

Mitsui Machinery Sales (UK) Limited

Directors' report and financial statements

31 December 1994

Registered number 1006420



Mitsui Machinery Sales (UK) Limited

Directors' report and financial statements

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Mitsui Machinery Sales (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities

The principal activity of the company is the import, and distribution in the UK, of Yamaha motorised products and related spare parts.

Business review

The year has been one of consolidation following the need to adapt in 1993 to the increased value of the Japanese Yen against Sterling. Trading conditions improved in the second half of 1994 resulting in a small profit for the year. The Yamaha ranges are strengthening and there is room for cautious optimism.

The results of the company for the year are set out on page 5. The company achieved a profit on ordinary activities before taxation of £101,829 compared to £296,052 for the previous year and the retained profit has been taken to reserves.

Significant changes in fixed assets

There were no significant changes to fixed assets.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company does not differ significantly from the book values of these assets.

Proposed dividend

The directors do not propose a dividend for the year (1993: £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

O Fukumuro	(Japanese)	(Chairman)
A Sekino	(Japanese)	
I Kobayashi	(Japanese)	
T Suhara	(Japanese)	
RW Bakewell		
RF Ross		

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

T Suhara resigned as a director on 30 March 1995. K Iwahara was appointed as director on 30 March 1995.

On 1 March 1995 S Sano resigned as secretary and was replaced by Y Sugiura.

Mitsui Machinery Sales (UK) Limited

Directors' report

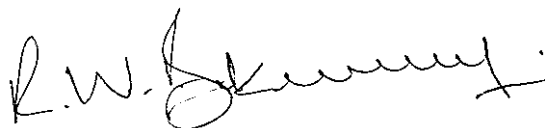
Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



RW Bakewell
Director

20 Old Bailey
London
EC4M 7QQ

Mitsui Machinery Sales (UK) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 Forest Gate
Brighton Road
Crawley
West Sussex RH11 9PT

Auditors' report to the members of Mitsui Machinery Sales (UK) Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

28th April 1995

Mitsui Machinery Sales (UK) Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover		44,656,484	42,753,978
Cost of sales		(38,678,718)	(36,979,439)
Gross profit		5,977,766	5,774,539
Administrative expenses		(5,736,185)	(5,671,432)
Operating profit		241,581	103,107
Other interest receivable and similar income	5	32,864	199,018
Interest payable and similar charges	6	(172,616)	(6,073)
Profit on ordinary activities before taxation and retained profit for the financial year	2	101,829	296,052

A statement of movements on reserves is given in note 14.

There were no recognised gains or losses other than the profit for the period.

In both the current and preceding year the company made no material acquisitions and had no discontinued operations.

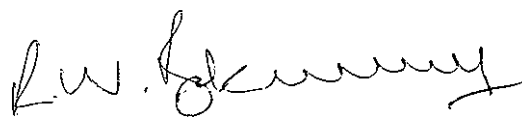
Mitsui Machinery Sales (UK) Limited

Balance sheet at 31 December 1994

	Note	1994 £	£	1993 £	£
Fixed assets					
Tangible assets	8	6,756,951		6,737,376	
Investments	9	200		200	
		<u>6,757,151</u>		<u>6,737,576</u>	
Current assets					
Stocks	10	9,516,965	15,317,527		
Debtors	11	5,358,141	2,812,071		
Cash at bank and in hand		239,505	470,424		
		<u>15,114,611</u>	<u>18,600,022</u>		
Creditors: amounts falling due within one year	12	<u>(11,623,898)</u>	<u>(15,191,563)</u>		
Net current assets		<u>3,490,713</u>	<u>3,408,459</u>		
Net assets		<u>10,247,864</u>	<u>10,146,035</u>		
Capital and reserves					
Called up share capital	13	2,400,000	2,400,000		
Profit and loss account	14	7,847,864	7,746,035		
		<u>10,247,864</u>	<u>10,146,035</u>		

These financial statements were approved by the board of directors on 4th APRIL 1995 and were signed on its behalf by:


I Kobayashi
Director


RW Bakewell
Director

Mitsui Machinery Sales (UK) Limited

Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash outflow from operating activities	18	(1,572,937)		(1,520,384)	
Return on investments and servicing of finance					
Interest received		32,864		199,018	
Interest paid		(170,243)		(6,073)	
		<u> </u>		<u> </u>	
Net cash (outflow)/inflow from returns on investment and servicing of finance		(137,379)		192,945	
Investing activities					
Purchase of tangible fixed assets		(556,101)		(360,739)	
Sale of tangible fixed assets		112,616		95,379	
		<u> </u>		<u> </u>	
Net cash outflow from investing activities		(443,485)		(265,360)	
Decrease in cash and cash equivalents	19	<u>(2,153,801)</u>		<u>(1,592,799)</u>	

Mitsui Machinery Sales (UK) Limited

Notes

(forming part of the financial statements)

1 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

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Group accounts have not been prepared as the directors are of the opinion that they would be of no real value to the company's members in view of the insignificant amounts involved for the company's subsidiary. The aggregate amount of total investment of the company in the shares of its subsidiary calculated under the equity method of accounting is £200 (1993: £200).

