**HM Plant Limited**

# Directors' report and financial statements

Registered number 1082975

31 December 2005

# Contents

# Company information

**Directors**

| | |
|---|---|
| JJ Jones | (Chairman) |
| SR Hanney | (Deceased 13 September 2005) |
| SF Howard | |
| DA Hearne | |
| DN Hopkins | (Resigned 18 January 2005) |
| AJ Raine | |
| BJ Warren | |

**Secretary**
AJ Raine

**Auditors**
KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

**Registered Office**
Monkton Business Park North
Hebburn
Tyne and Wear
NE31 2JZ

**Solicitors**
Addleshaw Goddard
Sovereign House
PO Box 8
Sovereign Street
Leeds
LS1 1HQ

**Bankers**
Barclays Bank plc
54 Lombard Street
London
EC3P 3AH

# Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2005.

**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 after tax was £2,904,000 *(2004: £3,016,000)*. A dividend of £2,561,000 *(2004: £2,167,000)* was paid during the year.

The results of the company are set out on page 6.

**Review of the business and future prospects**

The directors consider the performance of the company to be satisfactory.

**Political and charitable contributions**

The company made no political contributions during the year. Donations to UK charities amounted to £29,000 *(2004: £28,000)*.

**Directors and their interests**

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

| | |
|---|---|
| JJ Jones | (Chairman) |
| SR Hanney | (Deceased 13 September 2005) |
| SF Howard | |
| DA Hearne | |
| DN Hopkins | (Resigned 18 January 2005) |
| AJ Raine | |
| BJ Warren | |

It is with great regret that the directors report the sad loss of Mr Steven Hanney (Group Finance Director) who died on 13 September 2005.

No director had any interest in the share capital of the company at either the beginning or end of the year.

Messrs JJ Jones, SF Howard and DA Hearne are directors of the ultimate parent company, Heavy Construction Machinery Limited, and their interests in the shares and loan notes of group companies are disclosed in that company's financial statements. AJ Raine and BJ Warren are not directors of the ultimate parent company and they both held 19,622 £0.01 ordinary shares in Heavy Construction Machinery Limited at both the beginning and end of the year.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**AJ Raine**
*Director*

Monkton Business Park North
Hebburn
Tyne & Wear
NE31 2JZ

27/10/2006

## 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 they 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.

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

# 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 December 2005 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**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 other transactions is not disclosed.

**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 HM Plant 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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

**KPMG LLP**
*Chartered Accountants*
*Registered Auditor*

27 October 2006

# Profit and loss account

*for the year ended 31 December 2005*

| | Note | Year ended 31 December 2005 £000 | Year ended 31 December 2004 £000 |
|---|---|---|---|
| **Turnover** | 2 | 103,950 | 99,561 |
| Cost of sales | | (92,806) | (89,291) |
| **Gross profit** | | 11,144 | 10,270 |
| Administrative expenses | | (5,027) | (5,988) |
| Distribution costs | | (2,043) | (2,262) |
| **Operating profit** | | 4,074 | 2,020 |
| Analysed as: | | | |
| **Operating profit before exceptional expenses** | | 4,074 | 2,530 |
| Exceptional administrative expenses | 3 | - | (510) |
| **Operating profit** | | 4,074 | 2,020 |
| Profit on sale of tangible fixed assets | | 163 | 1,568 |
| Interest receivable and similar income | 5 | 190 | 210 |
| Interest payable and similar charges | 6 | (30) | - |
| **Profit on ordinary activities before taxation** | 3-4 | 4,397 | 3,798 |
| Tax on profit on ordinary activities | 7 | (1,493) | (782) |
| **Profit for the financial year** | | 2,904 | 3,016 |

There were no recognised gains or losses for either financial year other than those included above.
All results arose from continuing activities.

