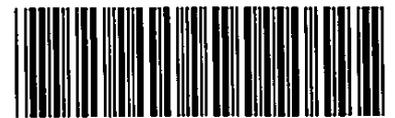


Gunn JCB (Holdings) Limited
Directors' report and financial statements
for the year ended 31 December 2010

Registered number 03971940

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Gunn JCB (Holdings) Limited

Directors' report and financial statements for the year ended 31 December 2010

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Gunn JCB (Holdings) Limited

Directors and advisers for the year ended 31 December 2010

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

KJD Freeth LLP
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 2010

The directors present their annual report and the consolidated audited financial statements of the group for the year ended 31 December 2010

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, ground care 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 company to have been satisfactory during the year.

The group has enjoyed increased sales during the year and this along with the benefits of cost control measures taken in previous years has resulted in more acceptable levels of profitability.

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 bank have also agreed in principle to replace the existing treasury loan that is repayable in September 2011 with a treasury loan, financed over a 5 year term on a full amortisation basis.

The group considers that it has adequate financial resources to cope with the current trading 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

Strong demand from customers during the early part of 2011 improved sales and profitability over the corresponding period in 2010 but going forward short term profitability of the group could be affected as the markets in which we operate still hold some challenging issues due to the continued uncertain economic climate surrounding the Euro as well as UK Government cuts in public expenditure that have yet to take full effect along with possible product supply problems due to the Tsunami in Japan. However the directors are optimistic of the groups and company's future performance and long term profitability.

Gunn JCB (Holdings) Limited

Directors' report for the year ended 31 December 2010 (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 £1,463,000 (2009 £222,000) for the financial year and sales of £64,431,000 (2009 £54,768,000).

Interim dividends have been paid amounting to £2.06 per share (2009 £nil per share) in respect of each class of share during the year amounting to £314,149 (2009 £nil). The directors do not propose any final dividend (2009 £nil).

Donations

During the year no donations were made by the group (2009 £220) to charity.

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 Dolphun

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 2010 (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 2010 (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

8 July 2011

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 2010 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 page 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 and express an opinion on 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 2010 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.

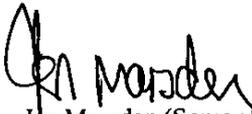
Gunn JCB (Holdings) Limited

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
8 July 2011

Gunn JCB (Holdings) Limited

Consolidated profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	1	64,431	54,768
Cost of sales		(57,649)	(49,383)
Gross profit		6,782	5,385
Administrative expenses		(5,065)	(4,789)
Operating profit	2	1,717	596
Interest payable	3	(254)	(374)
Profit on ordinary activities before taxation		1,463	222
Tax on profit on ordinary activities	6	(452)	(87)
Profit for the financial year	18	1,011	135

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 2010

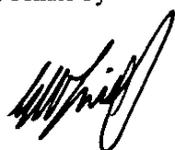
	2010	2009
	£'000	£'000
Profit on ordinary activities before taxation	1,463	222
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the re valued amount	1	1
Historical cost profit for the year before taxation	1,464	223
Historical cost profit for the year retained after taxation	1,012	136

Gunn JCB (Holdings) Limited

Balance sheets as at 31 December 2010

	Note	2010 £'000	Group 2009 £'000	2010 £'000	Company 2009 £'000
Fixed assets					
Tangible assets	8	6,458	6,492	4,806	4,554
Investments in subsidiary undertakings	9	-	-	11	11
		6,458	6,492	4,817	4,565
Current assets					
Stocks	10	5,528	7,261	-	-
Debtors	11	6,554	4,444	929	1,140
Cash at bank and in hand		2	2	-	-
		12,084	11,707	929	1,140
Creditors: amounts falling due within one year	12	(11,346)	(12,257)	(1,309)	(1,922)
Net current assets (liabilities)		738	(550)	(380)	(782)
Total assets less current liabilities		7,196	5,942	4,437	3,783
Creditors: amounts falling due after one year	14	(1,872)	(1,313)	(1,531)	(980)
Provisions for liabilities	15	(564)	(566)	-	-
Net assets		4,760	4,063	2,906	2,803
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	2,989	2,292	1,135	1,032
Total shareholders' funds	19	4,760	4,063	2,906	2,803

The financial statements on pages 7 to 25 were approved by the board of directors on 8 July 2011 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 2010

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	24	1,210	4,750
Returns on investments and servicing of finance			
Interest element of finance lease payments		(48)	(69)
Interest paid		(215)	(395)
Net cash outflow from returns on investments and servicing of finance		(263)	(464)
Taxation		(29)	(19)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,460)	(691)
Sale of tangible fixed assets		1,448	650
Net cash outflow for capital expenditure and financial investment		(12)	(41)
Equity dividends paid to shareholders		(314)	-
Net cash inflow before financing		592	4,226
Financing			
Changes in borrowings			
Inception of treasury loan		-	1,750
Capital element of finance lease payments		(793)	(609)
Repayment of treasury loans		(184)	(140)
Net cash (outflow)/inflow from financing		(977)	1,001
(Decrease)/Increase in net cash	25	(385)	5,227