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	2% per annum
Motor vehicles and plant and machinery	-	25% per annum
Office equipment and leased assets	-	25% per annum

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Gains or losses on translation are included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of consumables the average purchase price is used. This price includes duty and charges payable.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Pensions

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Mitsui Machinery Sales (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Operating leases

Rentals of buildings and equipment are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Rental income from golf car operating leases is recognised on a straight line basis over the period of the lease.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

All turnover and profits before taxation are derived from the import and distribution of Yamaha motorised products and related spare parts.

All turnover arises in the United Kingdom.

2 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditors' remuneration:		
- audit	22,760	21,500
- non audit work	5,200	16,350
Depreciation and other amounts written off owned tangible fixed assets	433,491	357,471
Profit/(loss) on disposal of tangible fixed assets	9,581	(73)
Hire of plant and machinery - rentals payable under operating leases	234,960	234,960
Hire of other assets - operating leases	236,000	332,000
Exchange losses/(gains)	15,588	(64,553)
<i>After crediting</i>		
Rents receivable from property	64,412	-
Other rentals receivable under operating leases	129,585	50,426

Mitsui Machinery Sales (UK) Limited

Notes (continued)

3 Remuneration of directors

	1994 £	1993 £
Directors' emoluments:		
Remuneration as executives	233,491	298,834
Pensions	6,566	5,940
	<u>240,057</u>	<u>304,774</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1993: £nil) and those of the highest paid director were £99,664 (1993: £139,491).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

		Number of directors	
		1994	1993
£0	- £5,000	3	4
£25,001	- £30,000	-	1
£55,001	- £60,000	-	2
£60,001	- £65,000	2	-
£95,001	- £100,000	1	-
£135,001	- £140,000	-	1
		<u> </u>	<u> </u>

Mitsui Machinery Sales (UK) Limited

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
Sales and distribution	65	67
General administration	20	20
	<u>85</u>	<u>87</u>

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	1,962,781	1,937,055
Social security costs	132,551	131,110
Other pension costs (see note 17)	206,220	98,950
	<u>2,301,552</u>	<u>2,167,115</u>

5 Other interest receivable and similar income

	1994	1993
	£	£
Bank interest receivable	<u>32,864</u>	<u>199,018</u>

6 Interest payable and similar charges

	1994	1993
	£	£
On bank overdrafts wholly repayable within five years	<u>172,616</u>	<u>6,073</u>

Included in cost of sales is interest of £491,125 (1993: £484,398) payable to group undertakings.

Mitsui Machinery Sales (UK) Limited

Notes (continued)

7 Taxation

No liability for taxation arises due to the availability of tax losses to carry forward of approximately £3 million as at 31 December 1994 (1993: £3,014,516). This comparative has been agreed with the Inland Revenue; the figure of £3,828,761 published in 1993 financial statements was based upon information available at that time.

8 Tangible fixed assets

	Freehold land and buildings	Motor vehicles and plant	Office equipment and leased assets	Total
	£	£	£	£
Cost				
At beginning of year	6,102,813	912,563	497,061	7,512,437
Additions	-	186,304	369,797	556,101
Disposals	-	220,075	96,743	316,818
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6,102,813	878,792	770,115	7,751,720
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	129,285	457,767	188,009	775,061
Charge for year	62,056	203,559	167,876	433,491
On disposals	-	174,156	39,627	213,783
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	191,341	487,170	316,258	994,769
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1994	5,911,472	391,622	453,857	6,756,951
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	5,973,528	454,796	309,052	6,737,376
	<hr/>	<hr/>	<hr/>	<hr/>

The gross value of freehold land and buildings includes £3,102,813 (1993: £3,102,813) of depreciable assets.

The amount of assets held for use in operating leases to third parties is as follows:

	1994	1993
	£	£
Cost	495,878	222,823
Accumulated depreciation	(105,978)	(46,289)
	<hr/>	<hr/>
Net book value	389,900	176,534
	<hr/>	<hr/>

The aggregate rentals receivable during the year in respect of operating leases was: £129,585 (1993: £50,426).

Mitsui Machinery Sales (UK) Limited

Notes (continued)

9 Fixed asset investments

	1994 £	1993 £
Investment in subsidiary undertakings - 100% ordinary shares	<u>200</u>	<u>200</u>

Name

Tek Europe Limited

This company is registered in England and Wales and has not yet commenced trading.

