Webster Drives Limited

Directors' report and financial statements

Registered number 553051

31 December 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activity

The company is principally engaged in the development, manufacture and merchanting of power take-off equipment, ancillary drives and transmissions for commercial vehicles, vehicle hydraulics and hydraulic tipping rams

Business review, results and dividends

The profit for the financial year was £817,589 *(2005 £995,443)* The results and financial position of the company include the full adoption of FRS17 'Retirement benefits' for the first time Further details are disclosed in notes 1 and 23

Gross profit margins have remained (broadly) consistent with the prior year

The company made an operating profit in the year of £1,086,272 (20%) This is a slight reduction from the previous year's £1,383,054 (24%)

Total operating costs and the financial position at the end of the year are in line with expectations

The principal risks and uncertainties facing the Company are worldwide economic stability, market reputation and supplier performance

These risks are closely monitored and discussed and management have put in place appropriate controls and procedures where possible

An interim dividend of £1,500,000 was paid on 3 November 2006 *(2005 £nil)* The directors do not recommend the payment of a final dividend *(2005 £nil)*

On 12 December 2006, the 11,300 ordinary shares in the company of 50p each and 11,300 deferred shares of £1 each were transferred from Gardner Denver Industries Limited to Gardner Denver International Limited

On 13 December 2006, the 11,300 ordinary shares in the company of 50p each and 11,300 deferred shares of £1 each were transferred from Gardner Denver International Limited to Powered Access Platforms Limited

Directors

The directors who held office during the year and up to the date of signing were as follows

M L Brown	
K G Hurley	(resigned 31 January 2006)
H Cornell (USA)	
T Pagliara (USA)	
M Carney (USA)	(resigned 7 September 2006)
S Mawson	(appointed 7 September 2006)
W Beese	(appointed 7 September 2006)

Directors' report *(continued)*

Post balance sheet events

On 13 July 2007, all employees were notified of the intention to change their employer from the company to Gardner Denver Group Services Ltd The change duly came into effect on 1 August 2007 and the company entered into an agreement with Gardner Denver Group Services Ltd for the provision of services by its former employees

On 30 July 2007, the company paid a special contribution of £608,595 into the Gardner Denver British Pension Scheme The payment was made in conjunction with the merger of the Gardner Denver British Pension Scheme, Gardner Denver Pension Scheme and GD Nash Retirement Benefits Scheme The merger became effective on 1 August 2007

Disclosure of information to auditors

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to section 385 Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors to the company will be proposed at the forthcoming Annual General Meeting

By order of the board

M E Grummett
Secretary

28 September 2007

Springmill Street
Bradford
West Yorkshire
BD5 7HW

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law

KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Webster Drives Limited

We have audited the financial statements of Webster Drives Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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

Independent auditors' report to the members of Webster Drives Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 September 2007

Profit and loss account

For the year ended 31 December 2006

	Note	2006	2005 (as restated)
		£	£
Turnover	2	5,476,065	5,843,748
Change in stocks of finished goods and work in progress		(47,818)	(26,866)
Raw materials and consumables		(1,856,043)	(1,957,393)
Other external charges		(509,503)	(607,074)
Staff costs	3,4	(1,836,983)	(1,739,033)
Depreciation		(139,446)	(130,328)
Operating profit		1,086,272	1,383,054
Interest receivable	5	97,400	63,867
Interest payable	6	(30,001)	(27,193)
Profit on ordinary activities before taxation	7	1,153,671	1,419,728
Taxation on profit on ordinary activities	8	(336,082)	(424,285)
Profit for the financial year	17	817,589	995,443

A reconciliation of movements in shareholders' funds and statement of total recognised gains and losses is given on page 8

