
Speedy Hire Centres (Southern) Ltd

Financial Statements

for the year ended 28th March 1999



**LATHAMS
CHARTERED ACCOUNTANTS
CHORLEY**

Speedy Hire Centres (Southern) Ltd

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Speedy Hire Centres (Southern) Ltd

Directors' Report

for the year ended 28th March 1999

The directors submit their report together with the audited financial statements for the year ended 28th March 1999.

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 for that year. 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; 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 disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 1985. 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.

Results and Dividends

The profit on the ordinary activity of the company before taxation amounted to £4,374,408. After deducting taxation, the profit of £3,184,879 has been transferred to reserves.

The directors do not recommend the payment of a dividend.

Principal Activity and Business Review

The principal activity of the company is the hire, sale, repair and maintenance of small tools and equipment.

During the year, the trade and certain business assets of Actionweight Enterprises Limited and Hire Technicians Group Limited were acquired, as described in Note 16.

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

Speedy Hire Centres (Southern) Ltd

Directors' Report

for the year ended 28th March 1999

Directors

The directors, none of whom is beneficially interested in the shares of the company, who served during the year were as follows:

Mr S Corcoran
Mr J Brown
Mrs J Howard
Mr A K Bultitude
Mr R Stevens
Mr C Warbey
Mr M Turnbull
Mr B Gallihawk
Mr R Hall-Roberts (appointed 27th May 1998)

Share Options

The Allen plc Savings Related Share Option Scheme ("the SAYE scheme") was founded on 29th July 1998 and approved by the Board of Inland Revenue on 20th 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 shares which they would be entitled to purchase at the end of the relevant pre-determined period is set out below:

	Ordinary shares of £1 each	
	1999 No.	1998 No.
Mr S Corcoran	3,229	-
Mr J Brown	3,229	-
Mrs J Howard	3,229	-
Mr A K Bultitude	1,125	-
Mr R Stevens	3,229	-
Mr C Warbey	645	-
Mr M Turnbull	258	-
Mr B Gallihawk	2,583	-
Mr R Hall-Roberts	3,229	-

The above options were all granted during the year, and no options were exercised during the year.

The company is a wholly-owned subsidiary of Allen plc and the interests in shares of Mr J Brown who is a director of that company are disclosed in its directors' report. The other directors held share options and shares in Allen plc as follows:

	Ordinary shares of £1 each	
	28th March 1999 No.	30th March 1998 No.
Mr S Corcoran	600	600

Speedy Hire Centres (Southern) Ltd

Directors' Report

for the year ended 28th March 1999

Creditor Payment Policy and Practice

It is the group's policy to make suppliers aware of the terms and conditions upon which the group will trade with them and to abide by those terms. Trade creditor payment days, as defined by Part VI of Schedule 7 to the Companies Act 1985 were 61 days.

Employees and Disabled Persons

The group 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 group aims to achieve a shared commitment from all employees to the success of the business in which they are employed. As a result of the diversity of the group's constituent businesses and the devolution of responsibility to local management, the nature and form of the arrangements for achieving the objective vary considerably.

Environmental Issues

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

Share Capital

On the 26th March 1999, the authorised ordinary share capital of the company was increased by 2,565,000 shares to 4,665,000 ordinary shares of £1 each.

On the same day, 2,431,000 ordinary £1 shares were issued at par for cash and a bonus issue of 134,000 ordinary £1 shares was made.

Year 2000

The risks involved for computer and other digital storage systems have been well documented. The Group Finance Director regularly reports to the Board on progress on achieving Year 2000 compliance. An action plan has been implemented and has addressed as a priority those systems which could cause a significant financial or operational impact on the Group's business if they were to fail. The plan has also considered the impact on the Group's businesses of failure of our suppliers, whether of capital goods, services or utilities. Progress on implementing the plan is well advanced and remedial action is being taken as problems are identified. Costs are either capitalised or expensed to revenue as incurred. The Board does not anticipate any significant additional costs will be incurred in order to make the Group Year 2000 compliant.

