

**Speedy Hire Centres (Southern) Limited**

**Directors' report and financial  
statements**

**Registered number 1105942**

**30 March 2003**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 March 2003.

### Principal activities and review of business

*The principal activity of the company during the year was the hire, sale, repair and maintenance of small tools and equipment.*

The directors plan to continue with the management policies which have led to the satisfactory result achieved in the year.

### Results and dividends

The results for the year are set out in the profit and loss account on page 6.

The profit on the ordinary activities of the company before taxation amounted to £4,907,000 (2002: £4,344,000). After deducting taxation and dividends, the profit for the year of £1,297,000 (2002: loss £2,357,000) has been transferred to reserves.

### Directors and their interests

The directors, none of whom has beneficial interests in the shares of the company, who served during the year were as follows:

JE Brown  
 SJ Corcoran  
 NC O'Brien  
 R Hall-Roberts  
 AK Bultitude (resigned 3 April 2003)  
 CA Warbey  
 M Turnbull (resigned 3 April 2002)  
 BW Maclean (resigned 1 May 2003)  
 RJ Ellam  
 PM Buchan  
 DE Martin

The company is a wholly-owned subsidiary of Speedy Hire Plc and the interests in the share capital of the holding company of Mr JE Brown, Mr SJ Corcoran and Mr NC O'Brien who are directors of that company are disclosed in its annual report and accounts.

The interests of the other directors in the ordinary share capital of the holding company, Speedy Hire Plc, were as follows:

	2003	2002
R Hall-Roberts	3,229	-
AK Bultitude	-	-
CA Warbey	-	-
BW Maclean	-	10,231
RJ Ellam	-	-
PM Buchan	-	-
DE Martin	-	-

## **Directors' report** *(continued)*

### **Share options**

The Allen Plc Savings Related Share Option Scheme ("the SAYE scheme") was founded on 29 July 1998 and approved by the Board of Inland Revenue on 20 October 1998 and was available to all employees eligible at that time, which was the majority of employees.

The directors below have each taken up membership of the SAYE scheme and the projected number of ordinary shares in Speedy Hire Plc which they would be entitled to purchase at the end of the relevant pre-determined period is set out below:

	Entitlement 2002	Exercised in year	Lapsed in year	Entitlement 2003
R Hall-Roberts	3,229	(3,229)	-	-

### **Creditor payment policy and practice**

It is the company's policy to make suppliers aware of the terms and conditions upon which the company will trade with them and abide by those terms. Trade creditor payment days, as defined by Part VI of Schedule 7 to the Companies Act 1985 were 56 days (2002: 48 days).

### **Employees and disabled persons**

The company recognises its responsibilities towards disabled persons and gives full and fair consideration to applicants in positions suited to their own particular abilities where appropriate openings exist. Where employees become disabled in the course of their employment, every effort is made to provide them with continuing employment.

### **Equal opportunities**

In the recruitment of staff and their future career development, individuals are considered having regard to their aptitudes and abilities, irrespective of race, sex, marital status or disability.

### **Employee involvement**

The company aims to achieve a shared commitment from all employees to the success of the business in which they are employed. The responsibility for achieving this is devolved to local management and the nature and form of the arrangements for achieving the objective vary considerably throughout the company.

## **Directors' report** *(continued)*

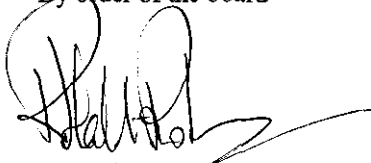
### **Environmental issues**

The company has continued to follow policies and procedures that take account of the need to preserve and protect the environment.

### **Auditors**

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

By order of the board



**Mr R Hall-Roberts**  
*Secretary*

Chase House  
16 The Parks  
Newton le Willows  
Merseyside  
WA12 0JQ

*31 August 2003*

## **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.



## KPMG Audit Plc

St James' Square  
Manchester M2 6DS  
United Kingdom

### **Independent auditors report to the members of Speedy Hire Centres (Southern) Limited**

We have audited the financial statements on pages 6 to 18.

