

Speedy Hire Centres (Southern) Limited

**Directors' report and financial
statements**

Registered number 1105942

31 March 2011



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of Speedy Hire Centres (Southern) Limited	3
Income statement	5
Statement of comprehensive income	6
Statement of changes in equity	7
Balance sheet	8
Cash flow statement	9
Notes	10

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 March 2011

Principal activities

The Company has not traded in the current year. On 31 August 2009, the Company transferred substantially all of its trade and assets to a fellow group company, Speedy Asset Services Limited and was effectively dormant as from 31 March 2010. The principal activity of the Company was the hire, sale, repair and maintenance of small tools and equipment.

Enhanced business review

The Company's financial performance during the year and the Company's financial position at the year end is set out on pages 5 and 9 respectively.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided, on the grounds of its size, from the presentation of an enhanced business review.

Dividend

The Company did not pay any dividends in the current year.

Directors

The directors who served during the year and as at the date of this report were as follows:

SJ Corcoran
JR Read (resigned 26 August 2011)
MA McGrath
C Vertiero (resigned 31 October 2010)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



S Corcoran
Director

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

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 International Financial Reporting Standards ('IFRS') as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the EU, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Speedy Hire Centres (Southern) Limited

We have audited the financial statements of Speedy Hire Centres (Southern) Limited for the year ended 31 March 2011 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

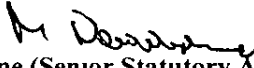
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Speedy Hire Centres (Southern) Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


M Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

29/9/2011

Income statement

for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Revenue		-	22,837
Cost of sales		-	(6,746)
Gross profit		-	16,091
Distribution expenses		-	(3,164)
Administrative expenses		-	(12,987)
Analysis of operating profit			
Operating profit before amortisation and exceptional costs		-	343
Amortisation		-	(403)
Operating loss	3	-	(60)
Financial income	5	-	111
Financial expense	5	-	(355)
Loss before taxation		-	(304)
Taxation	6	-	259
Loss for the financial year		-	(45)

Statement of comprehensive income
for the year ended 31 March 2011

	2011	2010
	£000	£000
Loss for the financial year	-	(45)
Other comprehensive income, net of taxation	-	-
	<hr/>	<hr/>
Total comprehensive income for the financial year	-	(45)
	<hr/>	<hr/>

Statement of changes in equity
for the year ended 31 March 2011

	Issued Share Capital £000	Retained Earnings £000	Total Equity £000
At 31 March 2009	4,626	11,415	16,041
Loss for the financial year	-	(45)	(45)
Total comprehensive income		(45)	(45)
At 31 March 2010 and 31 March 2011	4,626	11,370	15,996

Balance sheet
at 31 March 2011

	<i>Note</i>	2011 £000	2010 £000
ASSETS			
Non-current assets			
Property, plant and equipment	7	-	-
Intangible assets	8	-	-
		<hr/>	<hr/>
		-	-
Current assets			
Trade and other receivables	9	15,996	16,917
		<hr/>	<hr/>
		15,996	16,917
		<hr/>	<hr/>
Total assets		15,996	16,917
		<hr/>	<hr/>
LIABILITIES			
Current liabilities			
Bank overdraft	10	-	(921)
		<hr/>	<hr/>
		-	(921)
Non-current liabilities			
Deferred tax liabilities	11	-	-
		<hr/>	<hr/>
Total liabilities		-	(921)
		<hr/>	<hr/>
NET ASSETS		15,996	15,996
		<hr/>	<hr/>
EQUITY			
Share capital	12	4,626	4,626
Retained earnings		11,370	11,370
		<hr/>	<hr/>
Total equity		15,996	15,996
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 27/09/2011 and were signed on its behalf by