Speedy Hire Centres (Southern) Ltd

Directors' Report

for the year ended 28th March 1999

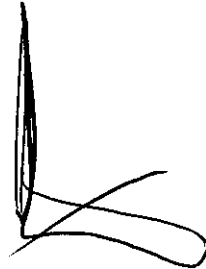
Auditors

The Auditors, Lathams (formerly Latham Crossley and Davis), Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

Mr S Corcoran, Director

Date: 21st June 1999

A handwritten signature in black ink, appearing to be 'S Corcoran', written over a faint horizontal line.

Speedy Hire Centres (Southern) Ltd

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 28th March 1999

We have audited the financial statements on pages 6 to 15, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 28th March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Lathams
Registered Auditors and
Chartered Accountants

Sumner House
St. Thomas's Road
Chorley
PR7 1HP

Date: 21st June 1999

Speedy Hire Centres (Southern) Ltd**Profit and Loss Account****for the year ended 28th March 1999**

	Notes	1999 £	1998 £
Turnover		33,805,426	26,319,694
Cost of sales		(10,561,880)	(8,680,296)
Gross profit		23,243,546	17,639,398
Distribution costs		(3,814,796)	(2,957,137)
Administrative expenses		(14,072,364)	(11,057,667)
Other operating income		332,553	265,682
Operating profit	2	5,688,939	3,890,276
Interest payable	4	(1,314,531)	(981,248)
Profit on ordinary activities before taxation		4,374,408	2,909,028
Tax on profit on ordinary activities	5	(1,189,529)	(1,087,621)
Profit on ordinary activities after taxation		3,184,879	1,821,407
Dividends	6	-	(816,000)
Retained profit transferred to reserves	15	3,184,879	1,005,407

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

Speedy Hire Centres (Southern) Ltd

Balance Sheet

as at 28th March 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible assets	7		22,326,692		18,473,152
Current Assets					
Stocks	8	921,163		695,067	
Debtors	9	9,346,003		6,846,265	
Cash at bank and in hand		1,521,141		3,219,901	
		11,788,307		10,761,233	
Creditors:					
Amounts falling due within one year	10	(14,617,081)		(9,888,729)	
Net Current (Liabilities)/Assets			(2,828,774)		872,504
Total Assets Less Current Liabilities			19,497,918		19,345,656
Creditors:					
Amounts falling due after more than one year	11		(6,003,508)		(11,723,262)
Provisions for Liabilities and Charges					
Deferred taxation	13		(1,585,291)		(1,329,154)
			11,909,119		6,293,240
Capital and Reserves					
Called up share capital	14		4,626,238		2,061,238
Share premium account	15		-		130,650
Capital redemption reserve	15		-		3,350
Profit and loss account	15		7,282,881		4,098,002
Equity Shareholders' Funds	17		11,909,119		6,293,240

These financial statements were approved by the board on 21st June 1999

Mr S Corcoran
Mr J Brown
Directors



The notes on pages 8 to 15 form part of these financial statements.

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Turnover

Turnover represents the invoiced amount of goods sold and services provided less returns and allowances, excluding value added tax.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The principal annual rates and methods used are:

Leasehold buildings	25 % reducing balance
Plant and machinery	15 % reducing balance
Motor vehicles	25 % reducing balance
Fixtures and fittings	25 % reducing balance

Leasing and Hire Purchase

Certain tangible fixed assets are held under finance leases and hire purchase agreements. These assets are included in the balance sheet and are depreciated accordingly. The capital element of the corresponding financing commitments is included in the balance sheet. The finance element of repayments 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 payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

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

Deferred Taxation

Deferred taxation is calculated under the liability method at the appropriate rate of tax in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements to the extent that, in the opinion of the directors, those differences will give rise to tax liabilities in the foreseeable future.

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

Goodwill

Goodwill arising upon the acquisition of entities during the year has been fully amortised in the year.

Related Party Disclosures

The directors have taken advantage of the exemption from the disclosure of related party transactions with other group companies as permitted by paragraph 3 of Financial Reporting Standard 8 - 'Related Party Disclosures'.

