

COMPANY REGISTRATION NUMBER 3215962

Kelly Communications Plant Limited
Financial Statements
31 December 2003



MACINTYRE HUDSON

Chartered Accountants & Registered Auditors
Euro House
1394 High Road
London
N20 9YZ

Kelly Communications Plant Limited

Financial Statements

Year ended 31 December 2003

Contents	Page
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholder	4
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the financial statements	9

Kelly Communications Plant Limited

Officers and Professional Advisers

The Board of Directors

TJ Kelly
L McGrane

Company Secretary

R Westropp - Bennett

Registered Office

Kelly House
8 Headstone Road
Harrow
Middlesex
HA1 1PD

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
Euro House
1394 High Road
London
N20 9YZ

Bankers

National Westminster Bank PLC
315 Station Road
Harrow
Middlesex
HA1 2AD

Solicitors

Eversheds
85 Queen Victoria Street
London
EC4V 4JL

Kelly Communications Plant Limited

The Directors' Report

Year ended 31 December 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company is that of operating as an independent plant hire and maintenance company, servicing the requirements of group companies in the Kelly Group of companies and third parties.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the parent company

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary shares of 10 pence each in the parent company	
	At 31 December 2003	At 1 January 2003
TJ Kelly	850,000	850,000
L McGrane	—	—

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Kelly Communications Plant Limited

The Directors' Report *(continued)*

Year ended 31 December 2003

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. The directors 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.

Auditors

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Kelly House
8 Headstone Road
Harrow
Middlesex
HA1 1PD

Signed by order of the directors



R Westropp - Bennett
Company Secretary

Approved by the directors on ...11 June 2004

Kelly Communications Plant Limited

Independent Auditors' Report to the Shareholder

Year ended 31 December 2003

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes 1 to 20. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholder, 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 shareholder those matters we are required to state to him in an auditors' 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Kelly Communications Plant Limited

Independent Auditors' Report to the Shareholder *(continued)*

Year ended 31 December 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

Euro House
1394 High Road
London
N20 9YZ

28 June 2004

Kelly Communications Plant Limited

Profit and Loss Account

Year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	9,194,185	6,302,268
Cost of sales		<u>8,669,539</u>	<u>5,976,166</u>
Gross profit		524,646	326,102
Administrative expenses		<u>335,981</u>	<u>251,702</u>
Operating profit	2	188,665	74,400
Interest payable	5	41,850	61,718
Profit on ordinary activities before taxation		<u>146,815</u>	<u>12,682</u>
Tax on profit on ordinary activities	6	6,352	11,545
Profit on ordinary activities after taxation, being retained profit for the financial year		<u>£140,463</u>	<u>£1,137</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

Kelly Communications Plant Limited

Balance Sheet

31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	7	3,892,902	2,630,052
Current assets			
Stocks	8	329,542	210,327
Debtors	9	288,164	284,605
Cash in hand		500	500
		618,206	495,432
Creditors: amounts falling due within one year	10	3,363,776	2,860,290
Net current liabilities		(2,745,570)	(2,364,858)
Total assets less current liabilities		1,147,332	265,194
Creditors: amounts falling due after more than one year	11	775,707	—
		371,625	265,194
Provisions for liabilities and charges			
Other provisions	13	142,233	176,265
		£229,392	£88,929
Capital and reserves			
Called-up equity share capital	15	10,000	10,000
Profit and loss account	16	219,392	78,929
Shareholder's funds	17	£229,392	£88,929

These financial statements were approved by the directors on the 11 June 2004 and are signed on their behalf by:


TJ Kelly

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

Kelly Communications Plant Limited

Accounting Policies

Year ended 31 December 2003

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant and Machinery	- 25% reducing balance
Fixtures and Fittings	- 25% reducing balance
Motor Vehicles	- 25% reducing balance
Computer Equipment	- 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and interest charged to the profit and loss account on the sum of digits basis.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>9,194,185</u>	<u>6,302,268</u>

2. Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Directors' emoluments	52,500	45,000
Depreciation of owned fixed assets	854,802	908,554
Depreciation of assets held under hire purchase agreements	253,154	221,502
Loss/(Profit) on disposal of fixed assets	21,023	(112,255)
Auditors' remuneration		
- as auditors	<u>5,500</u>	<u>5,500</u>

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Number of administrative staff	26	26
Number of management staff	<u>2</u>	<u>2</u>
	<u>28</u>	<u>28</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	682,727	675,289
Social security costs	<u>70,429</u>	<u>65,083</u>
	<u>£753,156</u>	<u>£740,372</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Emoluments receivable	<u>52,500</u>	<u>45,000</u>

