

REPORT OF THE AUDITORS TO THE DIRECTORS OF SMB HIRE LIMITED PURSUANT TO
PARAGRAPH 8 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 and 3 together with the full accounts of SMB Hire Limited for the year ended 31 December 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the directors are entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31 December 1995 and the abbreviated accounts on pages 2 and 3 have been properly prepared in accordance with Schedule 8 to that Act.

As auditors of the company, we reported to the members on 30 October 1996 on the full accounts prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1995 and our audit report was as follows:

We have audited the accounts on pages 5 to 7 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

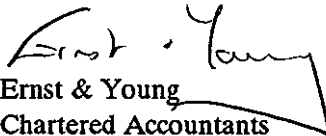
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1995 and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
Exeter

30 October 1996



SMB Hire Limited

BALANCE SHEET

at 31 December 1995

	Notes	1995 £	1994 £
CURRENT ASSETS			
Debtors		5,518	5,518
CREDITORS: amounts falling due within one year		<u>63,634</u>	<u>63,634</u>
NET CURRENT LIABILITIES		<u>(58,116)</u>	<u>(58,116)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(58,116)</u>	<u>(58,116)</u>
CAPITAL AND RESERVES			
Called up share capital	2	2	2
Profit and loss account (deficit)		<u>(58,118)</u>	<u>(58,118)</u>
		<u>(58,116)</u>	<u>(58,116)</u>

The directors have taken advantage of the exemptions conferred by Part I and Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Barry Birchmore
Director



29.10.96

SMB Hire Limited

NOTES TO THE ACCOUNTS at 31 December 1995

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

2 SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1995</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	100	2	2

3 ULTIMATE PARENT COMPANY

The ultimate parent company is Group SMB, a company registered in England.