All income and expenditure arose from continuing activities

Balance sheet
As at 31 December 2006

	Note	2006 £	2006 £	2005 (as restated) £	2005 (as restated) £
Fixed assets					
Tangible assets	*10*		**1,164,066**		794,443
Current assets					
Stocks	*11*	**467,916**		661,710	
Debtors	*12*	**1,155,497**		1,100,617	
Cash at bank and in hand		**390,330**		1,605,473	
		2,013,743		3,367,800	
Creditors amounts falling due within one year	*13*	**(1,038,796)**		(1,326,188)	
Net current assets			**974,947**		2,041,612
Total assets less current liabilities			**2,139,013**		2,836,055
Creditors amounts falling due after one year	*14*		**(11,745)**		(35,235)
Provisions for liabilities and charges	*15*		**(84,131)**		(56,372)
Net assets – excluding pension liability			**2,043,137**		2,744,448
Pension liability	*15*		**(1,354,500)**		(1,412,600)
Net assets – including pension liability			**688,637**		1,331,848
Capital and reserves					
Called up share capital	*16*		**16,950**		16,950
Profit and loss account	*17*		**671,687**		1,314,898
Shareholders' funds			**688,637**		1,331,848
Shareholders' funds					
Equity			**677,337**		1,320,548
Non-equity			**11,300**		11,300
			688,637		1,331,848

These financial statements were approved by the board of directors on 28 September 2007 and were signed on its behalf by

S Mawson
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2006

	2006 £	2005 (as restated) £
Profit for the financial year	**817,589**	995,443
Pension fund actuarial gains / (losses)	**56,000**	(475,000)
Deferred tax on pension fund actuarial gains/losses	**(16,800)**	142,500
Dividends paid	**(1,500,000)**	-
Net (reduction) / increase in shareholders' funds	**(643,211)**	662,943
Opening shareholders' funds	**1,331,848**	668,905
Closing shareholders' funds	**688,637**	1,331,848

Statement of total recognised gains and losses
for the year ended 31 December 2006

	2006 £	2005 (as restated) £
Profit for the financial year	**817,589**	995,443
Pension fund actuarial gains / (losses)	**56,000**	(475,000)
Deferred tax on pension fund actuarial gains/losses	**(16,800)**	142,500
Total recognised gains relating to the financial year	**856,789**	662,943

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 financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Cash flow statement

Under FRS No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England and Wales

Related party transactions

Under FRS No 8, the company is exempt from the requirement to disclose related party transactions with other group companies, on the grounds that it is a wholly owned subsidiary undertaking of Gardner Denver Inc (see note 21)

Fixed assets and depreciation

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

Long leasehold property	-	up to 50 years
Short leasehold improvements	-	over the residue of the lease
Plant and equipment	-	4 to 10 years
Motor vehicles	-	4 years

Stock

Stock is valued at the lower of cost and net realisable value Cost includes an appropriate allocation of overheads

Investments

Fixed asset investments are stated at cost less any provision for impairment

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes *(continued)*

Pension costs

The company participates in a group wide pension scheme providing benefits based upon final pensionable pay The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

The company has not previously recorded a full FRS17 liability on its balance sheet Instead it has taken advantage of the multi-employer exemption allowed under the standard However, as part of the merger of its UK pension schemes, the group now believes it is able to split the liabilities between the participating companies with sufficient accuracy for the exemption to no longer be applicable The 2005 comparative figures have been adjusted accordingly for consistency and comparability

The company also operates an existing defined contribution benefit section of The Gardner Denver British Pension Scheme and the costs are charged to the profit and loss account as incurred in accordance with FRS17

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or 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

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Turnover

Turnover represents the invoiced value of goods sold and services provided in the year, stated exclusive of value added tax

Turnover is recognised at the point of despatch of goods

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Turnover

In the opinion of the directors, the disclosure of geographical analysis of turnover would be prejudicial to the interests of the group

Notes *(continued)*

3 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	
	2006	2005
Management and administration	**21**	21
Manufacturing and development	**45**	43
	66	64

The aggregate payroll costs of these persons were as follows

	2006	2005 (as restated)
	£	£
Wages and salaries	**1,538,761**	1,453,972
Social security costs	**116,608**	136,527
Other pension costs	**181,614**	148,534
	1,836,983	1,739,033

4 Remuneration of directors

	2006	2005
	£	£
Directors' emoluments		
Remuneration as executives	**79,918**	140,415
Pension contributions	**17,940**	31,231
	97,858	171,646

Retirement benefits are accruing to one (*2005 two*) director under defined benefit schemes

Notes *(continued)*

5 Interest receivable

	2006 £	2005 £
Bank interest receivable	**97,400**	63,867

6 Interest payable

	2006 £	2005 (as restated) £
Finance charges payable in respect of finance leases and hire purchase contracts	**5,001**	5,193
Interest payable on pension scheme liabilities (see note 18)	**25,000**	22,000
	30,001	27,193