In the opinion of the directors the investments in, and amounts due from, the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

10 Stocks

	1994 £	1993 £
Finished goods and goods for resale	<u>9,516,965</u>	<u>15,317,527</u>

11 Debtors

	1994 £	1993 £
Trade debtors	4,915,432	2,133,926
Other debtors	257,380	488,855
Prepayments and accrued income	185,329	189,290
	<u>5,358,141</u>	<u>2,812,071</u>

12 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank loans and overdrafts	3,625,252	1,702,370
Trade creditors	304,788	52,901
Amounts owed to parent undertaking	3,787,943	9,248,364
Other taxes and social security	93,816	64,632
Other creditors	3,812,099	4,123,296
	<u>11,623,898</u>	<u>15,191,563</u>

Mitsui Machinery Sales (UK) Limited

Notes (continued)

13 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Allotted, called up and fully paid</i>		
2,400,000 ordinary shares of £1 each	<u>2,400,000</u>	<u>2,400,000</u>

14 Profit and loss account

	1994 £	1993 £
Retained profit brought forward	7,746,035	7,449,983
Profit for the year	<u>101,829</u>	<u>296,052</u>
Retained profit carried forward	<u>7,847,864</u>	<u>7,746,035</u>

15 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the financial year	101,829	296,052
Opening shareholders' funds	<u>10,146,035</u>	<u>9,849,983</u>
Closing shareholders' funds	<u>10,247,864</u>	<u>10,146,035</u>

Mitsui Machinery Sales (UK) Limited

Notes (continued)

16 Commitments

Annual operating lease payments in respect of the hire of premises and equipment committed to be made are as follows:

	1994 Land and buildings £	1994 Other £	1993 Land and buildings £	1993 Other £
Operating leases which expire:				
Within one year	-	4,466	32,000	-
In the second to fifth years inclusive	-	229,005	-	234,960
Over five years	204,000	-	204,000	-
	<u>204,000</u>	<u>233,471</u>	<u>236,000</u>	<u>234,960</u>

17 Pension scheme

Employees of the company are eligible for membership of the Mitsui UK Retirement Benefit Plan ("the Plan"), a defined benefit scheme operated by Mitsui & Co UK PLC. The assets of the Plan are held in a separate trustee administered fund.

The Plan's funding level is determined on the basis of triennial valuations by a qualified actuary using the projected unit method. The most recent valuation by a qualified actuary was at 1 October 1992. The market value of the assets of the Plan amounted to £10,747,092 at 1 October 1992, as finalised on 25 May 1993, and the actuarial value of these assets was sufficient to secure 120% of the liabilities of the Plan based on projected final pensionable salaries. The main actuarial assumptions were an investment rate of return of 9% per annum, an increase in salaries of 7.5% per annum, dividend growth on equities of 4.5% per annum and that all present and future pensions would increase by 4% per annum.

The company has been contributing at the rate of 7.3% of pensionable salaries.

The pension cost for the year charged to the profit and loss account was £206,220 (1993: £98,950) which includes amortisation of the experience surplus of £54,000.

At 31 December 1994 a provision of £105,000 (1993: £nil) was accrued in respect of the pension cost representing the difference between the pension cost charged to the profit and loss account and the actual contributions paid.

Mitsui Machinery Sales (UK) Limited

Notes (continued)

18 Reconciliation of operating profit to net cash outflow from operating activities

	1994 £	1993 £
Operating profit	241,581	103,107
Depreciation charge	433,491	357,471
(Profit)/loss on sale of tangible fixed assets	(9,581)	73
Decrease/(increase) in stocks	5,800,562	(6,440,889)
(Increase)/decrease in debtors	(2,546,070)	137,462
(Decrease)/increase in creditors	(5,492,920)	4,322,392
Net cash outflow from operating activities	<u>(1,572,937)</u>	<u>(1,520,384)</u>

19 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft and short term loan £	Net £
Balance at 31 December 1993	470,424	(1,702,370)	(1,231,946)
Net cash outflow before adjustments for foreign exchange rate changes	(230,417)	(1,922,882)	(2,153,299)
Effect of foreign exchange rate changes	<u>(502)</u>	<u>-</u>	<u>(502)</u>
Balance at 31 December 1994	<u>239,505</u>	<u>(3,625,252)</u>	<u>(3,385,747)</u>

20 Analysis of changes in financing during the year

There have been no changes in financing during 1994 or the prior year.

21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company, which is also the parent undertaking of the only group of undertakings for which group accounts are drawn up, is Mitsui and Co Limited which is incorporated in Japan. Copies of the group accounts are available from 2-1 Ohtemachi 1-Chome, Chiyoda-KU, Tokyo, Japan.