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 2010

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	
	2010 £'000	2009 £'000
United Kingdom	62,627	51,618
Overseas	1,804	3,150
	64,431	54,768

2 Operating profit

	Group	
	2010 £'000	2009 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible assets		
On owned assets	491	392
On leased assets	271	386
Auditors' remuneration for		
Audit services *	25	25
Taxation services *	7	14
Pension advisory services	5	5
Staff costs (note 4)	5,208	4,936
Profit on sale of tangible fixed assets	(110)	(75)
Operating lease - plant and machinery	11	11
Operating leases - other than plant and machinery	80	80

* £1,500 of this amount (2009 £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 2010 (continued)

3 Interest payable

	Group	
	2010 £'000	2009 £'000
Interest payable on bank overdrafts	28	70
Interest payable on stocking loan	100	174
Interest payable on treasury loan	78	61
Interest payable on hire purchase leases	48	69
	254	374

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	
	2010 £'000	2009 £'000
Wages and salaries	4,475	4,422
Social security costs	479	429
Pension costs	254	85
	5,208	4,936

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. Pension costs of £3,101 have been accrued at the year end (2009 £nil), but no pension costs have been prepaid (2009 £nil).

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

	Group	
	2010 Number	2009 Number
Office and management	47	53
Sales and technical	97	96
	144	149

Other than the four directors (2009 four), the company has no employees (2009 nil). The directors received no remuneration for their services to the company (2009 £nil).

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

5 Remuneration of directors

	Group	
	2010 £'000	2009 £'000
Aggregate emoluments of the directors	719	563
Contributions to money purchase pension scheme	154	15
	873	578

The emoluments of the highest paid director were £197,797 (2009 £175,325) The amount of the group's contribution paid to the defined contribution pension scheme in respect of the highest paid director was £52,463 (2009 £5,417)

Three other directors (2009 three) participate in a defined contribution pension scheme The group's contributions in respect of those directors amounted to £101,525 (2009 £9,996)

6 Tax on profit on ordinary activities

a) Analysis of tax charge in year

	Group	
	2010 £'000	2009 £'000
Current tax		
UK corporation tax on profits of the year	458	66
Adjustment in respect of prior years	(37)	19
Total current tax	421	85
Deferred tax		
Origination and reversal of timing differences – current year	(16)	(5)
Origination and reversal of timing differences – prior year	47	7
Total deferred tax	31	2
Total tax on profit on ordinary activities	452	87

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (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 (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) as shown in the table below

	Group 2010 £'000	2009 £'000
Profit on ordinary activities before tax	1,463	222
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	410	62
Adjustments in respect of prior years	(37)	19
Expenses not deductible for tax purposes	10	9
Accelerated capital allowances and other timing differences	16	(5)
Other permanent timing differences	17	-
Effect of change in tax rate on accelerated capital allowances	2	-
Corporation tax rate adjustment for marginal relief	3	-
Current tax charge for the year	421	85

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 In the March 2011 Budget Statement it was announced that legislation would be introduced in the Finance Bill 2011 to reduce the main rate of corporation tax from 28% to 26% from 1 April and to 25% from 1 April 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% 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

The effect of the reduction of 1% enacted in the Finance (No 2) Act 2010 has been to reduce the deferred tax asset at 1 January by £1,604

The proposed reductions of the main rate of corporation tax to 23% by 1 April 2014 are expected to be enacted in stages The overall effect of the further changes from 27% to 23%, if these applied to the deferred tax balance at 1 January 2011, would be to reduce the deferred tax asset by £6,416

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 2010, resulting in a total amount unprovided of £87,000 (2009 £160,000)

7 Dividends

	2010 £'000	2009 £'000
Interim dividends paid £2.06 per share (2009 £nil per share)	314	-

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

8 Tangible assets - Group

	Freehold land and buildings* £'000	Vehicles £'000	Plant, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2010	4,650	1,911	2,851	9,412
Additions	316	439	1,311	2,066
Disposals	-	(276)	(1,696)	(1,972)
At 31 December 2010	4,966	2,074	2,466	9,506
Accumulated depreciation				
At 1 January 2010	96	1,073	1,751	2,920
Charge for the year	64	320	378	762
Disposals	-	(200)	(434)	(634)
At 31 December 2010	160	1,193	1,695	3,048
Net book amount				
At 31 December 2010	4,806	881	771	6,458
At 31 December 2009	4,554	838	1,100	6,492

Company

*The land and buildings relate to the company

Included above, are fixed assets with a net book value of £751,109 (2009 £970,969) which are held under hire purchase leases. The depreciation charge for the year includes £271,296 (2009 £386,429) 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 2010.

