

REGISTRAR OF COMPANIES

Report of the Directors and
Financial Statements
for the Period 1 October 2004 to 31 July 2005
for
Hire One Limited



Hire One Limited

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for the Period 1 October 2004 to 31 July 2005**

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Hire One Limited
Company Information
for the Period 1 October 2004 to 31 July 2005

DIRECTORS:

K J Latham
P J Mason
I J Stevens

SECRETARY:

P J Mason

REGISTERED OFFICE:

Cardiff Road
Mwyndy Cross Industries
Llantrisant
Pontyclun
Rhondda Cynon Taff
CF72 8PN

REGISTERED NUMBER:

04277104 (England and Wales)

AUDITORS:

Broomfield & Alexander Limited
Registered Auditors
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Hire One Limited

Report of the Directors for the Period 1 October 2004 to 31 July 2005

The directors present their report with the financial statements of the company for the period 1 October 2004 to 31 July 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the hire of plant and machinery.

DIRECTORS

The directors during the period under review were:

K J Latham
P J Mason
I J Stevens

The directors holding office at 31 July 2005 did not hold any beneficial interest in the issued share capital of the company at 1 October 2004 or 31 July 2005.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company donated £3,235 (2004: £4,315) for charitable purposes.

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 of the company 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;
- 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

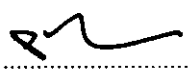
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Broomfield & Alexander Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
P J Mason - Secretary

Date: 13/1/06

**Report of the Independent Auditors to the Shareholders of
Hire One Limited**

We have audited the financial statements of Hire One Limited for the period ended 31 July 2005 on pages four to eleven. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

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 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 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 described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Broomfield & Alexander Limited.

Broomfield & Alexander Limited
Registered Auditors
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff
CF23 8XE

Date: *17 January 2006*

Hire One Limited

Profit and Loss Account
for the Period 1 October 2004 to 31 July 2005

	Notes	Period 1.10.04 to 31.7.05 £	Year Ended 30.9.04 £
TURNOVER		2,919,933	3,148,111
Cost of sales		1,856,318	1,980,476
GROSS PROFIT		1,063,615	1,167,635
Administrative expenses		817,993	866,285
		245,622	301,350
Other operating income		1,953	4,771
OPERATING PROFIT	2	247,575	306,121
Interest payable and similar charges		134,280	138,512
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		113,295	167,609
Tax on profit on ordinary activities	3	27,548	82,009
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		85,747	85,600
Dividends	4	-	45,000
RETAINED PROFIT FOR THE PERIOD		85,747	40,600

The notes form part of these financial statements


Hire One Limited

Balance Sheet
31 July 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	2,884,101	2,684,200
CURRENT ASSETS			
Stocks		55,396	36,222
Debtors	6	662,360	579,335
Cash at bank		-	21,235
		<u>717,756</u>	<u>636,792</u>
CREDITORS			
Amounts falling due within one year	7	2,098,251	2,059,654
NET CURRENT LIABILITIES		<u>(1,380,495)</u>	<u>(1,422,862)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,503,606	1,261,338
CREDITORS			
Amounts falling due after more than one year	8	(851,724)	(676,222)
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(39,795)</u>	<u>(58,776)</u>
		<u>612,087</u>	<u>526,340</u>
CAPITAL AND RESERVES			
Called up share capital	12	150,000	150,000
Profit and loss account	13	462,087	376,340
SHAREHOLDERS' FUNDS		<u>612,087</u>	<u>526,340</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


Director - P J Nelson

Approved by the Board on 13/1/06

Hire One Limited

Notes to the Financial Statements for the Period 1 October 2004 to 31 July 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods and services from ordinary activities, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset on a straight line basis over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & machinery	- 25% - 50% on cost
Furniture & fittings	- 25% - 50% on cost
Motor vehicles	- 33% on cost
Office equipment	- 25% - 50% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a group personal pension scheme. Contributions payable for the period are charged in the profit and loss account.

2. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.10.04 to 31.7.05 £	Year Ended 30.9.04 £
Depreciation - owned assets	438,903	193,892
Depreciation - assets on hire purchase contracts	442,834	736,515
Auditors' remuneration	6,180	6,000
Pension costs	7,732	8,890
	<u>915,649</u>	<u>945,307</u>
Directors' emoluments and other benefits etc	131,806	111,100
	<u>1,047,455</u>	<u>1,056,407</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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Hire One Limited

Notes to the Financial Statements - continued
for the Period 1 October 2004 to 31 July 2005

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	Period 1.10.04 to 31.7.05 £	Year Ended 30.9.04 £
Current tax:		
UK corporation tax	60,918	64,233
Overprovision in prior year	(14,389)	-
Total current tax	46,529	64,233
Deferred tax	(18,981)	17,776
Tax on profit on ordinary activities	27,548	82,009