S Corcoran
 Director

Cash flow statement
for the year ended 31 March 2011

	2011 £000	2010 £000
Cash generated from operating activities		
Loss before tax	-	(304)
Adjustments for		
Depreciation	-	3,379
Amortisation	-	403
Financial income	-	(111)
Financial expense	-	355
Gain on disposal of hire equipment	-	(682)
Purchase of hire equipment	-	(3,022)
Disposal of hire equipment	-	2,450
Cash flow before changes in working capital and provisions	-	2,468
Increase in inventories	-	(2)
Decrease in trade and other receivables	-	4,055
Decrease in trade and other payables	-	(3,217)
Cash generated from the operations	-	3,304
Interest received	-	111
Interest paid	-	(355)
Tax paid	-	(386)
Net cash flow from operating activities	-	2,674
Cash flow from investing activities		
Transfer of net assets to group company	-	36,547
Net cash flow from investing activities	-	36,547
Cash flow from financing activities		
Proceeds/(repayment) of intercompany loan	921	(41,647)
Net cash flow from financing activities	921	(41,647)
Net increase/(decrease) in cash and cash equivalents	921	(2,426)
Cash and cash equivalents at the beginning of the year	(921)	1,505
Cash and cash equivalents at the end of the year	-	(921)
Cash and cash equivalents is made up of		
Bank overdrafts	-	(921)
	-	(921)

Notes

(forming part of the financial statements)

1 Accounting policies

Speedy Hire Centres (Southern) Limited (the 'Company') is a Company incorporated in the United Kingdom

Statement of compliance

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

Basis of preparation

The financial statements are prepared on the historical cost basis. The accounting policies set out below have been applied consistently to all periods presented in these financial statements

Going concern

The directors continue to adopt the going concern basis in preparing the financial statements. The financial position is set out in the balance sheet on page 8 which demonstrates that the Company has significant levels of liquidity. After making enquiries the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual financial statements. The Company's parent undertaking, Speedy Hire Plc, announced the signing of a new £220m asset based revolving credit agreement on 1 July 2011, which matures in January 2015 and with no prior scheduled repayment requirements. This replaces the existing £210m cash flow based facility, which was due to mature in June 2012.

Adoption of new accounting standards

The following amendments to existing standards and IFRICs have been adopted. The changes have had no material impact on the financial statements.

IFRS 3 Business Combinations (2008) requires significant changes to the way business combinations are accounted for. All costs associated with business combinations are expensed directly to the Income Statement. Additionally any changes to contingent consideration classified as debt must now be dealt with through the Income Statement subsequent to acquisition.

IFRS 2 Group Cash-settled Share-based Payment Transactions The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Improvements to IFRSs In April 2009 the International Accounting Standards Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of these amendments, which are effective for accounting periods beginning on or after 1 January 2010, did not have any impact on the reporting of the financial position or performance of the company.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2011, and have not been applied in preparing these financial statements. None of these will have a significant effect on the Company's financial statements. The key changes are as follows:

IAS 24 (revised in 2009) – Related Party Disclosures Effective for annual periods beginning on or after 1 January 2011.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments Effective for annual periods beginning on or after 1 July 2010.

Improvements to IFRSs (issued May 2010) Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011.

Amendments to IFRS 7 – Financial Instruments Disclosures Effective for annual periods commencing on or after 1 July 2011.

IFRS 9 – Financial Instruments Effective for annual periods commencing on or after 1 January 2013.

Notes (continued)

1 Accounting policies (continued)

Revenue

Revenue is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in the income statement on a straight-line basis over the period of the hire. Revenue arising from the sale of ex-hire fleet assets and consumable stock is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Transfer occurs when the product or asset is received at the customer's location.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation of property, plant and equipment is charged to the income statement so as to write off the cost of the assets over the estimated useful lives after taking account of estimated residual values. Residual values are reassessed annually. Land is not depreciated. Hire equipment assets are depreciated so as to write them down to their residual value over their normal working lives which range from three to 15 years depending on the category of the asset.

The principal rates and methods of depreciation used are as follows:

Hire equipment

Tools and general equipment	-	between three and 15 years straight-line
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Non-hire assets

Freehold buildings and long leasehold improvements	-	over the shorter of the lease period or 50 years straight-line
Short leasehold property improvements	-	over the period of the lease
Fixtures and fittings and office equipment (excluding IT)	-	25-45% per annum reducing-balance
IT equipment and software	-	between three and five years straight-line, or over the period of software licence (if shorter)
Motor vehicles	-	25% per annum reducing-balance

Planned disposals of hire equipment are transferred, at net book value, to inventory prior to sale.

