

**21. Property, plant and equipment**

	Land and buildings \$ million	Plant, equipment and vehicles \$ million	Assets under construction \$ million	Total \$ million
<b>Cost</b>				
As at 30 December 2006	689.9	2,381.1	82.8	3,153.8
Additions	5.8	55.4	161.7	222.9
Acquisition of subsidiaries	1.2	5.8	–	7.0
Disposal of subsidiaries	–	(6.0)	–	(6.0)
Transfer from assets under construction	14.0	130.7	(144.7)	–
Transfer to assets held for sale	(13.4)	(74.2)	–	(87.6)
Disposals	(27.8)	(87.8)	(1.2)	(116.8)
Foreign currency translation	29.8	158.7	6.0	194.5
As at 29 December 2007	699.5	2,563.7	104.6	3,367.8
Additions	11.2	42.6	126.8	180.6
Acquisition of subsidiaries	5.8	3.4	–	9.2
Disposal of subsidiaries	–	(0.2)	–	(0.2)
Transfer from assets under construction	16.1	132.5	(148.6)	–
Transfer from assets held for sale	6.2	–	–	6.2
Disposals	(6.1)	(90.4)	(1.4)	(97.9)
Foreign currency translation	(41.3)	(237.8)	(6.0)	(285.1)
<b>As at 3 January 2009</b>	<b>691.4</b>	<b>2,413.8</b>	<b>75.4</b>	<b>3,180.6</b>
<b>Accumulated depreciation and impairment</b>				
As at 30 December 2006	241.5	1,552.1	–	1,793.6
Depreciation charge for the period	22.2	193.7	–	215.9
Disposal of subsidiaries	–	(3.8)	–	(3.8)
Transfer to assets held for sale	(6.8)	(57.0)	–	(63.8)
Disposals	(13.0)	(78.2)	–	(91.2)
Foreign currency translation	9.0	93.7	–	102.7
As at 29 December 2007	252.9	1,700.5	–	1,953.4
Depreciation charge for the period	22.9	180.2	–	203.1
Disposal of subsidiaries	–	(0.1)	–	(0.1)
Transfer from assets held for sale	3.5	–	–	3.5
Disposals	(3.6)	(83.9)	–	(87.5)
Impairments	10.1	103.7	–	113.8
Foreign currency translation	(10.7)	(162.2)	–	(172.9)
<b>As at 3 January 2009</b>	<b>275.1</b>	<b>1,738.2</b>	<b>–</b>	<b>2,013.3</b>
<b>Carrying amount</b>				
As at 29 December 2007	446.6	863.2	104.6	1,414.4
<b>As at 3 January 2009</b>	<b>416.3</b>	<b>675.6</b>	<b>75.4</b>	<b>1,167.3</b>

During 2008, against the background of the weakness of the Group's end markets, particularly the automotive original equipment markets in North America and Europe and the residential construction market in North America, management reviewed the recoverability of the assets of the Group's businesses that are exposed to those markets. As a result of that review, the following impairments, totalling \$113.8 million, were recognised in relation to property, plant and equipment:

- (i) \$65.9 million on the assets of Stackpole, that was based on the value in use of the business determined by applying a pre-tax discount rate of 11.7%;
- (ii) \$16.8 million on the assets of Gates' pulley and tensioners manufacturing facility at London, Ontario in Canada, that was based on fair value less costs to sell (subsequent to the year end, management announced its intention to close the facility);
- (iii) \$11.0 million on the assets of Philips Products Inc., which manufactures doors, windows and ventilating devices in the US, that was based on fair value less costs to sell; and
- (iv) \$20.1 million, principally on the assets of businesses in Europe (none of these impairments was individually significant).

Impairments recognised during the year are analysed by operating segment in note 6.

Where the impairment was based on fair value less costs to sell, fair value was based either on indicative offers made by potential acquirers of the business concerned or on the estimated current market values of the individual assets.

## Notes to the financial statements (continued)

### 21. Property, plant and equipment (continued)

Land and buildings include freehold land with a carrying value of \$63.5 million (29 December 2007: \$68.0 million) that is not depreciated.

As at 3 January 2009, the carrying amount of property, plant and equipment included \$9.9 million (29 December 2007: \$12.6 million) in respect of assets held under finance leases. The Group's obligations under finance leases, which are analysed in note 30, are secured by a lessor's charge over the leased assets.

### 22. Investments in associates

	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
<b>Carrying amount</b>			
At the beginning of the period	17.7	13.7	7.6
Share of (loss)/profit of associates	(2.1)	0.8	2.8
Dividends received from associates	(0.6)	(1.4)	(0.6)
	15.0	13.1	9.8
Additions	10.4	3.8	3.5
Disposals	(1.9)	–	–
Foreign currency translation	(3.2)	0.8	0.4
At the end of the period	20.3	17.7	13.7

Details of the Group's principal associates are set out on page 152.

Segment analysis of the Group's investments in associates and of its share of associates' (loss)/profit for the period:

	Investments in associates		Share of (loss)/profit of associates		
	As at 3 January 2009 \$ million	As at 29 December 2007 \$ million	Year ended 3 January 2009 \$ million	Year ended 29 December 2007 \$ million	Year ended 30 December 2006 \$ million
<b>By operating segment</b>					
Industrial & Automotive:					
– Power Transmission	13.0	7.0	(2.9)	–	(0.2)
– Fluid Systems	3.8	6.3	0.7	0.6	2.6
– Other Industrial & Automotive	0.5	0.6	0.2	0.2	0.4
	17.3	13.9	(2.0)	0.8	2.8
Building Products:					
– Air Systems Components	3.0	3.8	(0.1)	–	–
	20.3	17.7	(2.1)	0.8	2.8
<b>By location</b>					
US	3.4	3.4			
Rest of the world	16.9	14.3			
	20.3	17.7			

In 2008, the aggregate sales of the Group's associates were \$232.3 million (2007: \$174.2 million) and their aggregate loss for the period was \$11.5 million (2007: profit of \$2.6 million).

As at 3 January 2009, the aggregate total assets of the Group's associates was \$117.0 million (29 December 2007: \$78.9 million) and the aggregate total of their liabilities was \$51.7 million (29 December 2007: \$41.3 million).

Schrader Duncan Limited, an associate in which the Group owns a 50% interest, is listed on the Mumbai Stock Exchange.

As at 3 January 2009, the fair value of the Group's investment based on the quoted market price of the associate's shares was \$3.1 million (29 December 2007: \$12.8 million).