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

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, 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 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*  
**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*31 August 2003*

**Profit and loss account**  
*for the year ended 30 March 2003*

	<i>Note</i>	<b>2003</b> <b>£000</b>	Restated 2002 £000
<b>Turnover</b>	<i>1,2</i>	<b>42,879</b>	38,030
Cost of sales	<i>2</i>	<b>(11,594)</b>	(9,262)
<b>Gross profit</b>		<b>31,285</b>	28,768
Distribution costs	<i>2</i>	<b>(6,006)</b>	(4,964)
Administrative expenses	<i>2</i>	<b>(19,966)</b>	(19,013)
<b>Operating profit</b>		<b>5,313</b>	4,791
Interest receivable and similar income	<i>5</i>	<b>103</b>	238
Interest payable and similar charges	<i>6</i>	<b>(509)</b>	(685)
<b>Profit on ordinary activities before taxation</b>	<i>3</i>	<b>4,907</b>	4,344
Tax on profit on ordinary activities	<i>7</i>	<b>(1,610)</b>	(701)
<b>Profit for the financial year</b>		<b>3,297</b>	3,643
Dividends proposed	<i>8</i>	<b>(2,000)</b>	(6,000)
<b>Retained profit/(loss) for the year</b>	<i>18</i>	<b>1,297</b>	(2,357)
Retained profit brought forward		<b>10,500</b>	12,857
<b>Retained profit carried forward</b>		<b>11,797</b>	10,500

All amounts relate to continuing activities.

All profits or losses have been accounted for on an historical cost basis.

The company has no recognised gains and losses in the year other than those reported above.



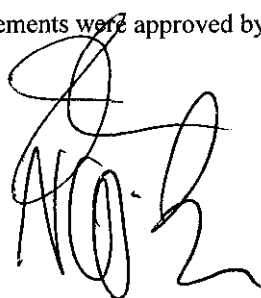
**Balance sheet**  
*at 30 March 2003*

	<i>Note</i>	<b>2003 £000</b>	<b>2003 £000</b>	<b>2002 £000</b>	<b>2002 £000</b>
<b>Fixed assets</b>					
Intangible assets	9		3,762		4,406
Tangible assets	10		29,748		30,253
			<hr/>		<hr/>
			33,510		34,659
<b>Current assets</b>					
Stocks	11	1,349		1,438	
Debtors	12	11,581		11,922	
Cash at bank		6,604		8,311	
		<hr/>		<hr/>	
		19,534		21,671	
<b>Creditors: amounts falling due within one year</b>	13	(29,443)		(33,376)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(9,909)		(11,705)
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			23,601		22,954
<b>Creditors: amounts falling due after more than one year</b>	14		(4,994)		(5,343)
<b>Provisions for liabilities and charges</b>	16		(2,184)		(2,485)
			<hr/>		<hr/>
<b>Net assets</b>			16,423		15,126
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Share capital	17		4,626		4,626
Profit and loss account			11,797		10,500
			<hr/>		<hr/>
<b>Equity shareholders' funds</b>	18		16,423		15,126
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31 August 2003 and were signed on its behalf by:

Mr JE Brown

Mr NC O'Brien  
Directors



## 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.

#### ***Basis of preparation***

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

Turnover, cost of sales and operating expense categories have been reclassified. The comparative information has been restated accordingly. Further details are given in note 2.

#### ***Turnover***

Turnover is wholly derived from activities within the UK and represents the invoiced amount of assets hired and goods sold less returns and allowances, excluding value added tax and excluding invoices for lost equipment.

#### ***Hire depot costs***

Legal and start up costs in respect of new hire depots are written off as incurred.

#### ***Cash flow statement***

Under Financial Reporting Standard 1 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 published consolidated financial statements.

#### ***Goodwill***

The excess of the fair value of purchase consideration over the fair value of net assets at the date of acquisition of businesses is capitalised in the year of acquisition and amortised over its useful economic life. The useful economic life is determined on a case by case basis and ranges from 5 to 10 years.

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided so as to write off the cost of the assets over their expected useful economic lives after taking account of estimated residual values. Tool hire equipment fixed assets which are not capable of individual identification (non-itemised plant) are depreciated so as to write them down to their residual values over their normal working lives which range from three to seven years depending on the category of asset. Losses and disposals of such assets are accounted for on a FIFO basis.

The principal annual rates and methods used are:

Leasehold buildings	Over the period of the lease
Hire equipment	3 – 7 years straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	25-45% reducing balance

#### ***Rebates***

Customer volume rebates are charged to the profit and loss account in the year in which they are incurred. Supplier rebates are credited over the life of the asset acquired.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### ***Leasing and hire-purchase***

Certain tangible fixed assets are held under financing arrangements. These assets are included in the balance sheet and are depreciated accordingly. The capital element of the corresponding financing commitment is included in the balance sheet. The finance element of instalments is charged to the profit and loss account in proportion to the reducing capital element outstanding. All other leases held are operating leases and the rentals are charged to the profit and loss account as incurred.

#### ***Stocks***

Stocks are valued at the lower of the cost and net realisable value.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided under the liability method at the appropriate rate of tax in respect of timing differences between the profits as computed for tax purposes and profits as stated in the financial statements after discounting at an appropriate discount rate.