Start-up expenses and lease incentives

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

Premiums paid or incentives received (including rent-free periods extending beyond a depot's opening date) on the acquisition of trading locations are written off over the period of the lease.

Financing income and costs

Financial income comprises interest receivable on cash deposits and inter-company debtor balances. Interest income is recognised in the income statement as it accrues using the effective interest rate.

Financing costs comprise interest payable on borrowings, and gains and losses on financial instruments that are recognised in the income statement.

Notes (continued)

1 Accounting policies (continued)

Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities affecting neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of acquisitions since 1 April 2004, goodwill represents the difference between the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of deemed cost, which represents the amount recorded under the Company's previous accounting framework, UK GAAP.

Goodwill is stated at cost less any accumulated impairment losses, and is included as an intangible asset. It is allocated to cash-generating units and is tested annually for impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Other intangible assets

Intangible assets other than goodwill that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of the identified intangible assets. Intangible assets excluding goodwill are amortised from the date that they are available for use. For a number of its acquisitions, the Company has identified intangible assets in respect of sole supply contracts, customer lists and non-compete agreements. The values of these intangibles are recognised as part of the identifiable assets, liabilities and contingent liabilities acquired. The useful lives are estimated as follows:

- Sole supply contracts over the unexpired period of the contract, up to five years
- Customer lists over the period of the agreement, up to ten years
- Non-compete agreements over the period of the agreement, up to five years

Impairments

The carrying amounts of the Company's non-financial assets, other than inventory and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated, being the higher of net realisable value and value in use, and if there is an impairment loss then this loss is recognised such that the carrying amount is reduced accordingly.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

Notes (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Pension schemes

The Speedy Hire Group offers a stakeholder pension arrangement to employees and in addition makes contributions to personal pension schemes for certain employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The Group operates a number of schemes which allow certain employees to acquire shares in Speedy Hire Plc, including the Performance Plan, the Co-investment Plan, and the all employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to total shareholder return not achieving the threshold for vesting. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. This cost is subsequently recharged from the parent company to the company.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, the obligation can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to give a full understanding of the Company's financial performance. Transactions which may give rise to exceptional items include the restructuring of business activities.

Significant judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgment and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2 Turnover and loss on ordinary activities before taxation

Turnover and loss on ordinary activities before taxation arises from the Company's principal activities which are wholly undertaken within the UK

Operating loss is stated after charging / (crediting) the following

	2011 £000	2010 £000
Amortisation of intangible assets	-	403
Depreciation		
- of owned plant, property and equipment	-	3,379
Profit on disposal of property, plant and equipment	-	(682)
Operating lease rentals		
- land and buildings	-	1,273
- other assets	-	502
Auditors remuneration audit of these financial statements	-	8
	<hr/>	<hr/>

3 Staff numbers and costs

The Company had no employees in the current year. The average number of people (including directors) employed by the Company during the year, analysed by category, was as follows:

	2011 Number	2010 Number
Management and administration	-	24
Selling and distribution	-	166
	<hr/>	<hr/>
	-	190
	<hr/>	<hr/>

The aggregate payroll costs of these employees were as follows:

	2011 £000	2010 £000
Wages and salaries	-	4,340
Social security costs	-	459
	<hr/>	<hr/>
	-	4,799
	<hr/>	<hr/>

Notes (continued)

4 Directors' emoluments

	2011 £000	2010 £000
Directors' emoluments	-	331
Company contributions to money purchase pension plans (personal pension scheme)	-	11
	<u>-</u>	<u>342</u>

The Directors did not receive any remuneration during the current year in respect of services to the Company. Directors are paid by other group companies. In the prior year, the aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £42,000, and company pension contributions of £3,000 were made to a money purchase scheme on his behalf.