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 2010 (continued)

8 Tangible assets – Group (continued)

Freehold land and buildings*

	2010 £'000	2009 £'000
At cost	3,928	3,538
Aggregate depreciation	(436)	(368)
Net book value based on historical cost	3,492	3,170

* the land and buildings relate to the company

9 Investments

	£'000
Cost at 31 December 2009 and 31 December 2010	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 £417,329 (2009 profit £26,497)

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

10 Stocks

	Group	
	2010 £'000	2009 £'000
Consumables and goods for resale	5,447	7,200
Work in progress	81	61
	5,528	7,261

Company

The company had no stocks at 31 December 2010 and 31 December 2009

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Debtors

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade debtors	5,161	2,909	-	-
Amounts owed by group undertakings	-	-	929	1,140
Deferred tax asset (note 13)	42	73	-	-
Other debtors	1,136	1,256	-	-
Prepayments and accrued income	215	206	-	-
	6,554	4,444	929	1,140

Amounts owed by the group undertakings are unsecured, interest bearing at 2% per annum and are repayable on demand

12 Creditors: amounts falling due within one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank overdraft	1,490	238	99	-
Treasury loans	1,155	1,890	1,155	1,890
Trade creditors	2,372	3,610	-	-
Other creditors	58	181	-	-
JCB Finance – stocking facility	4,591	5,457	-	-
Hire purchase	345	540	-	-
Other taxation and social security	767	160	-	-
Corporation tax	458	66	54	24
Accruals and deferred income	110	115	1	8
	11,346	12,257	1,309	1,922

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 2.25% above the bank's base rate. Interest is charged on the treasury loans at rates of 1.5% to 2.5% above LIBOR.

The bank have agreed in principal to replace the existing treasury loan of £980,000 that is repayable in September 2011 with a treasury loan, financed over a 5 year term on a full amortisation basis.

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 1.25% above Finance House's base rate.

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Deferred tax

The deferred tax asset can be analysed as follows

	Group 2010 £'000	Company 2010 £'000
At start of year	(73)	-
Deferred tax charge in the profit and loss account for the year (note 6)	31	-
At end of year (asset)	(42)	-

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

	Provided		Unprovided	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Excess of depreciation over capital allowances	42	73	-	-

14 Creditors: amounts falling due after one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Treasury loan	1,531	980	1,531	980
Hire purchase	341	333	-	-
	1,872	1,313	1,531	980
Maturity of debt				
In one year or less	1,500	2,430	1,155	1,890
In more than one year but not more than two years	413	340	175	140
In more than two years but not more than five years	1,459	973	1,356	840
	3,372	3,743	2,686	2,870

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

15 Provisions for liabilities

	Group maintenance, warranty and buy back provisions
At 1 January 2010	566
Charged in the year	1,677
Utilised in the year	(1,679)
At 31 December 2010	564

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 2010 the contingent liability of the company under this arrangement was £1,391,000.

17 Called up share capital

	Number	£
Authorised at 31 December 2009 and 31 December 2010		
"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 2009 and 31 December 2010		
"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 2010 (continued)

18 Reserves

	Group	Company
	2010 £'000	2010 £'000
Profit and loss account		
At 1 January	2,292	1,032
Profit for the financial year	1,011	417
Dividend (note 7)	(314)	(314)
At 31 December	2,989	1,135
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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Opening shareholders' funds	4,063	3,928	2,803	2,776
Profit for the financial year	1,011	135	417	27
Dividend (note 7)	(314)	-	(314)	-
Closing shareholders' funds	4,760	4,063	2,906	2,803

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

20 Operating lease commitments

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

	Group	
	2010 £'000	2009 £'000
Operating leases which expire		
Within one year	27	-
Within two to five years	30	63
After five years	17	17
	74	80

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

	Group	
	2010 £'000	2009 £'000
Operating leases which expire		
Within one year	4	-
Within two to five years	-	11
	4	11

21 Machine repurchase agreements

At 31 December 2010, a subsidiary company has future commitments to repurchase machines from customers, at the customer's option, of up to £3,214,000 (2009 £3,617,000) of which options of up to £1,506,000 (2009 £1,079,000) 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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Contracts placed for future capital expenditure not provided in the financial statements	34	-	-	-

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (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

	2010 £'000	2009 £'000
Operating profit	1,717	596
Profit on sale of fixed assets	(110)	(75)
Depreciation charge	762	778
Decrease in stocks	1,733	3,007
(Increase)/decrease in debtors	(2,141)	106
Increase/(decrease) in creditors	(751)	338
Net cash inflow from operating activities	1,210	4,750

25 Reconciliation of net cash flow to movement in net debt

	2010 £'000	2009 £'000
(Decrease)/increase in cash for the year	(385)	5,227
Cash outflow/(inflow) from decrease in debt	977	(1,001)
Inception of new finance leases	(606)	(626)
	(14)	3,600
Net debt at 1 January	(9,436)	(13,036)
Net debt at 31 December	(9,450)	(9,436)

Gunn JCB (Holdings) Limited

Notes to the financial statements for the year ended 31 December 2010 (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	(5,695)	(385)	-	(6,080)
	(5,693)	(385)	-	(6,078)
Debt :				
Debt due within one year	(1,890)	184	551	(1,155)
Debt due after one year	(980)	-	(551)	(1,531)
Finance lease due within one year	(540)	793	(598)	(345)
Finance lease due within two to five years	(333)	-	(8)	(341)
	(9,436)	592	(606)	(9,450)

27 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