

Registered No. 1082975

HM Plant Limited

Report and Financial Statements

31 March 2013

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COMPANIES HOUSE

Directors

J J Jones (Chairman)
A J Raine
A S Baker
M Sue
M Kadoya
P H A Burger
D A Hearne
T Watanabe

Secretary

A J Raine

Auditors

Ernst & Young LLP
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Newcastle upon Tyne
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Bankers

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Directors' report

The directors present their report and the financial statements for the year ended 31 March 2013

Results and dividends

The profit for the year, after taxation, was £4,126,000 (2012 £3,931,000) An interim dividend was paid during the year of £852,000 (2012 £686,000)

Principal activities

HM Plant Limited is a wholly owned subsidiary of Heavy Construction Machinery Limited and is engaged in the distribution and servicing of construction equipment

Business review

Introduction

HM Plant Limited is at the forefront of capital equipment distribution in the United Kingdom and Eire It has the exclusive importation and distribution rights for Hitachi Construction Equipment who are well known globally The company has a large customer base, which includes owner operators, private and public companies in the UK, and Eire UK turnover during the period accounted for 98.3% of revenues (2012 98.9%) and exports accounted for 1.7% of turnover (2012 1.1%)

Objectives of the company

The company's main objective is to be the best supplier of quality construction equipment in the UK and Eire

Strategy

The company operates from a purpose built facility designed to improve the overall business performance The key elements to this strategy are to

- Focus on customer needs, service and delivery,
- Improve operational efficiency and reducing company operating costs by embracing new technology,
- Reduce assembly costs by re-engineering value added components whilst maintaining the overall product quality, and
- Reduce transportation costs by locating the assembly plant close to the East Coast docks for reduced shipping costs and road haulage transportation

Directors' report (continued)

Business review (continued)

The period under review has proved to be a very challenging year due to annual decline in UK construction output

The introduction of new models from Hitachi with improved fuel consumption and lower emissions have been accepted by the market resulting in increased market share with an annualised increase in sales of 25% (2012 3% decrease). However the new model has had a negative impact on the company's gross profit ratio due to price increases from the factory.

During the year the company continued to keep a tight control over both fixed and variable costs, a major contributing factor to the company's increase in profitability.

Measurement

The company uses a number of financial and non-financial KPI's to measure performance and these are reported both at board level and to managers in monthly briefings. These KPI's include customer service level, complaints, production plan attainment, sales plan achievement and a number of health & safety, environmental and employee related KPI's. The board considers that the company has a very effective measurement and reporting system, consistent with its size and complexity.

As far as financial performance is concerned the key measurements used by the company are turnover and gross profit percentage, calculated as reported on the face of the profit and loss account. For the period under review, turnover was £100,317,000 (2012 £79,786,000) and the gross profit percentage was 11.3% (2012 14.0%).

Management also monitor sales per employee, gross profit per employee and absorption ratio, which is defined as the gross profit from the after sales activity as a percentage of the company's total overheads.

Risk and uncertainties

The major risk facing the company in today's market is the current global recession and uncertainty in the financial markets which continue to be affected by one crisis after another, leading to exchange rate fluctuations between Sterling, Japanese Yen and the Euro.

While the news reports the signs of recovery in the housing sector this is mainly confined to the South East of England and government subsidised starter homes, whilst the directors welcome the news it is recognised that the recovery will be a slow process over the coming years.

The company operates in a very competitive market place where its customers are continually focused on value for money. The directors continue to monitor the company's fixed and variable costs and strive to increase efficiency within the business, to enable the company to remain in a competitive position.

Directors' report (continued)

Business review (continued)

Forward looking information

In the coming financial year the directors expect trading conditions to be challenging due to increased competition from other manufactures in what is at best going to be a static market. The coming year will see an increased focus on the parts and service activity utilising Hitachi's global E Service to monitor our customers machines and improve the machines productivity and efficiency, whilst reducing the company's reliance on capital equipment sales to support the company's overheads.

However, the company's order book remains strong, and our strategy to develop new customer business continues to grow, while continuing to support our existing customer base.

The directors are confident that the actions already taken will place the company in a strong position to deliver the best result for 2013/2014 in a highly competitive market place.

Going concern

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

Financial risk management policy

The company's financial instruments comprise of forward exchange contracts entered into in respect of purchases denominated in foreign currencies, together with cash, debtors and creditors.

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk

The company invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility.

Credit risk

The company has external debtors. However, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations.

Political and charitable contributions

The group made no political contributions during the year (2012: £nil).

Donations to UK charities amounted to £33,652 (2012: £7,615).

