

HM Plant Limited

**Directors' report and financial
statements**

Registered number 1082975

Year ended 30 June 2001



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Company information

Directors

JJ Jones – Chairman
S F Howard
D A Hearne
D N Hopkins
A J Raine
B J Warren

Secretary

D A Trunks

Auditors

KPMG
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

Registered Office

38 Castlefields Industrial Estate
Bridgwater
Somerset
TA6 4DH

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

Principal activities

The company's main activities during the year continued to be the distribution and marketing of construction equipment.

Results and dividends

The profit for the year before tax was £3,423,000 (2000: £1,331,000). A first and final dividend of £3,064,000 (2000: £1,542,000) was paid during the year.

The results of the company are set out on page 5.

Review of the business and future prospects

The directors consider the performance of the company to be highly satisfactory and that the company is well placed to continue to achieve such results.

On 1 July 2000, the trade, assets and liabilities of two fellow subsidiaries HM Rogers Limited and Just Dial Rentals Limited were transferred to HM Plant Limited at book value.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,560.

Directors and their interests

The directors in office at the end of the year and served throughout the year were as follows:

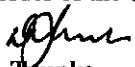
J J Jones
S F Howard
D A Hearne
D N Hopkins
A J Raine
B J Warren

Messrs J J Jones, S F Howard, D A Hearne and D N Hopkins are directors of the ultimate parent company, Heavy Construction Machinery Limited and their interests in the shares of that company are disclosed in that company's accounts. AJ Raine and BJ Warren are not directors of the ultimate holding company but they both hold 19,622 £0.01 ordinary shares in that company. No directors had any interest in the share capital of the company at any time during the year.

Auditors

In accordance with Section 384 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


D A Trunks
Company secretary

38 Castlefields Industrial Estate
Bridgwater
Somerset TA6 4DH

31 August 2001

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.



100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of HM Plant Limited

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' or a similar stylized signature.

KPMG
Chartered Accountants
Registered Auditors

6 September 2001

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	Continuing operations £000	Discontinued operations £000	2001 £000	2000 £000
Turnover	2	79,975	1,014	80,989	74,622
Cost of sales		(71,012)	(1,097)	(72,109)	(68,746)
Gross profit		8,963	(83)	8,880	5,876
Administration expenses		(3,203)	-	(3,203)	(2,802)
Distribution costs		(2,173)	(127)	(2,300)	(1,828)
Operating profit – continuing operations	3	3,587	(210)	3,377	1,246
Interest receivable and similar income	5			127	153
Interest payable and similar charges	6			(81)	(68)
Profit on ordinary activities before taxation				3,423	1,331
Tax on profit on ordinary activities	7			(1,248)	(395)
Profit on ordinary activities after taxation				2,175	936
Dividends – equity	8			(3,064)	(1,542)
Retained loss for the year	18			(889)	(606)

Statement of total recognised gains and losses
for the year ended 30 June 2001

	2001 £000	2000 £000
Profit for financial year	2,175	936
Unrealised surplus on revaluation of properties	-	336
Total recognised gains and losses for the financial year	2,175	1,272

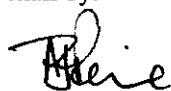
Note of historical cost profits and losses

	2001 £000	2000 £000
Reported profit on ordinary activities before taxation	3,423	1,331
Realisation of property revaluation gains of previous years	234	-
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	6	6
Historical cost profit on ordinary activities before taxation	3,663	1,337
Historical cost loss for the year retained after taxation, exceptional items and dividend	(649)	(600)

Balance sheet
at 30 June 2001

	<i>Note</i>	2001		2000
		£000	£000	£000
Fixed assets				
Tangible assets	9		3,444	2,755
Current assets				
Investments	10	-		15
Stock	11	18,721		14,320
Debtors	12	4,378		5,094
Cash at bank and in hand		6,734		6,303
		<u>29,833</u>		<u>25,732</u>
Creditors: amounts falling due within one year	13	<u>(30,854)</u>		<u>(24,972)</u>
Net current (liabilities)/assets			<u>(1,021)</u>	<u>760</u>
Total assets less current liabilities			<u>2,423</u>	<u>3,515</u>
Creditors: amounts falling due after more than one year	14		<u>(165)</u>	<u>(310)</u>
Provisions for liabilities and charges	15		<u>-</u>	<u>(58)</u>
Net assets			<u>2,258</u>	<u>3,147</u>
Capital and reserves				
Called up share capital	16		1,350	1,350
Revaluation reserve	17		350	584
Profit and loss account	17		558	1,213
Total equity shareholders' funds	18		<u>2,258</u>	<u>3,147</u>

These financial statements were approved by the board of directors on 31 August 2001 and were signed on its behalf by:



A J Raine
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Depreciation

No depreciation is provided on freehold land. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost or valuation of each asset over its expected useful life, as follows:

Freehold buildings	-	Over 66 years
Short leasehold buildings	-	Over the remaining term of the lease
Plant and machinery	-	Over 3 to 10 years
Fixtures and fittings	-	Over 10 years
Motor vehicles	-	Over 4 years
Computers	-	Over 5 years

Investments

Investments are stated at cost, less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of directly attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Taxation

The charge for taxation is based on the result 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 taxation only to the extent that it is probable that an actual liability will crystallise.