#### ***Pensions***

The company makes contributions for certain employees to personal pension schemes. The pension charge represents contributions payable by the company during the year.

#### ***Related party transactions***

The directors have taken advantage of the exemptions from the disclosures of related party transactions with other group companies as permitted by paragraph 3 of Financial Reporting Standards 8 – "Related Party Disclosures".

### **2**      **Turnover, cost of sales and operating expenses**

Turnover, cost of sales and operating expense categories have been reclassified to ensure a consistent classification of items within the Speedy Hire Plc Group. The Directors consider that the revised basis provides a more accurate reflection of the nature of costs incurred in the business.

The comparative information has been restated accordingly. The effect of the reclassification is to increase gross profit and administrative expenses by £959,000 and £3,167,000 respectively and to decrease distribution costs by £2,208,000. There is no overall effect on operating profit.

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2003 £000	2002 £000
<i>Profit on ordinary activities before taxation is stated after charging / (crediting):</i>		
Depreciation of tangible fixed assets:		
Owned assets	2,328	2,569
Assets held under hire purchase contracts and finance leases	3,793	2,717
Amortisation of intangible fixed assets	644	125
Profit on disposal of fixed assets	(1,843)	(1,282)
Auditors' remuneration	24	24
Operating lease rentals – land and buildings	1,776	1,505
Operating lease rentals – other	2,046	2,089

Profits on disposal of hire equipment are included within operating profit as they result from routine disposal of hire equipment and are no more than adjustments to depreciation previously charged.

### 4 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2003 £000	2002 £000
Wages and salaries	9,635	11,610
Social security costs	934	981
Other pension costs	12	12
	<u>10,581</u>	<u>12,603</u>

The average weekly number of employees, including directors, during the year was as follows:

	2003	2002
Management and administration	81	83
Selling and distribution	398	559
	<u>479</u>	<u>642</u>

#### Directors' remuneration

	2003 £000	2002 £000
Aggregate emoluments	<u>740</u>	<u>774</u>
	<u>2003 £000</u>	<u>2002 £000</u>
Highest paid director: Aggregate emoluments	<u>196</u>	<u>200</u>

**Notes** *(continued)*

**5 Interest receivable and similar income**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	<b>103</b>	238
	<u>103</u>	<u>238</u>

**6 Interest payable and similar charges**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Sundry interest payable	<b>5</b>	-
Finance charges payable in respect of finance leases and hire purchase contracts	<b>504</b>	685
	<u>509</u>	<u>685</u>

**Notes (continued)**

**7 Taxation**

	2003 £000	2003 £000	2002 £000	2002 £000
<i>Current tax</i>				
UK corporation tax at 30% (2002: 30%)	2,187		613	
Adjustments in respect of prior periods	(276)		-	
	<hr/>		<hr/>	
Total current tax		1,911		613
<i>Deferred tax</i>				
Origination and reversal of timing differences	(365)		827	
Adjustments in respect of prior periods	64		(739)	
	<hr/>		<hr/>	
Total deferred tax		(301)		88
		<hr/>		<hr/>
Total tax charge		1,610		701
		<hr/>		<hr/>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is different than the standard rate of corporation tax in the UK. The differences are explained below.

	2003 £000	2002 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,907	4,344
	<hr/>	<hr/>
Current tax at standard rate of 30% (2002: 30%)	1,472	1,303
<i>Effects of:</i>		
Capital allowances in excess of depreciation	629	(1,056)
Expenses not deductible for tax purposes	86	366
Adjustments in respect of prior periods	(276)	-
	<hr/>	<hr/>
Current tax charge (see above)	1,911	613
	<hr/>	<hr/>

## Notes (continued)

### 8 Dividends and other appropriations

	2003 £000	2002 £000
Equity shares:		
Final dividend proposed	2,000	6,000

### 9 Intangible fixed assets

	Goodwill £000
<b>Cost</b>	
At 1 April 2002 and 30 March 2003	4,573
<b>Amortisation</b>	
At 1 April 2002	167
Provided during the year	644
At 30 March 2003	811
<b>Net Book Value</b>	
At 30 March 2003	3,762
At 31 March 2002	4,406

The goodwill arose on the acquisition of Rapid Hire, Jacksons and Euroloo during 2001, and on the acquisition of certain trade and assets from Jewson Limited and Chichester Plant Contractors Limited during 2002.