Directors' report (continued)

Directors

Directors who held office during the year were as follows

J J Jones (Chairman)
D A Hearne
A J Raine
A S Baker
K Kanomata (Resigned 26th July 2012)
M Tabei (Resigned 26th July 2012)
P H A Burger
T Watanabe
M Sue (Appointed 26th July 2012)
M Kadoya (Appointed 26th July 2012)

All of the directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The company provided qualifying third party indemnity provisions to certain directors of group companies during the financial year and at the date of this report.

Employment matters

It is the company's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities, to continue wherever possible the employment of staff who become disabled and to provide opportunities for training and career development of disabled employees.

Frequent meetings are held with employee representatives to discuss sales, financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters, which concern the employees.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s 489 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the Board



A J Raine
Director

24 June 2013

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. In preparing those 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 which are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of HM Plant Limited

We have audited the financial statements of HM Plant Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 22. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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.

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 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit 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.



Independent auditors' report

to the members of HM Plant 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

A handwritten signature in black ink, appearing to read 'Darren Rutherford'.

Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

27 June 2013

Profit and loss account

for the year ended 31 March 2013

| | Note | 2013 £000 | 2012 £000 |
|------------------------------------------------------|------|--------------|--------------|
| Turnover | 2 | 100,317 | 79,786 |
| Cost of sales | | (88,972) | (68,651) |
| Gross profit | | 11,345 | 11,135 |
| Administrative expenses | | (4,439) | (4,282) |
| Distribution costs | | (1,525) | (1,651) |
| Operating profit | 3 | 5,381 | 5,202 |
| Profit on sale of tangible fixed assets | | - | 127 |
| Interest receivable and similar income | 6 | 91 | 97 |
| Interest payable and similar charges | 7 | (18) | (79) |
| Profit on ordinary activities before taxation | | 5,454 | 5,347 |
| Tax on profit on ordinary activities | 8 | (1,328) | (1,416) |
| Profit on ordinary activities after taxation | 16 | 4,126 | 3,931 |

All of the company's activities are continuing

Statement of total recognised gains and losses

for the year ended 31 March 2013

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £4,126,000 in the year ended 31 March 2013 and of £3,931,000 in the year ended 31 March 2012

Note of historical cost profits and losses

for the year ended 31 March 2013

| | 2013 £000 | 2012 £000 |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Reported profit on ordinary activities before taxation | 5,454 | 5,347 |
| Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount | - | 2 |
| Historical cost profit on ordinary activities before taxation | 5,454 | 5,349 |
| Historical cost profit for the year retained after taxation | 4,126 | 3,933 |

Balance sheet

at 31 March 2013

| | <i>Note</i> | <i>2013</i> <i>£000</i> | <i>2012</i> <i>£000</i> |
|------------------------------------------------------|-------------|----------------------------|----------------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 3,864 | 4,175 |
| Current assets | | | |
| Stocks | 11 | 13,214 | 8,563 |
| Debtors | 12 | 18,266 | 24,932 |
| Cash at bank and in hand | | 21,386 | 6,425 |
| | | 52,866 | 39,920 |
| Creditors amounts falling due within one year | 13 | (38,896) | (29,513) |
| Net current assets | | 13,970 | 10,407 |
| Total assets less current liabilities | | 17,834 | 14,582 |
| Provision for liabilities and charges | 14 | (21) | (43) |
| Net assets | | 17,813 | 14,539 |
| Capital and reserves | | | |
| Called up share capital | 15 | 1,350 | 1,350 |
| Profit and loss account | 16 | 16,463 | 13,189 |
| Equity shareholders' funds | 16 | 17,813 | 14,539 |

Approved by the Board and signed on their behalf by


J J Jones
Director

24 June 2013

Notes to the financial statements

at 31 March 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards, modified to include the revaluation of certain freehold land and buildings

Cash flow statement

The ultimate UK parent undertaking is Heavy Construction Machinery Limited which prepares consolidated financial statements which include a consolidated cash flow statement dealing with the cash flows of the group. Under FRS 1, the company is therefore not required to prepare a cash flow statement for inclusion in its own financial statements

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is not provided on freehold land. On other assets it is provided so as to write off the cost, less estimated residual value in equal annual instalments over the expected useful lives of the assets. The rates of depreciation are as follows:

| | | |
|-----------------------|---|------------------------------|
| Freehold buildings | - | 1/5% per annum |
| Plant and machinery | - | 10% - 20% per annum |
| Fixtures and fittings | - | 10% - 20% per annum |
| Motor vehicles | - | 25% per annum |
| Computer equipment | - | 20% per annum |
| Leasehold property | - | over the period of the lease |

An amount equal to the excess over depreciation charge based on cost is transferred annually from the revaluation reserve to the profit and loss account reserve.