# Note of historical cost profits and losses

*for the year ended 31 December 2005*

| | £000 | £000 |
|---|---|---|
| Reported profit on ordinary activities before taxation | 4,397 | 3,798 |
| Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount | 1 | 4 |
| Realisation of property revaluation gains of previous years | 65 | 223 |
| **Historical cost profit on ordinary activities before taxation** | 4,463 | 4,025 |
| **Historical cost profit for the year retained after taxation** | 2,970 | 3,243 |

## Balance sheet
*at 31 December 2005*

| | Note | 31 December 2005 £000 | 31 December 2005 £000 | 31 December 2004 £000 | 31 December 2004 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | *9* | | **4,378** | | 4,750 |
| **Current assets** | | | | | |
| Stocks | *10* | **9,372** | | 13,507 | |
| Debtors | *11* | **17,678** | | 17,450 | |
| Cash at bank and in hand | | **3,195** | | 5,880 | |
| | | **30,245** | | 36,837 | |
| **Creditors:** amounts falling due within one year | *12* | **(31,381)** | | (38,779) | |
| **Net current liabilities** | | | **(1,136)** | | (1,942) |
| **Total assets less current liabilities** | | | **3,242** | | 2,808 |
| **Provisions for liabilities and charges** | *13* | | **(162)** | | (71) |
| **Net assets** | | | **3,080** | | 2,737 |
| **Capital and reserves** | | | | | |
| Called up share capital | *14* | | **1,350** | | 1,350 |
| Revaluation reserve | *15* | | **45** | | 111 |
| Profit and loss account | *15* | | **1,685** | | 1,276 |
| **Shareholders' funds** | *16* | | **3,080** | | 2,737 |

These financial statements were approved by the board of directors on 27 October 2006 and were signed on its behalf by:

**AJ Raine**
*Director*

# 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.

In these financial statements, the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'

The adoption of these standards has had no material effect on the company.

***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain fixed assets. The company has applied the transitional rules contained in FRS15 *Tangible fixed assets* to retain previous valuations as the basis on which certain of these assets are held.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements.

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

As the company is a wholly owned subsidiary of Heavy Construction Machinery Limited, the company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Heavy Construction Machinery Limited, within which the company is included, can be obtained from the registered office.

***Fixed assets and 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, less the estimated residual value, of each asset over its expected useful life as follows:

| | | |
|---|---|---|
| Freehold buildings | - | 66 years straight line |
| Short leasehold buildings | - | The remaining term of the lease straight line |
| Plant and equipment | - | 3 to 10 years straight line |
| Fixtures and fittings | - | 10 years straight line |
| Motor vehicles | - | 4 years straight line |
| Computers | - | 5 years straight line |

***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.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***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.

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.

***Pension costs***

The company contributes to the Heavy Machinery Group group personal pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

***Foreign exchange***

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transaction. Monetary assets and liabilities are translated into sterling at the rates ruling at the balance sheet date, the differences arising being taken to the profit and loss account.

***Leases and hire purchase***

Assets held under finance leases are capitalised at their fair value on the inception of the agreement and depreciated over their estimated useful lives. The capital element of future payments is included under creditors. Interest is calculated and charged on a reducing balance basis.

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

***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.

***Classification of financial instruments issued by the Company***

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

# Notes *(continued)*

## 2 Turnover

Turnover represents the amount derived from the provision 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 of despatch for machines.

An analysis of turnover by geographical market is given below:

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| United Kingdom | **95,257** | 90,234 |
| Other European Countries | **8,569** | 8,872 |
| Other | **124** | 455 |
| | **103,950** | 99,561 |

## 3 Profit on ordinary activities before taxation

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| ***Profit on ordinary activities before taxation is stated after charging/(crediting)*** | | |
| Auditors' remuneration – audit fees | **46** | 35 |
| Depreciation on owned assets | **180** | 175 |
| Operating lease charges - land and buildings | **208** | 299 |
| - other | **417** | 456 |
| Gains on foreign exchange | **(228)** | (261) |

In September 2004 the company relocated its head office and main distribution outlets to Tyne and Wear, incurring redundancy and relocation expenses of £510,000, which were disclosed as exceptional administrative costs for the year.

# Notes *(continued)*

## 4 Staff numbers, staff costs and directors' emoluments

| | Number of employees | |
|---|---|---|
| | **Year ended 31 December 2005** | Year ended 31 December 2004 |
| Average number employed including directors: | | |
| Office and management | **79** | 92 |
| Assembly | **58** | 59 |
| | **137** | 151 |

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| Staff costs including directors: | | |
| Wages and salaries | **3,207** | 4,073 |
| Social security costs | **405** | 348 |
| Other pension costs (note 19) | **47** | 48 |
| | **3,659** | 4,469 |

**Directors' emoluments**

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| Emoluments | **-** | 153 |
| Contributions to group personal pension schemes | **-** | 14 |
| | **-** | 167 |
| Number of directors who are members of a group personal pension scheme | **-** | 2 |

The Chairman and the 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.