7 Profit on ordinary activities before taxation

	2006 £	2005 £
Profit on ordinary activities before taxation is stated after charging:		
Operating lease rentals		
Plant and machinery	**35,987**	36,359
Other	**47,500**	47,500
Auditors' remuneration		
Audit	**5,860**	3,753
Other services	**3,500**	3,500
Depreciation of owned fixed assets	**126,396**	112,251
Depreciation of leased fixed assets	**13,050**	18,077
Loss on sale of fixed assets	**-**	2,255

8 Taxation on profit on ordinary activities

	2006 £	2005 (as restated) £
UK Corporation tax		
Current tax on income in the year	**301,116**	387,115
Adjustments in respect of prior years	**(893)**	214
	300,223	387,329
Deferred tax (see note 15)		
Origination of timing differences	**35,859**	40,500
Adjustments in respect of prior years	**-**	(3,544)
Tax on profit on ordinary activities	**336,082**	424,285

Notes *(continued)*

8 Taxation on profit on ordinary activities *(continued)*

	2006	2005 (as restated)
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**1,153,671**	1,419,728
Current tax at 30 % (2005 30%)	**346,101**	425,918
Effects of		
Expenses not deductible for tax purposes	**1,111**	1,723
Fixed asset timing differences	**(38,559)**	(17,726)
Non taxable income	**(10,237)**	-
Short term timing differences	**10,800**	-
Other timing differences	**(8,100)**	(22,800)
Adjustments to tax charge in respect of previous periods	**(893)**	214
Total current tax charge (see above)	**300,223**	387,329

9 Dividends

	2006	2005
	£	£
Equity shares		
Interim dividend paid on 3 November 2006	**1,500,000**	-
	1,500,000	-

Notes *(continued)*

10 Tangible fixed assets

	Long leasehold property £	Short leasehold improvements £	Plant, equipment and vehicles £	Total £
Cost				
At beginning of year	198,568	60,798	3,236,584	3,495,950
Additions	-	-	509,069	509,069
At end of year	198,568	60,798	3,745,653	4,005,019
Depreciation				
At beginning of year	65,826	55,429	2,580,252	2,701,507
Charge for year	4,086	1,216	134,144	139,446
At end of year	69,912	56,645	2,714,396	2,840,953
Net book value				
At 31 December 2006	**128,656**	**4,153**	**1,031,257**	**1,164,066**
At 31 December 2005	132,742	5,369	656,332	794,443

Included in the net book value of plant, equipment and vehicles is £82,650 *(2005 £137,501)* in respect of assets held under finance leases Depreciation for the year on these assets was £13,050 *(2005 £18,077)*

11 Stocks

	2006 £	2005 £
Raw materials and consumables	**373,184**	519,159
Work in progress	**64,043**	72,841
Finished goods and goods for resale	**30,689**	69,710
	467,916	661,710

Notes *(continued)*

12 Debtors

	2006	2005
	£	£
Trade debtors	**1,027,929**	953,139
Amounts owed by group undertakings	**60,498**	79,225
Other debtors	**105**	9,722
Prepayments and accrued income	**66,965**	58,531
	1,155,497	1,100,617

13 Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	**418,580**	405,123
Amounts owed to group undertakings	**53,009**	156,950
Other creditors including taxation and social security		
Corporation tax	**301,116**	387,115
Other taxes and social security	**116,458**	147,104
Other creditors	**27,700**	9,700
Obligations under hire purchase contracts	**23,490**	37,566
Accruals and deferred income	**98,443**	182,630
	1,038,796	1,326,188

14 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Obligations under hire purchase contracts	**11,745**	35,235
Amounts due after one year		
Between one and two years	**11,745**	23,490
Between two and five years	**-**	11,745
	11,745	35,235

Notes *(continued)*

15 Provisions for liabilities and charges

	Deferred Tax on pension liability £	Pensions provision £	Total (as restated) £
Prior year adjustment to 2005 upon adoption of FRS17 (see note 23)	(605,400)	2,018,000	1,412,600
At beginning of year as restated	(605,400)	2,018,000	1,412,600
Charge for the year in the profit and loss account	8,100	195,000	203,100
Pension contributions paid	-	(222,000)	(222,000)
Charge / (credit) to the statement of total recognised gains and losses	16,800	(56,000)	(39,200)
At end of year	**(580,500)**	**1,935,000**	**1,354,500**