2 Operating Profit

The operating profit is stated after charging or (crediting):

	1999	1998
	£	£
Hire of plant and machinery - operating leases	973,536	973,536
Operating lease rentals - land & buildings	1,044,850	797,083
Amounts payable to the auditors in respect of audit services	13,000	13,000
Depreciation - owned assets	903,069	1,171,257
Depreciation - assets held under hire purchase or finance lease contracts	2,227,855	1,390,481
Loss/(Profit) on disposal of fixed assets	21,279	(12,490)
Management charges	22,178	33,637

3 Directors and Employees

Staff costs during the year were as follows:

	1999	1998
	£	£
Wages and salaries	9,262,627	7,069,749
Social security costs	674,605	534,714
	9,937,232	7,604,463

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

	1999	1998
	Number	Number
Management	72	62
Selling and distribution	466	393
	538	455

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

Remuneration in respect of directors was as follows:

	1999	1998
	£	£
Emoluments	681,610	651,378

Remuneration in respect of the highest paid director was as follows:

	1999	1998
	£	£
Emoluments	174,818	165,870

4	Interest Payable	1999	1998
		£	£
	On the bank overdraft	-	708
	Interest payable to group undertakings	528,531	492,277
	Hire purchase and finance lease interest	786,000	488,263
		1,314,531	981,248

5	Tax on Profit on Ordinary Activities	1999	1998
		£	£
	<i>Based on the profit for the year:</i>		
	U.K. Corporation tax at 31.00% (1998: 31.00%)	961,718	534,211
	Deferred tax charge	256,137	553,201
		1,217,855	1,087,412
	Prior year adjustments - corporation tax	(28,326)	209
		1,189,529	1,087,621

The tax charge for the year has been increased by approximately £57,000 (1998 : £79,000) in respect of permanent timing differences and decreased (1998 : increased) by £195,000 (1998 : £105,000) in respect of deferred taxation not provided on current year timing differences.

6	Dividends	1999	1998
		£	£
	On equity shares		
	Ordinary shares - interim paid of £nil per share (1998 : £0.40)	-	816,000

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

7 Tangible Fixed Assets

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 30th March 1998	795,891	23,324,837	757,707	1,007,724	25,886,159
Additions	240,519	8,662,596	107,088	282,618	9,292,821
Disposals	-	(3,057,787)	(127,227)	-	(3,185,014)
At 28th March 1999	1,036,410	28,929,646	737,568	1,290,342	31,993,966
Depreciation					
At 30th March 1998	165,229	6,346,183	301,181	600,414	7,413,007
Charged for the year	111,016	2,681,622	132,931	205,355	3,130,924
Eliminated on disposal	-	(797,729)	(78,928)	-	(876,657)
At 28th March 1999	276,245	8,230,076	355,184	805,769	9,667,274
Net Book Value					
Owned assets	760,165	3,503,756	382,384	484,573	5,130,878
Leased assets	-	17,195,814	-	-	17,195,814
At 28th March 1999	760,165	20,699,570	382,384	484,573	22,326,692
Owned assets	630,662	5,530,124	414,585	407,310	6,982,681
Leased assets	-	11,448,530	41,941	-	11,490,471
At 29th March 1998	630,662	16,978,654	456,526	407,310	18,473,152

8	Stocks	1999 £	1998 £
	Consumable stocks	921,163	695,067
9	Debtors	1999 £	1998 £
	Trade debtors	8,049,930	5,699,019
	Amounts owed by group undertakings	537,355	495,591
	Other debtors	12,952	75,151
	Prepayments	745,766	576,504
		9,346,003	6,846,265

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

10	Creditors: Amounts falling due within one year	1999	1998
		£	£
	Obligations under hire purchase and finance lease contracts	5,673,942	3,431,689
	Trade creditors	2,798,730	3,121,158
	Bills of exchange payable	1,194,310	-
	Amounts owed to group undertakings	1,020,454	277,516
	Corporation tax	341,255	534,211
	Other taxes and social security	857,257	543,924
	Other creditors	-	8,376
	Accruals	2,731,133	1,971,855
		<u>14,617,081</u>	<u>9,888,729</u>
11	Creditors: Amounts falling due after one year	1999	1998
		£	£
	Obligations under hire purchase and finance lease contracts	6,003,508	5,423,590
	Amounts owed to group undertakings	-	6,299,672
		<u>6,003,508</u>	<u>11,723,262</u>
12	Obligations Under Hire Purchase & Finance Leases	1999	1998
		£	£
	Obligations under finance leases and hire purchase contracts fall due for repayment as follows:		
	Within one year	5,673,942	3,431,689
	Between one and two years	4,325,265	3,269,801
	Between two and five years	1,678,243	2,153,789
		<u>11,677,450</u>	<u>8,855,279</u>

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

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

13 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the Balance Sheet date and is calculated using a tax rate of 31%.