Pension costs

The company participates in the Heavy Machinery Group defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The company has also guaranteed a pension scheme providing benefits on final pensionable pay. The scheme was originally held in relation to HM Rogers Limited, whose trade, assets and liabilities were transferred to a fellow subsidiary, HM Plant Limited, on 1 July 2000.

The scheme has been in a wind up position since 1996 and therefore there are no contributions charged to the profit and loss account in the year.

Cash flow statement

Foreign exchange

Leases and hire purchase

Rentals under operating leases are charged to the profit and loss account in equal amounts over the lease term.

2 Turnover

An analysis of turnover by geographical market is given below:

	2001 £000	2000 £000
United Kingdom	76,340	71,352
Other European Countries	4,480	3,052
Other	169	218
	80,989	74,622

3 Operating profit

	2001 £000	2000 £000
<i>Operating profit is stated after charging/(crediting)</i>		
Auditors' remuneration – audit fees	14	16
Depreciation on owned assets	158	90
Depreciation on leased assets	138	140
Operating lease charges - land and buildings	235	227
- other	414	318
Profit on sale of fixed assets	(159)	(11)
Gains on foreign exchange	(247)	(232)

Notes (continued)

4 Staff costs

	2001 £000	2000 £000
Staff costs including directors:		
Wages and salaries	3,947	2,944
Social security costs	361	289
Other pension costs	105	11
	<hr/> 4,413	<hr/> 3,244

	Number of employees 2001	2000
Average number employed including directors:		
Office and Management	102	82
Assembly	71	57
	<hr/> 173	<hr/> 139

Directors' emoluments

	2001 £000	2000 £000
Emoluments (excluding pension contributions, but including benefits in kind)	117	172
Contributions to defined contribution pension scheme	5	2
	<hr/> 122	<hr/> 174

The Chairman and three other directors were paid by Heavy Machinery Group Holdings Limited for their services to the Group as a whole. It is not practicable to apportion their remuneration between the companies of which they are directors.

	Number 2001	Number 2000
Number of directors who are members of defined contribution pension scheme	<hr/> 2	<hr/> 3

No directors received awards under share option schemes or other long-term incentive schemes.

5 Interest receivable and similar income

	2001 £000	2000 £000
Bank interest receivable	121	111
Other	6	42
	<hr/> 127	<hr/> 153

Notes (continued)

6 Interest payable and similar charges

	2001 £000	2000 £000
Bank overdraft and short term loan interest	31	-
Interest on other loans	9	15
Interest to group undertakings	-	18
Finance charges on leased assets	2	35
Discounting bills of exchange	8	-
Interest to Inland Revenue	31	-
	<u>81</u>	<u>68</u>

7 Taxation

	2001 £000	2000 £000
UK corporation tax at 30% (2000: 31%)	1,165	401
Movement on deferred tax provision	(58)	(17)
Movement on deferred tax in respect of transferred subsidiaries	18	-
Under provision in respect of prior years	123	11
	<u>1,248</u>	<u>395</u>

8 Dividends

	2001 £000	2000 £000
First and final (£2.27 per share) (2000: £1.14 per share)	<u>3,064</u>	<u>1,542</u>

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold properties £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost/valuation							
At 1 July 2000	1,780	136	958	394	693	68	4,029
Additions	33	2	12	2	21	6	76
Group transfers	1,365	-	1,925	227	34	91	3,642
Disposals	(645)	-	(1,351)	-	(46)	-	(2,042)
At 30 June 2001	2,533	138	1,544	623	702	165	5,705
Depreciation							
At 1 July 2000	7	52	546	371	258	40	1,274
Charge for the year	17	20	136	17	97	9	296
Group transfers	4	-	1,268	175	33	87	1,567
Released on disposal	(4)	-	(844)	-	(28)	-	(876)
At 30 June 2001	24	72	1,106	563	360	136	2,261
Net book value							
At 30 June 2001	2,509	66	438	60	342	29	3,444
At 30 June 2000	1,773	84	412	23	435	28	2,755

The net book value of fixed assets includes £202,000 (2000: £599,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £60,000 (2000: £95,000).

The company's freehold land and buildings were valued at open market value on an existing use basis by Edward Rushton Son & Kenyon Limited, International Valuers and Surveyors on 29 November 1999 at a total of £1,830,000.