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

5. Interest payable

	2003 £	2002 £
Finance charges	41,850	61,292
Other similar charges payable	—	426
	<u>£41,850</u>	<u>£61,718</u>

6. Tax on profit on ordinary activities (a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 19.25%)	6,352	9,623
Under provision in prior year	—	1,922
Total current tax	<u>£6,352</u>	<u>£11,545</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 19% (2002 - 19.25%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>146,815</u>	<u>12,682</u>
Profit/(loss) on ordinary activities by rate of tax	27,895	2,441
Depreciation	210,512	217,536
Capital allowances	(238,173)	(177,635)
Profit/(Loss) on disposal	3,994	(21,609)
Group relief	—	(11,849)
Other tax adjustments	2,124	2,661
Total current tax (note 6(a))	<u>£6,352</u>	<u>£11,545</u>

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

7. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 January 2003	786,246	29,824	6,038,817	8,890	6,863,777
Additions	–	50,673	2,370,198	66,256	2,487,127
Disposals	(37,170)	–	(560,777)	–	(597,947)
At 31 December 2003	£749,076	£80,497	£7,848,238	£75,146	£8,752,957
Depreciation					
At 1 January 2003	621,300	22,672	3,582,634	7,119	4,233,725
Charge for the year	45,095	7,549	1,049,927	5,385	1,107,956
On disposals	(33,884)	–	(447,742)	–	(481,626)
At 31 December 2003	£632,511	£30,221	£4,184,819	£12,504	£4,860,055
Net book value					
At 31 December 2003	116,565	50,276	3,663,419	62,642	3,892,902
At 31 December 2002	164,946	7,152	2,456,183	1,771	2,630,052

Hire purchase agreements

Included within the net book value of £3,892,902 is £1,594,567 (2002: £633,776) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £253,154 (2002: £221,502).

8. Stocks

	2003 £	2002 £
Stock	329,542	210,327

9. Debtors

	2003 £	2002 £
Trade debtors	96,103	71,375
Other debtors	142,233	176,815
Prepayments and accrued income	49,828	36,415
	£288,164	£284,605

Other debtors includes £142,233 (2002: £176,265) recoverable from the company's insurers relating to claims made against the company by third parties.

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	116,612	41,882
Amounts owed to group undertakings	1,535,215	1,982,525
Corporation tax	6,352	9,623
PAYE and social security	18,686	40,768
VAT	104,508	105,932
Hire purchase agreements	1,071,830	148,587
Other creditors	711	711
Accruals and deferred income	509,862	530,262
	<u>£3,363,776</u>	<u>£2,860,290</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003 £	2002 £
Bank loans and overdrafts	116,612	41,882
Amounts owed to group undertakings	1,535,215	1,982,525
Hire purchase agreements	1,071,830	148,587
	<u>£2,723,657</u>	<u>£2,172,994</u>

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

A cross guarantee was granted to the bank securing all monies due from Kelly Communications Group Limited and subsidiary companies.

A debenture is held by Kelly Communications Group Limited securing all monies due or becoming due it.

11. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Hire purchase agreements	<u>775,707</u>	<u>—</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003 £	2002 £
Hire purchase agreements	<u>775,707</u>	<u>—</u>

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

12. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	1,071,830	148,587
Amounts payable between 2 to 5 years	775,707	—
	<u>£1,847,537</u>	<u>£148,587</u>

13. Other provisions

	2003 £
Other provisions:	
Balance brought forward	176,265
Movement for year	(34,032)
	<u>£142,233</u>

Other provisions represent the company's potential liability to claims made by third parties.

14. Related party transactions

The company has taken advantage of the provisions of Financial Reporting Standard 8 not to disclose transactions with other group companies as Kelly Communications Plant Limited is included in the consolidated financial statements of Kelly Communications Group Limited, a company incorporated in England and Wales. Copies of these accounts are available from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

15. Share capital

Authorised share capital:

	2003 £	2002 £
100,000 Ordinary shares shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

16. Profit and loss account

	2003 £	2002 £
Balance brought forward	78,929	77,792
Retained profit for the financial year	140,463	1,137
Balance carried forward	<u>£219,392</u>	<u>£78,929</u>

Kelly Communications Plant Limited

Notes to the Financial Statements

Year ended 31 December 2003

17. Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Profit for the financial year	140,463	1,137
Opening shareholder's equity funds	88,929	87,792
Closing shareholder's equity funds	<u>229,392</u>	<u>88,929</u>

18. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £34,879 (2002: £Nil).

19. Ultimate parent company

The immediate and ultimate parent company is Kelly Communications Group Limited, company registration number 3279573, a company incorporated in England and Wales.

20. Controlling party

The ultimate parent company of the group was under the control of T J Kelly, a director and majority shareholder of the holding company throughout the year.