	Amount Provided		Amount Unprovided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	1,585,291	1,329,154	1,407,197	1,329,154

The movement on the provision for deferred tax was as follows:

	£
At 30th March 1998	1,329,154
Transfer from profit and loss account	256,137
At 28th March 1999	1,585,291

14 Share Capital

Authorised	1999	1998
	£	£
4,665,000 Ordinary shares of £1 each (1998 : 2,100,000)	4,665,000	2,100,000

Allotted, called up and fully paid	1999	1998
	£	£
4,626,238 Ordinary shares of £1 each (1998 : 2,061,238)	4,626,238	2,061,238

Movements during the year

	Ordinary shares of £1 each
At 30th March 1998	2,061,238
Issues during the year	2,565,000
At 28th March 1999	4,626,238

On the 26th March 1999, the authorised ordinary share capital of the company was increased by 2,565,000 shares to 4,665,000 ordinary shares of £1 each.

On the same day, 2,431,000 ordinary £1 shares were issued at par for cash and a bonus issue of 134,000 ordinary £1 shares was made.

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

15 Reserves

	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £
At 30th March 1998	130,650	3,350	4,098,002
Retained profit for the year	-	-	3,184,879
Bonus issue (see note 14)	(130,650)	(3,350)	-
At 28th March 1999	-	-	7,282,881

The cumulative amount of goodwill written off against reserves as at 28th March 1999 was £299,203 (1998 : £299,203).

16 Goodwill

	1999 £	1998 £
Tangible fixed assets	204,500	516,625
Stock	25,000	65,000
Liabilities	-	-
Goodwill	-	26,746
Consideration satisfied by cash	229,500	608,371

During the year, the company acquired the trade and certain assets of Actionweight Enterprises Limited and Hire Technicians Group Limited as set out above. The comparatives relate to the acquisition of Tool Hire Centres Limited.

17 Reconciliation of the Movement in Shareholders' Funds

	1999 £	1998 £
Profit for the financial period	3,184,879	1,821,407
Dividends	-	(816,000)
New share capital subscribed	3,184,879	1,005,407
Goodwill written off	2,565,000	-
	-	(26,746)
Increase in shareholders' funds	5,749,879	978,661
Opening shareholders' funds	6,293,240	5,314,579
Closing shareholders' funds	12,043,119	6,293,240

18 Ultimate Parent Undertaking

The directors consider the ultimate parent company to be Allen plc which is the only undertaking that prepares group accounts including the financial statements of the company.

Speedy Hire Centres (Southern) Ltd

Notes to the Financial Statements

for the year ended 28th March 1999

19 Control

As described in note 18, the company was under the immediate control of Allen plc throughout this and the previous year.

In the opinion of the directors, Allen plc has no controlling party under the definitions contained in Financial Reporting Standard 8 - 'Related Party Disclosures'.

20 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1999 Land and buildings £	1999 Other £	1998 Land and buildings £	1998 Other £
Expiring:				
Within one year	168,700	297,853	150,000	812,566
Within two to five years	243,503	974,406	208,168	705,521
After five years	627,068	-	638,915	-
	<u>1,039,271</u>	<u>1,272,259</u>	<u>997,083</u>	<u>1,518,087</u>

21 Related Party Transactions

At 28th March 1999, the company had the following balances with other group companies:

Included in amounts owed by group undertakings:

	1999 £	1998 £
Trading balances	<u>537,355</u>	<u>495,591</u>

Included in amounts owed to group undertakings:

	1999 £	1998 £
Trading balances	1,020,454	277,516
Loan balances	-	6,299,672
	<u>1,020,454</u>	<u>6,577,188</u>