The number of directors in respect of whose services shares were received or receivable under long term incentive schemes, as described in note 12, was

3	9
<u>3</u>	<u>9</u>

5 Financial income and expense

	2011 £000	2010 £000
Financial income		
Bank interest income	-	(111)
Financial expense		
Inter-company loan interest expense	-	355
	<u>-</u>	<u>244</u>

6 Taxation

	2011 £000	2010 £000
Current tax		
UK corporation tax for the year at 28% (2010 28%)	-	(60)
Adjustment in respect of prior years	-	240
Total current tax	<u>-</u>	<u>180</u>
Deferred tax		
UK deferred tax at 26% (2010 28%)	-	(17)
Adjustment in respect of prior years	-	(422)
Total deferred tax	<u>-</u>	<u>(439)</u>
Total tax credit in income statement	<u>-</u>	<u>(259)</u>

Notes (continued)

6 Taxation (continued)

The tax credit for the year differs from the standard rate of corporation tax in the UK and is explained as follows

	2011 £000	2010 £000
Loss before tax	-	(304)
Tax credit using the UK corporation tax rate of 28% (2010 28%)	-	(85)
Expenses not deductible and income not taxable, net	-	8
Adjustment in respect of prior years	-	(182)
Total tax in income statement	-	(259)

7 Property, plant and equipment

	Leasehold Land and Buildings £000	Hire Equipment £000	Fixtures, Fittings & Motor Vehicles £000	Total £000
Cost				
At 31 March 2009	1,557	74,377	7,132	83,066
Additions	-	3,022	-	3,022
Disposals	-	(3,485)	(5,867)	(9,352)
Transfers to group company	(1,557)	(73,914)	(1,265)	(76,736)
At 31 March 2010 and 31 March 2011	-	-	-	-
Depreciation				
At 31 March 2009	1,557	33,585	5,892	41,034
Charged in the year	-	3,199	180	3,379
Disposals	-	(1,717)	(5,867)	(7,584)
Transfers to group company	(1,557)	(35,067)	(205)	(36,829)
At 31 March 2010 and 31 March 2011	-	-	-	-
Net book value				
At 31 March 2011	-	-	-	-
At 31 March 2010	-	-	-	-
At 31 March 2009	-	40,792	1,240	42,032

On 31 August 2009, property, plant and equipment was transferred to fellow group company, Speedy Asset Services Limited, as part of the reorganisation. The transfers were made at fair value through the inter-company account.

Notes (continued)

8 Intangible assets

	Goodwill £000	Customer list £000	Non-compete £000	Supply agreements £000	Total £000
Cost					
At 31 March 2009	16,105	4,024	1,183	2,184	23,496
Transfers to group company	(16,105)	(4,024)	(1,183)	(2,184)	(23,496)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010 and 31 March 2011	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-	-
Amortisation					
At 1 April 2009	3,432	673	481	1,472	6,058
Charged in the year	-	198	121	84	403
Transfers to group company	(3,432)	(871)	(602)	(1,556)	(6,461)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010 and 31 March 2011	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-	-
Net book value					
At 31 March 2011	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-	-
At 31 March 2010	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-	-
At 31 March 2009	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,673	3,351	702	712	17,438

On 31 August 2009, intangible assets were transferred to fellow group company, Speedy Asset Services Limited, as part of the reorganisation. The transfers were made at fair value through the inter-company account.

Goodwill acquired in a business combination is allocated to cash-generating units (CGUs) according to the lowest level at which management monitor and control the business. Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the goodwill and intangible assets allocated to CGUs are determined by value in use calculations. The Company is considered to have one CGU. The value in use calculations use cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth, net margin and the level of capital expenditure required to support trading, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare value in use calculations, the Company uses cash flow projections for a fifteen year period. The projections are made up of the 2011–2012 budget, a subsequent four year period using the Company's business plan, and a further ten years' income. The final ten years' income is extrapolated at an estimated average long-term nominal growth rate, estimated at 2.5% (2010 2.5%) being an estimate of inflation. The resulting forecast cash flows are discounted back to present value, using the Company's pre-tax discount rate. The discount rate assumptions use an estimate of the Company's weighted average cost of capital. The pre-tax discount rate has been adjusted for Company and market specific risks. The pre-tax discount rate used to discount cash flow forecasts is 12.3% (2010 12.6%).

No impairment provisions were booked in the current year (2010 £nil).

Notes (continued)

9 Trade and other receivables

	2011 £000	2010 £000
Amounts owed by group undertakings	15,996	16,917

10 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to credit, interest rate and liquidity risk, see note 13.