The deferred tax liability calculated at 30% *(2005 30%)* represents the full potential liability, analysed as follows

	2006 Provided £	2005 Provided £
Accelerated capital allowances	**94,931**	56,372
Other timing differences	**(10,800)**	-
Total deferred tax at end of year liability	**84,131**	56,372
Deferred tax asset on net pension fund deficit	**(580,500)**	(605,400)

16 Called up share capital

	2006 £	2005 £
Authorised		
Equity 17,400 ordinary shares of 50p each	**8,700**	8,700
Non-equity 11,300 deferred shares of £1 each	**11,300**	11,300
	20,000	20,000
Allotted, called up and fully paid		
Equity 11,300 ordinary shares of 50p each	**5,650**	5,650
Non-equity 11,300 deferred shares of £1 each	**11,300**	11,300
	16,950	16,950

The deferred shares have no rights to a dividend and have restricted rights in the return of capital In the event of a poll, each ordinary share represents 5,000 votes to a deferred share's one vote

Notes *(continued)*

17 Profit and loss account

	2006 £
At beginning of year as previously reported	2,727,498
Prior year adjustment to 2005 upon adoption of FRS17 (see note 23)	(1,412,600)
At beginning of year as restated	1,314,898
Pension scheme actuarial gains	56,000
Deferred tax on actuarial gains	(16,800)
Profit for the financial year	817,589
Dividends paid	(1,500,000)
At end of year	**671,687**

18 Pensions

The company is a member of a group pension scheme ('The Gardner Denver British Pension Scheme') providing benefits based on final pensionable pay As stated in note 1, an appropriate share of the scheme assets and liabilities have been included in these financial statements on a reasonable and consistent basis

An actuarial valuation was carried out by an independent actuary as at 31 December 2006 for FRS 17 purposes The deficit in the scheme as at 31 December 2006 was £14,075,000 (£9,852,000 net of deferred taxes at 30%) The deficit as at 31 December 2005 was £14,682,000 (£10,277,000 net of deferred taxes at 30%)

The company has not previously recorded a full FRS17 liability on its balance sheet Instead it has taken advantage of the multi-employer exemption allowed under the standard However, as part of the merger of its UK pension schemes, the group now believes it is able to split the liabilities between the participating companies with sufficient accuracy for the exemption to no longer be applicable The 2005 comparative figures have been adjusted accordingly for consistency and comparability

The company also operates an existing defined contribution benefit section of The Gardner Denver British Pension Scheme and the costs are charged to the profit and loss account as incurred in accordance with FRS17

The major assumptions used in the valuation of The Gardner Denver British Scheme were as follows

	2006	2005	2004
Rate of increase in salaries	4 0%	3 75%	3 8%
Rate of increase in pensions in payment	3.0%	2 75%	2 8%
Discount rate	5 1%	4 75%	5 3%
Investment return	6 63%	6 11%	6 72%
Inflation assumption	3 0%	2 75%	2 8%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Notes *(continued)*

18 Pensions *(continued)*

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Expected long term rate of return	Market value	Expected long term rate of return	Market value	Expected long term rate of return	Market value
	31 December 2006	31 December 2006	31 December 2005	31 December 2005	31 December 2004	31 December 2004
	%	£	%	£	%	£
Equities	7 50%	26,344,000	7 10%	23,027,000	7 50%	21,136,000
Bonds	4 70%	12,464,000	4 30%	13,094,000	4 80%	9,042,000
Property	7 50%	1,082,000	7 10%	1,079,000	7 50%	989,000
Market value of scheme assets	6 63%	39,890,000	6 11%	37,200,000	6 72%	31,167,000
Present value of scheme liabilities		(53,965,000)		(51,882,000)		(42,945,000)
Deficit in the scheme – Pension liability		(14,075,000)		(14,682,000)		(11,778,000)
Related deferred tax asset		4,223,000		4,405,000		3,533,000
Net pension liability		(9,852,000)		(10,277,000)		(8,245,000)