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

| | | |
|-------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------|
| Raw materials | - | purchase cost on a first in first out basis |
| Work in progress and finished goods | - | cost of direct materials and labour plus attributable overheads based on a normal level of activity less foreseeable losses |

Net realisable value is based on estimated selling prices less any further costs to be incurred to completion and disposal.

Operating lease income

Operating lease income is credited to the profit and loss account on a straight line basis over the duration of the related contracts.

Notes to the financial statements

at 31 March 2013

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

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

Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

2. Turnover

Turnover represents the amount derived from the provisions of goods and services relating to the distribution and marketing of construction equipment during the year, stated net of value added tax. Income is recognised at the point at which the customer enters into an unconditional agreement to purchase the machine subject to an agreed future delivery date

An analysis of turnover by geographical market is given below

| | 2013 £000 | 2012 £000 |
|--------------------------|----------------|---------------|
| United Kingdom | 97,642 | 78,448 |
| Other European Countries | 2,352 | 1,313 |
| Other | 323 | 25 |
| | <u>100,317</u> | <u>79,786</u> |

Notes to the financial statements

at 31 March 2013

3. Operating profit

This is stated after charging/(crediting)

| | 2013 | 2012 |
|----------------------------------------------|-------|-------|
| | £000 | £000 |
| Operating lease charges - land and buildings | 226 | 224 |
| - other | 123 | 266 |
| Gains on foreign exchange | (344) | (196) |

Rentals received from operating leases(61)(2012 £1,356,000) are largely for their services to this company. All other directors are remunerated by Hitachi Construction Machinery Europe (NV) and the directors believe that any emoluments received for services to this company are negligible

5. Staff costs

| | 2013 | 2012 |
|-----------------------|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 3,044 | 2,922 |
| Social security costs | 353 | 339 |
| Other pension costs | 59 | 51 |
| | <u>3,456</u> | <u>3,312</u> |

The average number of employees during the period, including directors, was as follows

| | 2013 | 2012 |
|-----------------------|------------|------------|
| | No | No |
| Office and management | 66 | 69 |
| Assembly | 36 | 34 |
| | <u>102</u> | <u>103</u> |

Notes to the financial statements

at 31 March 2013

6. Interest receivable and similar income

| | <i>2013</i> | <i>2012</i> |
|---------------------------------------------|-------------|-------------|
| | <i>£000</i> | <i>£000</i> |
| Bank interest receivable | 42 | 27 |
| Interest receivable from group undertakings | 49 | 70 |
| | <u>91</u> | <u>97</u> |

7. Interest payable and similar charges

| | <i>2013</i> | <i>2012</i> |
|---------------------------------------------|-------------|-------------|
| | <i>£000</i> | <i>£000</i> |
| Interest on late payment of corporation tax | 18 | 79 |
| | <u>18</u> | <u>79</u> |

Notes to the financial statements

at 31 March 2013

8. Taxation

(a) Tax on profit on ordinary activities

| | 2013 £000 | 2012 £000 |
|----------------------------------------|--------------|--------------|
| <i>Corporation tax</i> | | |
| UK corporation tax at 24% (2012 26%) | 1,368 | 1,471 |
| Adjustment in respect of previous year | (18) | (42) |
| Total current tax credit (note 8(b)) | 1,350 | 1,429 |
| <i>Deferred tax</i> | | |
| Origination of timing differences | (22) | (13) |
| Total deferred tax charge (note 14) | (22) | (13) |
| Tax on profit on ordinary activities | 1,328 | 1,416 |

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are reconciled below

| | 2013 £000 | 2012 £000 |
|-------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Profit on ordinary activities before tax | 5,454 | 5,347 |
| Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%) | 1,309 | 1,390 |
| <i>Effects of</i> | | |
| Expenses not deductible for tax purposes | 32 | 86 |
| Decelerated capital allowances | 27 | 22 |
| Adjustments to tax charge in respect of previous periods | (18) | (42) |
| Profit on disposal in excess of taxable capital gain | - | (27) |
| Total current tax charge (note 8(a)) | 1,350 | 1,429 |

(c) Factors that may affect future tax charge

The UK government has announced its intention to reduce the UK corporation tax rate to 20% by 1 April 2015 The reduction from 26% to 24% was substantively enacted on 5th July 2011 and came into effect on 1 April 2012 A rate of 24% therefore applies to current tax liabilities arising during the period

A reduction from 24% to 23% was substantively enacted on 17th July 2012 and came into effect on 1st April 2013 The reduction to 23% has been applied to deferred tax assets and liabilities arising at the balance sheet date