## Notes (continued)

### 10 Tangible fixed assets

	Leasehold land and buildings	Plant, machinery and hire equipment	Motor vehicles	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2002	1,729	42,360	788	44,877
Additions	49	9,694	-	9,743
Disposals	-	(5,583)	(467)	(6,050)
Net transfers to and from group companies	(107)	(2,613)	(243)	(2,963)
At 30 March 2003	1,671	43,858	78	45,607
<b>Depreciation</b>				
At 1 April 2002	936	13,444	244	14,624
Charge for year	318	5,802	1	6,121
On disposals	-	(2,772)	(63)	(2,835)
Transfers to group companies	(76)	(1,813)	(162)	(2,051)
At 30 March 2003	1,178	14,661	20	15,859
<b>Net book value</b>				
At 30 March 2003	493	29,197	58	29,748
At 31 March 2002	793	28,916	544	30,253

Assets held under finance leases and hire purchase contracts have a net book value of £19,497,000 (2002: £16,311,000). Depreciation for the year on these assets was £3,793,000 (2002: £2,717,000).

### 11 Stocks

	2003 £000	2002 £000
Goods held for resale	1,349	1,438



**Notes (continued)**

**12 Debtors**

	2003 £000	2002 £000
Trade debtors	8,851	9,280
Amounts owed by group undertakings	1,852	1,626
Other debtors	677	662
Prepayments	201	354
	<u>11,581</u>	<u>11,922</u>

**13 Creditors: amounts falling due within one year**

	2003 £000	2002 £000
Obligations under finance leases and hire purchase contracts ( <i>note 15</i> )	6,323	5,526
Trade creditors	3,220	3,096
Amounts owed to group undertakings	12,714	11,991
Corporation tax	1,918	2,418
Other taxes and social security	754	816
Accruals	2,514	3,529
Proposed dividend	2,000	6,000
	<u>29,443</u>	<u>33,376</u>

**14 Creditors: amounts falling due after more than one year**

	2003 £000	2002 £000
Obligations under finance leases and hire purchase contracts ( <i>note 15</i> )	<u>4,994</u>	<u>5,343</u>

**Notes (continued)**

**15 Obligations under finance leases and hire purchase contracts**

	2003 £000	2002 £000
<i>Obligations under finance leases and hire purchase contracts are analysed between amounts payable:</i>		
Within one year	6,323	5,526
In the second to fifth years inclusive	4,994	5,343
	<u>11,317</u>	<u>10,869</u>

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

**16 Provisions**

The movements in provisions during the current and previous years are as follows:

	Deferred taxation 2003 £000	Deferred taxation 2002 £000
At beginning of year	2,485	2,397
Movement in the year	(301)	88
At end of year	<u>2,184</u>	<u>2,485</u>

The deferred taxation provision comprised:

	2003 £000	2002 £000
Accelerated capital allowances (undiscounted)	2,593	2,982
Short term timing differences	(219)	-
Discount	(190)	(497)
	<u>2,184</u>	<u>2,485</u>

## Notes (continued)

### 17 Called up share capital

	2003 Number	2002 Number
<i>Authorised</i>		
Equity shares		
4,665,000 Ordinary shares of £1 each	4,665,000	4,665,000
	<u>£000</u>	<u>£000</u>
<i>Allotted</i>		
Equity shares		
4,626,238 Allotted, called up and fully paid ordinary shares of £1 each	4,626	4,626
	<u></u>	<u></u>

### 18 Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
<b>Profit for the financial year</b>	3,297	3,643
Dividends	(2,000)	(6,000)
<b>Net addition to/(reduction in) shareholders' funds</b>	1,297	(2,357)
Opening shareholders' funds	15,126	17,483
<b>Closing shareholders' funds</b>	16,423	15,126

### 19 Ultimate parent undertaking

The directors consider the ultimate parent company to be Speedy Hire Plc, which is the only undertaking that prepares group accounts including the financial statements of the company.

The consolidated group accounts are available from; the Company Secretary, Chase House, 16 The Parks, Newton le Willows, Merseyside, WA12 0JQ.

### 20 Control

As described in note 19, the company was under the immediate control of Speedy Hire Plc throughout this and the previous year.

## Notes (continued)

### 21 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2003 £000	2002 £000
Contracted	-	375

- (b) At 30 March 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	94	408	57	383
In the second to fifth years inclusive	499	1,124	533	1,423
Over five years	1,046	-	1,249	-
	<u>1,639</u>	<u>1,532</u>	<u>1,839</u>	<u>1,806</u>

### 22 Contingent liabilities

The company continues to have an unlimited cross guarantee in respect of the net bank borrowings of Speedy Hire Plc and a number of its subsidiaries. At 30 March 2003 such borrowings amounted to £10,651,000 (2002: £20,121,000).