Movement in the deficit during the year

	2006 (company share)	**2006 (total scheme)**	2005 (company share)	2005 (total scheme)
	£	**£**	£	£
Deficit in scheme at beginning of year	**(2,018,000)**	**(14,682,000)**	(1,619,000)	(11,778,000)
Current service cost	**(170,000)**	**(1,234,000)**	(144,000)	(1,048,000)
Contributions paid	**222,000**	**1,615,000**	242,000	1,758,000
Other finance expenditure	**(25,000)**	**(180,000)**	(22,000)	(158,000)
Actuarial gain/(loss)	**56,000**	**406,000**	(475,000)	(3,456,000)
Deficit in the scheme at end of year	**(1,935,000)**	**(14,075,000)**	(2,018,000)	(14,682,000)

Notes *(continued)*

18 Pension Scheme *(continued)*

Analysis of amounts included in interest payable

	2006 (company share) £	2006 (total scheme) £	2005 (company share) £	2005 (total scheme) £
Expected return on pension scheme assets	**316,389**	**2,278,000**	295,329	2,121,000
Interest on pension scheme liabilities	**(341,389)**	**(2,458,000)**	(317,329)	(2,279,000)
	(25,000)	**(180,000)**	(22,000)	(158,000)

Analysis of amount recognised in statement of total recognised gains and losses

	2006 (company share) £	2006 (total scheme) £	2005 (company share) £	2005 (total scheme) £
Actual return less expected return on assets	**42,449**	**308,000**	423,047	3,078,000
Changes in assumptions	**(355,220)**	**(2,569,000)**	(720,609)	(5,243,000)
Experience gains and losses arising on liabilities	**368,771**	**2,667,000**	(177,438)	(1,291,000)
Actuarial gain / (losses) recognised in statement of total recognised gains and losses	**56,000**	**406,000**	(475,000)	(3,456,000)

History of experience gains and losses (total scheme)

	2006	2005	2004
Difference between the expected and actual return on scheme assets			
Amount (£000)	**308**	3,078	752
Percentage of year end scheme assets	**0.8%**	8 2%	2 4%
Experience gains and losses on scheme liabilities			
Amount (£000)	**2,667**	(1,291)	-
Percentage of year end present value of scheme liabilities	**4.9%**	(2 5%)	-
Total amount recognised in statement of total recognised gains and losses			
Amount (£000)	**406**	(3,456)	714
Percentage of year end present value of scheme liabilities	**0.8%**	(6 7%)	1 7%

Notes *(continued)*

19 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2006	2005
	£	£
Property rentals on leases which expire		
In more than five years	**47,500**	47,500
Equipment rentals on leases which terminate		
Within one year	**17,467**	10,600
In two to five years	**10,563**	22,352
	75,530	80,452

20 Contingent liabilities

The company has guaranteed the bank borrowings of certain group undertakings which at 31 December 2006 amounted to £853,668 *(2005 £3,946,051)* The company has guaranteed the VAT liability of certain group undertakings which at 31 December 2006 amounted to £40,582 (*2005 £71,924*)

21 Ultimate parent company

The company's immediate parent company and controlling party is Powered Access Platforms Limited, registered in England and Wales

The company's ultimate parent undertaking and controlling related party is Gardner Denver Inc incorporated in the USA and its results are included in the consolidated financial statements of that company The consolidated financial statements of Gardner Denver Inc are available to the public and may be obtained from Gardner Denver Inc, 1800 Gardner Expressway, Quincy, USA, IL62301

22 Post balance sheet events

On 13 July 2007, all employees were notified of the intention to change their employer from the company to Gardner Denver Group Services Ltd The change duly came into effect on 1 August 2007 and the company entered into an agreement with Gardner Denver Group Services Ltd for the provision of services by its former employees

On 30 July 2007, the company paid a special contribution of £608,595 into the Gardner Denver British Pension Scheme The payment was made in conjunction with the merger of the Gardner Denver British Pension Scheme, Gardner Denver Pension Scheme and GD Nash Retirement Benefits Scheme The merger became effective on 1 August 2007

23 Prior year adjustment

As outlined in note 1, the company has not previously recorded a full FRS17 liability on its balance sheet Instead it has taken advantage of the multi-employer exemption allowed under the standard However, as part of the merger of its UK pension schemes, the group now believes it is able to split the liabilities between the participating companies with sufficient accuracy for the exemption to no longer be applicable The 2005 comparative figures have been adjusted accordingly for consistency and comparability

This has resulted in a prior year adjustment to opening retained earnings, pension provision and deferred tax (see notes 15 and 17) and to the comparative pension costs in the 2005 profit and loss account