted a Bond and Floating Charge over all of its assets in favour of Barclays Bank PLC and has guaranteed the overdrafts of its subsidiary company.

Following the purchase and redemption of the "B" and "C" shares respectively, as described in the directors' report on page 1 the loan stock of £2.5 million was repaid. This was replaced by a term loan and mortgage from Barclays and additional finance from JCB Finance. The company granted a bond and floating charge over all of its assets in favour of Barclays and JCB Finance in the relation to these new loans. The JCB Finance charge ranks behind the charge to Barclays Bank PLC.

## 16 Called up equity share capital

	31 December 2003	
	Number	£
<b>Authorised, allotted, called up and fully paid</b>		
"A" ordinary shares of £1 each	100,000	100,000
"B" ordinary shares of £1 each	52,500	52,500
	<b>152,500</b>	<b>152,500</b>

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

As described in the directors' report on page 1, on 31 January 2003 the company purchased 76,499 of the "B" shares and redeemed the "C" share. On this date the "D" shares were reclassified as "B" shares and on 23 June 2003 the company purchased from JCB Service its one remaining "B" share.

# Gunn JCB (Holdings) Limited

## 17 Reserves

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>Profit and Loss Account</b>				
At 1 January	916	487	444	25
Retained profit for the financial year	425	429	346	419
Purchase of shares from distributable reserves	(314)	-	(314)	-
Transfer to capital redemption reserve	(77)	-	(77)	-
<b>At 31 December</b>	<b>950</b>	<b>916</b>	<b>399</b>	<b>444</b>
<b>Capital redemption reserve</b>				
At 1 January	-	-	-	-
Purchase of shares from distributable reserves	77	-	77	-
<b>At 31 December</b>	<b>77</b>	<b>-</b>	<b>77</b>	<b>-</b>

## 18 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Opening equity shareholders' funds	1,145	716	673	254
Retained profit for the financial year	425	429	346	419
Nominal value of shares repurchased	(77)	-	(77)	-
Premium on purchase of shares from distributable reserves	(314)	-	(314)	-
<b>Closing equity shareholders' funds</b>	<b>1,179</b>	<b>1,145</b>	<b>628</b>	<b>673</b>

# Gunn JCB (Holdings) Limited

## 19 Operating lease commitments

Annual commitments under operating leases relating to land and buildings:

	Group	
	2003 £'000	2002 £'000
Operating leases which expire:		
After five years	40	23
Total	40	23

Annual commitments under operating leases relating to plant and equipment:

	Group	
	2003 £'000	2002 £'000
Operating leases which expire:		
Within one year	-	42
Total	-	42

## 20 Machine repurchase agreements

At 31 December 2003, a subsidiary company has future commitments to repurchase machines from customers, at the customer's option, of up to £1,951,757 (2002: £2,154,269) of which options of up to £858,020 (2002: £898,031) 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.

## 21 Capital commitments

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Contracted but not provided	125	153	125	-

## 22 Related party disclosures

Up to 31 January 2003, the company's controlling party was JCB Service. Net purchases from JCB Service and its associated companies during the year amounted to £43,678,410 (2002: £36,033,510). The year end balance due to these companies is £5,709,637 (2002: £7,533,936) and due from these companies is £406,898 (2002: £83,406).

## **Gunn JCB (Holdings) Limited**

### **23 Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2003 £'000</b>	<b>2002 £'000</b>
Operating profit	<b>1,233</b>	<b>1,129</b>
Amortisation of negative goodwill	<b>(19)</b>	<b>(19)</b>
(Profit) on sale of fixed assets	<b>(4)</b>	<b>(22)</b>
Depreciation charge	<b>504</b>	<b>384</b>
(Increase) in stocks	<b>(279)</b>	<b>(1,066)</b>
(Increase) in debtors	<b>(807)</b>	<b>(391)</b>
Increase in creditors	<b>642</b>	<b>519</b>
<b>Net cash inflow from operating activities</b>	<b>1,270</b>	<b>534</b>

### **24 Reconciliation of net cash flow to movement in net debt**

	<b>2003 £'000</b>	<b>2002 £'000</b>
(Decrease) in cash for the year	<b>(1,291)</b>	<b>(1,393)</b>
Cash inflow / (outflow) from increase in debt	<b>526</b>	<b>(157)</b>
Net debt at 1 January	<b>(10,222)</b>	<b>(8,672)</b>
<b>Net debt at 31 December 2003</b>	<b>(10,987)</b>	<b>(10,222)</b>

# Gunn JCB (Holdings) Limited

## 25 Analysis of changes in net debt

	At beginning of year £'000	Cash flow £'000	Non-cash changes £'000	At end of year £'000
<b>Net cash :</b>				
Cash in hand and at bank	1	-	-	1
Overdraft and stocking facility	(5,928)	(1,291)	-	(7,219)
	<b>(5,927)</b>	<b>(1,291)</b>	<b>-</b>	<b>(7,218)</b>
<b>Debt :</b>				
Debt due within one year	(1,199)	1,072	(297)	(424)
Debt due after one year	(2,967)	(114)	411	(2,670)
Finance lease due within one year	(82)	96	(315)	(301)
Finance lease due after one year	(47)	-	(327)	(374)
	<b>(10,222)</b>	<b>(237)</b>	<b>(528)</b>	<b>(10,987)</b>

## 26 Ultimate controlling party

The company is ultimately controlled by Mr G W F Smith.