The future tax charge will also be affected by the Governments intention to reduce the main rate of capital allowances from 20% to 18% and from 10% to 8% with effect from 1 April 2013

Notes to the financial statements

at 31 March 2013

9. Dividends

| | 2013 £000 | 2012 £000 |
|-------------------------------------------|--------------|--------------|
| Interim dividends paid on ordinary shares | 852 | 686 |

10. Tangible fixed assets

| | <i>Freehold land and buildings £000</i> | <i>Short leasehold properties £000</i> | <i>Plant and machinery £000</i> | <i>Fixtures and fittings £000</i> | <i>Motor vehicles £000</i> | <i>Computer equipment £000</i> | <i>Total £000</i> |
|----------------------------|-----------------------------------------------------|----------------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------|----------------------------------------|-----------------------|
| <i>Cost or valuation</i> | | | | | | | |
| At 31 March 2012 | 3,658 | 57 | 1,033 | 174 | 551 | 246 | 5,719 |
| Additions | - | - | - | - | 142 | 15 | 157 |
| Transfer to current assets | - | - | (527) | - | - | - | (527) |
| At 31 March 2013 | 3,658 | 57 | 506 | 174 | 693 | 261 | 5,349 |
| <i>Depreciation</i> | | | | | | | |
| At 31 March 2012 | 342 | 45 | 719 | 123 | 72 | 243 | 1,544 |
| Charge for the year | 47 | 8 | 100 | 20 | 152 | 4 | 331 |
| Transfer to current assets | - | - | (390) | - | - | - | (390) |
| At 31 March 2013 | 389 | 53 | 429 | 143 | 224 | 247 | 1,485 |
| <i>Net book value</i> | | | | | | | |
| At 31 March 2013 | 3,269 | 4 | 77 | 31 | 469 | 14 | 3,864 |
| At 31 March 2012 | 3,316 | 12 | 314 | 51 | 479 | 3 | 4,175 |

Included within plant and machinery at 31 March 2012 were assets with a cost of £527,000 that were held for use under operating leases, but these assets have now been disposed

Notes to the financial statements

at 31 March 2013

10. Tangible fixed assets (continued)

The following information relates to tangible fixed assets carried on a revalued basis in accordance with FRS 15 'Tangible Fixed Assets'

| | 2013 £000 | 2012 £000 |
|-------------------------------------------------|--------------|--------------|
| <i>Land and buildings</i> | | |
| At 1999 valuation | - | 220 |
| Depreciation thereon | - | (16) |
| Disposal | - | (204) |
| Net book value | - | - |
| Historical cost of revalued assets | - | 187 |
| Aggregate depreciation based on historical cost | - | (31) |
| Disposal | - | (156) |
| Historical cost net book value | - | - |

The company's freehold land and buildings were valued at open market value on an existing use basis by independent valuers Edward Rushton Son & Kenyon Limited, International Valuers and Surveyors on 29 November 1999 in accordance with RICS Statement of Asset Valuation Practice and Guidance Notes. The transitional provisions of FRS 15 Tangible fixed assets have been followed and the valuations have therefore not been updated. Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost.

11. Stocks

| | 2013 £000 | 2012 £000 |
|-------------------------------------|--------------|--------------|
| Work in progress | 54 | 27 |
| Finished goods and goods for resale | 13,160 | 8,536 |
| | 13,214 | 8,563 |

12. Debtors

| | 2013 £000 | 2012 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 9,950 | 10,587 |
| Amounts owed by group undertakings | 8,183 | 14,137 |
| Prepayments and accrued income | 122 | 200 |
| Other debtors | 11 | 8 |
| | 18,266 | 24,932 |

Notes to the financial statements

at 31 March 2013

13. Creditors: amounts falling due within one year

| | 2013 £000 | 2012 £000 |
|---------------------------------------|---------------|---------------|
| Trade creditors | 2,795 | 3,543 |
| Amounts owed to group undertakings | 32,070 | 20,806 |
| Corporation tax | 366 | 850 |
| Other taxes and social security costs | 2,448 | 2,607 |
| Other creditors | 434 | 541 |
| Accruals and deferred income | 783 | 1,166 |
| | <u>38,896</u> | <u>29,513</u> |

Amounts totalling £28,317,000 at 31 March 2013 have been reclassified from trade creditors to amounts owed to group undertakings

14. Provisions for liabilities and charges

| | Deferred tax £000 |
|--------------------------------------------------------|----------------------|
| At beginning of year | 43 |
| Credit to the profit and loss for the year (note 8(a)) | (22) |
| At end of year | <u>21</u> |