# Notes *(continued)*

## 5 Interest receivable and similar income

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| Bank interest receivable | **190** | 210 |

## 6 Interest payable and similar charges

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| Interest on late payment of corporation tax | **30** | - |

## 7 Taxation

| | **Year ended 31 December 2005** | | Year ended 31 December 2004 | |
|---|---|---|---|---|
| | **£000** | **£000** | £000 | £000 |
| ***UK corporation tax*** | | | | |
| UK corporation tax at 30% (*2004: 30%*) | **1,390** | | 711 | |
| Adjustments in respect of prior periods | **12** | | - | |
| **Total current tax charge** | | **1,402** | | 711 |
| *Deferred tax* (see note 13) | | | | |
| Origination of timing differences | **91** | | 78 | |
| Adjustments in respect of prior periods | **-** | | (7) | |
| **Total deferred tax** | | **91** | | 71 |
| **Tax on profit on ordinary activities** | | **1,493** | | 782 |

## Notes *(continued)*

### 7 Taxation *(continued)*

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher *(2004: lower)* than the standard rate of corporation tax in the UK (30%, *2004: 30%*). The differences are explained below:

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| *Current tax reconciliation* | | |
| Profit on ordinary activities before tax | **4,397** | 3,798 |
| Current tax at 30% *(2004: 30%)* | **1,319** | 1,139 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **134** | 93 |
| Gains rolled over on disposal of properties | **(17)** | (443) |
| Capital allowances in excess of depreciation | **(46)** | (83) |
| Other timing differences | **-** | 5 |
| Adjustments to tax charge in respect of previous periods | **12** | - |
| Total current tax charge (see above) | **1,402** | 711 |

### 8 Dividends

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| Dividends paid on ordinary shares during year | **2,561** | 2,167 |

# 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 or valuation*** | | | | | | | |
| At 1 January 2005 | 3,954 | 61 | 1,473 | 730 | 109 | 367 | 6,694 |
| Additions | - | - | 4 | 54 | - | 30 | 88 |
| Disposals | (277) | (36) | (84) | - | (22) | - | (419) |
| At 31 December 2005 | 3,677 | 25 | 1,393 | 784 | 87 | 397 | 6,363 |
| ***Depreciation*** | | | | | | | |
| At 1 January 2005 | 20 | 38 | 1,013 | 596 | 101 | 176 | 1,944 |
| Charge for the year | 45 | 2 | 61 | 22 | 3 | 47 | 180 |
| Released on disposal | (9) | (36) | (74) | - | (20) | - | (139) |
| At 31 December 2005 | 56 | 4 | 1,000 | 618 | 84 | 223 | 1,985 |
| ***Net book value*** | | | | | | | |
| **At 31 December 2005** | **3,621** | **21** | **393** | **166** | **3** | **174** | **4,378** |
| At 31 December 2004 | 3,934 | 23 | 460 | 134 | 8 | 191 | 4,750 |

The net book value of fixed assets includes £nil *(2004: £nil)* in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £nil *(2004: £nil)*.

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 Tangible Fixed Assets:

| | **2005 £000** | 2004 £000 |
|---|---|---|
| **Land and buildings** | | |
| At 1999 valuation | **220** | 480 |
| Aggregation depreciation thereon | **(8)** | (14) |
| Net book value | **212** | 466 |
| Historical cost of revalued assets | **179** | 379 |
| Aggregate depreciation based on historical cost | **(12)** | (24) |
| Historical cost net book value | **167** | 355 |

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.

## Notes *(continued)*

### 10 Stocks

| | **31 December 2005 £000** | 31 December 2004 £000 |
|---|---|---|
| Work in progress | **87** | 206 |
| Finished goods and goods for resale | **9,285** | 13,301 |
| | **9,372** | 13,507 |

### 11 Debtors

| | **31 December 2005 £000** | 31 December 2004 £000 |
|---|---|---|
| Trade debtors | **6,692** | 8,798 |
| Amounts owed by group undertakings | **10,383** | 8,107 |
| Other debtors | **80** | 58 |
| Prepayments and accrued income | **523** | 487 |
| | **17,678** | 17,450 |