Notes (continued)

10 Investments held as current assets

	Trade investment £000
At 1 July 2000	15
Disposals	(15)
	<hr/>
At 30 June 2001	-
	<hr/> <hr/>

11 Stocks

	2001 £000	2000 £000
Work in progress	13	-
Finished goods and goods for resale	18,708	14,320
	<hr/>	<hr/>
	18,721	14,320
	<hr/> <hr/>	<hr/> <hr/>

12 Debtors

	2001 £000	2000 £000
Trade debtors	3,350	2,367
Amounts owed by group undertakings	434	2,121
Other debtors	-	12
Prepayments and accrued income	594	594
	<hr/>	<hr/>
	4,378	5,094
	<hr/> <hr/>	<hr/> <hr/>

Of the amounts owed by group undertakings £329,000 (2000: £909,000) is due after more than one year.

Notes (continued)

13 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Obligations under finance leases and hire purchase contracts	54	368
Trade creditors	24,498	21,477
Amounts owed to group undertakings	2,922	862
Corporation tax	1,209	84
Group relief payable	-	227
Other taxes and social security	538	635
Other creditors	803	520
Accruals and deferred income	830	799
	<u>30,854</u>	<u>24,972</u>

14 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Obligations under finance leases and hire purchase contracts		
Due 1-2 years	60	88
Due 2-5 years	105	222
	<u>165</u>	<u>310</u>

Obligations under finance leases and hire purchase contracts are secured on the related assets.

Notes (continued)

15 Provision for liabilities and charges

Deferred taxation	Provided		Not provided	
	2001 £000	2000 £000	2001 £000	2000 £000
Accelerated capital allowances	-	58	-	-

The movement in the deferred tax provision is shown in note 7.

16 Share capital

	2001 £000	2000 £000
<i>Authorised</i>		
1,350,000 ordinary shares of £1	1,350	1,350
<i>Called up, allotted and fully paid</i>		
1,350,000 ordinary shares of £1	1,350	1,350

17 Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2000	584	1,213
Profit for the year	-	2,175
Dividends	-	(3,064)
	584	324
Realisation of revaluation reserve on sale of fixed asset	(234)	234
At 30 June 2001	350	558

Notes (continued)

18 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Profits for the year	2,175	936
Dividend	(3,064)	(1,542)
	<hr/>	<hr/>
Property revaluation	(889) -	(606) 336
	<hr/>	<hr/>
Net addition to shareholders' funds	(889)	(270)
Opening shareholders' funds	3,147	3,417
	<hr/>	<hr/>
Closing shareholders' funds	2,258	3,147
	<hr/>	<hr/>

19 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001 Land and buildings £000	Other £000	2000 Land and buildings £000	Other £000
Annual commitments under leases expiring:				
Within one year	22	-	-	4
Between two to five years	255	5	262	1
	<hr/>	<hr/>	<hr/>	<hr/>
	277	5	262	5
	<hr/>	<hr/>	<hr/>	<hr/>

20 Contingent liabilities

At 30 June 2001 the group had contingent liabilities in respect of potential commitments to repurchase machines from customers as follows:

	2001 £000	2000 £000
Within the next year	-	92
	<hr/>	<hr/>

These agreements were entered into under the normal course of business.

An unlimited bank guarantee exists between the company and its group members.

Notes (continued)

21 Pension scheme

Defined Contribution Plan

The company does not operate its own independent pension fund but participates in the Heavy Machinery Group defined contribution pension scheme, the Heavy Machinery Retirement and Death Benefit Scheme. 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 £55,117 (2000: £11,090). Contributions totalling £4,991 (2000: £1,144) were payable to the fund at the year end and are included in creditors.

Defined Benefit Plan

The company has guaranteed a defined benefit pension plan. The plan provides benefits, based on final pensionable salary, for certain employees. The assets of the plan are held in a separate fund administered by trustees. The scheme was originally held in relation to HM Rogers Limited, a fellow subsidiary whose trade, assets and liabilities were transferred to HM Plant Limited on 1 July 2000.

The scheme has been in a wind up position since 1996 and therefore there have been no contributions made since that date.

The pension cost relating to the plan is assessed in accordance with the advice of an independent qualified actuary. The latest actuarial valuation was carried out in July 1996. This was prior to the Pensions Act and in light of the scheme being wound up. The valuation suggested there was no funding deficit.

In view of the length of time from the latest valuation and the fact that under the projected unit method the current service cost will increase as the members of the scheme approach retirement, the directors have considered the likely pension costs relating to the scheme and accordingly provided £50,000 in this years accounts.

22 Ultimate parent company and controlling interest

The entire issued share capital of the company is held by Heavy Machinery Group Limited a company registered in England.

The ultimate parent undertaking as at 30 June 2001 is Heavy Machinery Construction Limited. This company is incorporated in England and Wales. The first accounting period of this company ends on 30 June 2002 and therefore no financial statements are available.

The highest company, in which the results of the Group are consolidated, is Heavy Machinery Group Holdings Limited. Copies of the group financial statements are available from the company secretary, Heavy Machinery Group Holdings Limited, 38 Castlefield Industrial Estate, Bridgwater, Somerset, TA6 4DH.

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.