The elements of the deferred tax liability are as follows

| | 2013 £000 | 2012 £000 |
|--------------------------------------------------------------------|--------------|--------------|
| Difference between accumulated depreciation and capital allowances | 23 | 45 |
| Other timing differences | (2) | (2) |
| Deferred tax liability | <u>21</u> | <u>43</u> |

A deferred tax liability of £428,140 (2012 £446,754) in respect of rolled over gains of £1,861,478 (2012 £1,861,478) has not been recognised, as permitted by FRS19

Notes to the financial statements

at 31 March 2013

15. Share capital

| | | | 2013 £000 | 2012 £000 |
|-------------------------------------------|------------|------------|--------------|--------------|
| <i>Authorised</i> | | | | |
| 1,350,000 ordinary shares of £1 | | | 1,350 | 1,350 |
| | | | | |
| | 2013 No | 2012 No | 2013 £000 | 2012 £000 |
| <i>Allotted, called up and fully paid</i> | | | | |
| 1,350,000 ordinary shares of £1 | 1,350,000 | 1,350,000 | 1,350 | 1,350 |

16. Reconciliation of shareholders' funds and movements on reserves

| | Share capital £000 | Revaluation reserve £000 | Profit and loss account £000 | Total £000 |
|-----------------------------------------------------|--------------------------|--------------------------------|------------------------------------|---------------|
| At 31 March 2011 | 1,350 | 38 | 9,906 | 11,294 |
| Profit for the year | - | - | 3,931 | 3,931 |
| Realised revaluation surplus on sale of fixed asset | - | (38) | 38 | - |
| Dividend paid on ordinary shares | - | - | (686) | (686) |
| At 31 March 2012 | 1,350 | - | 13,189 | 14,539 |
| Profit for the year | - | - | 4,126 | 4,126 |
| Dividend paid on ordinary shares | - | - | (852) | (852) |
| At 31 March 2013 | 1,350 | - | 16,463 | 17,813 |

17 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

| | 31 March 2013 | | 31 March 2012 | |
|-------------------------------------------------|-------------------------------|---------------|-------------------------------|---------------|
| | Land and buildings £000 | Other £000 | Land and buildings £000 | Other £000 |
| <i>Annual commitments under leases expiring</i> | | | | |
| Within one year | 56 | 6 | 61 | 8 |
| Between two to five years | 155 | 11 | 174 | 4 |
| Over five years | 24 | - | - | 3 |
| | 235 | 17 | 235 | 15 |

Notes to the financial statements

at 31 March 2013

18. Pension scheme

Defined contribution plan

The company does not operate its own independent pension fund but operates a group personal pension scheme open to all employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59,000 (2012 £51,000). Contributions totalling £8,500 (2012 £7,500) were payable to the fund at the year end and are included in creditors.

19. Related party transactions

The company has taken the exemption under FRS8 to not disclose transactions with other 100% owned group entities.

During the year the company purchased parts, on an arms length basis, with a purchase value of £98,217 from LDH Attachments, an entity in which D Hearne's wife is the proprietor. £6,822 was due to the entity at 31 March 2013.

20. Contingent liabilities

An unlimited bank guarantee exists between the company and its UK group members. The net amount outstanding at the end of the year was £Nil (2012 £Nil).

The group has a one year rolling facility of £5,200,000 with Bank of Toyko-Mitsubishi UFJ (Holland) NV N V that is repayable on demand. There are no fixed repayment terms and interest is payable at a rate of LIBOR plus 0.5% per annum.

Under certain contractual arrangements the company has an option to buy back equipment from its customers, once that equipment has served its purpose, typically after 3 years. The company's potential buy-back commitment in such circumstances will depend on the condition of the equipment. The directors are of the opinion that despite been unable to reliably estimate such potential buy-back amounts, these arrangements do not constitute any net liability to the company, since in normal circumstances the equipment can be re-sold at no net cost to the company.

21. Other financial commitments

The group has derivative financial instruments, being forward foreign exchange contracts as at 31 March 2013 with an estimated value of £1,388,549 (2012 £912,848).

22. Ultimate and immediate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Heavy Machinery Group Limited. The ultimate UK parent and controlling party, into which the company's financial statements are consolidated, is Heavy Construction Machinery Limited.

Heavy Construction Machinery Limited is a wholly owned subsidiary of Hitachi Construction Machinery (Europe) NV, who are owned by Hitachi Construction Machinery Limited in Japan.

Hitachi Construction Machinery Limited are owned 50+% by Hitachi Limited with the remainder of the shares open to the public through their listing on the stock exchange. Hitachi Limited is therefore the ultimate parent undertaking.