	2011 £000	2010 £000
Current assets		
Amounts due from Group undertakings	15,996	16,917
Current borrowings		
Bank overdrafts	-	(921)
	<u>15,996</u>	<u>15,996</u>

The Company pays interest on bank borrowings and receives interest on bank deposits at rates of interest fixed for one month by reference to the London Inter Bank Offer Rate.

Loans from other group undertakings are repayable on demand.

Interest is not payable on balances outstanding as a result of routine inter-company trading. Long term inter-company loans bear interest on the same basis as external bank borrowings.

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The deferred tax balances and the movements during the year can be analysed as follows:

	Property, Plant & Equipment £000	Intangible Assets £000	Other £000	Total £000
At 31 March 2009	3,964	20	(69)	3,915
Recognised in income	(486)	10	37	(439)
Transferred to group company	(3,478)	(30)	32	(3,476)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2010 and 31 March 2011	-	-	-	-

There are no unrecognised deferred tax balances.

Notes (continued)

12 Share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
4,626,000 ordinary shares of £1 each	4,626	4,626

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

Share options

Options were granted in December 2004, December 2005, December 2006, September 2007 and December 2007 over shares in Speedy Hire Plc under the Speedy Hire Sharesave Scheme ('the SAYE scheme'), all eligible employees are entitled to participate. At the end of the three year period, employees have the right, if they choose, to use funds accumulated under the SAYE scheme, to purchase shares in Speedy Hire Plc at 183 pence per share. Purchase prices represent a 20% discount to the price of Speedy Hire's shares at the date employees were invited to join the scheme. No performance targets attach to options granted under this scheme as it is an all-employee scheme. In addition certain employees participate in the Performance Share Plan and the Co-Investment Plan. Details of these schemes key features are included in the 2011 Annual Report for Speedy Hire Plc.

The charge for the year recognised in the income statement in respect of the share option scheme was £nil (2010 £nil).

13 Financial instruments

The Company holds no derivative financial instruments to either hedge, trade or speculate. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2011 Carrying amount £000	2011 Fair value £000	2010 Carrying amount £000	2010 Fair value £000
Trade and other receivables	15,996	15,996	16,917	16,917
Bank overdraft	-	-	(921)	(921)
	<u>15,996</u>	<u>15,996</u>	<u>15,996</u>	<u>15,996</u>
Unrecognised gain / (loss)		-		-

The principal methods and assumptions used in estimating the fair values of financial instruments are as follows:

(a) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

(b) Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Notes (continued)

13 Financial instruments (continued)

The main risks arising from the Company's financial instruments are liquidity, interest rate and credit risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements of both the Group and individual subsidiary companies, as described on page 90 of the Speedy Hire Plc financial statements.

Interest rate and credit risk

Loans to subsidiary undertakings are repayable on request and bear no interest.

Given all receivables are within the Group the directors are of the opinion that the Company is not exposed to significant credit risk outside of their control.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The Company's transactions in foreign currency during the current and prior years were not significant. Funding is provided to the Company via Group funding arrangements, as detailed above.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, as detailed on page 91 of the Speedy Hire Plc financial statements for the year ended 31 March 2011. All subsidiaries comply with this policy.

14 Contingencies

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 31 March 2011 such borrowings amounted to £112.5m (2010 £117.7m).

The Group's bank borrowings are secured by a fixed and floating charge over the Company's assets.

15 Related parties

Transactions with key management personnel

Details of the remuneration paid to the Company's directors are included in note 4.

Other related party transactions

During the year the Company paid £nil to Speedy Support Services Limited in respect of vehicle and property lease rentals (2010 £1,770,000). In addition, further payments amounting to £nil, were made in respect of IT, property management, sales and marketing, and other central administrative work performed on behalf of the Company (2010 £878,000). Other movements in inter-company trading balances relate to general trading.

In the year, the Company decreased its loan with the parent Company by £921,000 (2010 £341,647,000). In the prior year, this was primarily due to the transfer of substantially all of its trade and assets to a fellow group company, Speedy Asset Services Limited on 31 August 2009, through the inter company account. The Company paid £nil other group companies in respect of interest on outstanding inter-company loans (2010 £355,000).

Balances outstanding at the end of the year in respect of parent and fellow subsidiary undertakings are disclosed in note 10.

Notes *(continued)*

16 Ultimate parent company and parent company of larger group

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