### 12 Creditors: amounts falling due within one year

| | **31 December 2005 £000** | 31 December 2004 £000 |
|---|---|---|
| Trade creditors | **25,539** | 31,989 |
| Amounts owed to group undertakings | **3,020** | 3,676 |
| Corporation tax | **925** | 447 |
| Other taxes and social security | **739** | 835 |
| Other creditors | **761** | 858 |
| Accruals and deferred income | **397** | 974 |
| | **31,381** | 38,779 |

# Notes *(continued)*

## 13 Provisions for liabilities and charges

| | Deferred tax £000 |
|---|---|
| At beginning of year | 71 |
| Charge to the profit and loss for the year | 91 |
| At end of year | 162 |

The elements of the deferred tax liability are as follows:

| | **31 December 2005 £000** | 31 December 2004 £000 |
|---|---|---|
| Difference between accumulated depreciation and capital allowances | **153** | 78 |
| Other timing differences | **9** | (7) |
| Deferred tax liability | **162** | 71 |

A deferred tax liability of £558,443 *(2004: £520,675)* in respect of rolled over gains of £1,861,478 *(2004: £1,735,585)* has not been recognised.

## 14 Share capital

| | **31 December 2005 £000** | 31 December 2004 £000 |
|---|---|---|
| ***Authorised*** | | |
| 1,350,000 ordinary shares of £1 | **1,350** | 1,350 |
| ***Called up, allotted and fully paid*** | | |
| 1,350,000 ordinary shares of £1 | **1,350** | 1,350 |

## 15 Reserves

| | **Revaluation reserve £000** | **Profit and loss account £000** |
|---|---|---|
| At beginning of year | 111 | 1,276 |
| Profit for the financial year | - | 2,904 |
| Dividends on shares classified in shareholders' funds | - | (2,561) |
| Transfer | (66) | 66 |
| At end of year | 45 | 1,685 |

# Notes *(continued)*

## 16 Reconciliation of movements in shareholders' funds

| | **Year ended 31 December 2005 £000** | Year ended 31 December 2004 £000 |
|---|---|---|
| **Profit for the financial year** | **2,904** | 3,016 |
| Dividends | **(2,561)** | (2,167) |
| **Net addition to shareholders' funds** | **343** | 849 |
| Opening shareholders' funds | **2,737** | 1,888 |
| **Closing shareholders' funds** | **3,080** | 2,737 |

## 17 Operating lease commitments

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

| | **31 December 2005** | | 31 December 2004 | |
|---|---|---|---|---|
| | **Land and buildings £000** | **Other £000** | Land and buildings £000 | Other £000 |
| Annual commitments under leases expiring: | | | | |
| Within one year | **15** | **1** | 16 | - |
| Between two to five years | **117** | **24** | 132 | 5 |
| Over five years | **116** | **-** | 64 | - |
| | **248** | **25** | 212 | 5 |

## 18 Contingent liabilities

An unlimited bank guarantee exists between the company and its group members. The net amount outstanding at the year end was £nil *(2004: £nil).*

The group has a one year rolling loan facility with UFJ Bank Nederland N.V that is repayable on demand. There are no fixed repayment terms and the facility is guaranteed by Hitachi Construction Machinery (Europe) N.V until 30 April 2011. Interest is payable at LIBOR plus 0.5% per annum.

During 2002, the former joint venture between Hitachi and Fiat-Hitachi ceased. HM Plant Limited was the UK dealer for Fiat-Hitachi machines. Fiat-Kobelco subsequently claimed breach of contract by HM Plant Limited. The case reached the High Court in December 2003 and Fiat-Kobelco was ordered to settle HM Plant Limited's legal costs. Fiat-Kobelco sought arbitration in their claim for damages. This has taken place, but a final decision has not yet been reached. The directors consider the case for HM Plant Limited to be strong but have decided that further disclosure would seriously prejudice the company's position in respect of this case. In the opinion of the directors no material loss is expected to crystallize from this issue.

# Notes *(continued)*

## 19 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 £47,041 *(2004: £48,000)*. Contributions totalling £5,835 (*2004: £13,000*) were payable to the fund at the year end and are included in creditors.

## 20 Ultimate parent company and controlling interest

The ultimate parent undertaking at the end of the year is Heavy Construction Machinery Limited.

The only group in which the results of the Group are consolidated is that headed by Heavy Construction Machinery Limited. Copies of the group financial statements are available from the company secretary, Heavy Construction Machinery Limited, Unit 5, Monkton Business Park North, Hebburn, Tyne & Wear, NE31 2JZ.