4. DIVIDENDS

	Period 1.10.04 to 31.7.05 £	Year Ended 30.9.04 £
Final	-	45,000

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 October 2004	-	3,967,370	14,382
Additions	245,000	861,552	49,264
Disposals	-	(241,233)	-
At 31 July 2005	245,000	4,587,689	63,646
DEPRECIATION			
At 1 October 2004	-	1,496,350	14,382
Charge for period	-	795,768	7,815
Eliminated on disposal	-	(145,647)	-
At 31 July 2005	-	2,146,471	22,197
NET BOOK VALUE			
At 31 July 2005	245,000	2,441,218	41,449
At 30 September 2004	-	2,471,020	-

Hire One Limited

Notes to the Financial Statements - continued
for the Period 1 October 2004 to 31 July 2005

5. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Office equipment £	Totals £
COST			
At 1 October 2004	353,107	50,407	4,385,266
Additions	34,500	6,697	1,197,013
Disposals	(41,720)	-	(282,953)
At 31 July 2005	345,887	57,104	5,299,326
DEPRECIATION			
At 1 October 2004	156,930	33,404	1,701,066
Charge for period	70,444	7,710	881,737
Eliminated on disposal	(21,931)	-	(167,578)
At 31 July 2005	205,443	41,114	2,415,225
NET BOOK VALUE			
At 31 July 2005	140,444	15,990	2,884,101
At 30 September 2004	196,177	17,003	2,684,200

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 October 2004	3,116,288	344,800	3,461,088
Additions	563,128	34,500	597,628
Disposals	-	(41,720)	(41,720)
Transfer to ownership	(1,126,432)	(87,372)	(1,213,804)
At 31 July 2005	2,552,984	250,208	2,803,192
DEPRECIATION			
At 1 October 2004	1,213,518	179,993	1,393,511
Charge for period	442,834	-	442,834
Eliminated on disposal	-	(21,931)	(21,931)
Transfer to ownership	(438,645)	(33,529)	(472,174)
At 31 July 2005	1,217,707	124,533	1,342,240
NET BOOK VALUE			
At 31 July 2005	1,335,277	125,675	1,460,952
At 30 September 2004	1,902,770	164,807	2,067,577

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	548,504	488,817
Other debtors	40,657	22,856
Amounts due from parent company	60,214	59,129
Prepayments and accrued income	12,985	8,533
	662,360	579,335

Hire One Limited

Notes to the Financial Statements - continued
for the Period 1 October 2004 to 31 July 2005

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts	202,317	119,362
Hire purchase contracts	911,272	930,600
Trade creditors	194,202	643,210
Corporation tax	60,918	58,468
Social security and other taxes	92,710	43,923
Proposed dividends	-	45,000
Other creditors	-	600
Invoice discounting funds advanced	219,102	170,136
Amounts due to parent company	359,823	36,355
Amounts due to connected company	32,097	-
Accrued expenses	25,810	12,000
	<u>2,098,251</u>	<u>2,059,654</u>

Amounts due to parent company were repaid subsequent to the year end.

Included in trade creditors is an amount of £nil (2004: £434,531) relating to the purchase of fixed assets, this amount was financed on hire purchase contracts post year end.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Hire purchase contracts	638,821	676,222
Amount due to connected company	212,903	-
	<u>851,724</u>	<u>676,222</u>

The amounts due to connected companies is repayable over 10 years from August 2005. The loan bears interest of 6.25% p.a. The loan is unsecured.

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2005 £	2004 £
Expiring:		
Within one year	-	1,977
Between one and five years	31,775	2,775
In more than five years	45,000	88,500
	<u>76,775</u>	<u>93,252</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2005 £	2004 £
Hire purchase contracts	1,550,093	1,606,822
Invoice discounting	219,102	170,136
	<u>1,769,195</u>	<u>1,776,958</u>

Amounts owed on hire purchase agreements are secured on the relevant assets.

Amounts advanced by Lloyds TSB on invoice discounting are secured by a debenture over all of the assets of the company.

Hire One Limited

Notes to the Financial Statements - continued
for the Period 1 October 2004 to 31 July 2005

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £	2004 £
Deferred tax	<u>39,795</u>	<u>58,776</u>
		Deferred tax £
Balance at 1 October 2004		58,776
Accelerated capital allowances		<u>(18,981)</u>
Balance at 31 July 2005		<u>39,795</u>

12. CALLED UP SHARE CAPITAL

Authorised:					
Number:	Class:	Nominal value:	2005 £	2004 £	
250,000	Ordinary	£1	<u>250,000</u>	<u>250,000</u>	
Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	2005 £	2004 £	
150,000	Ordinary	£1	<u>150,000</u>	<u>150,000</u>	

13. RESERVES

	Profit and loss account £
At 1 October 2004	376,340
Retained profit for the period	<u>85,747</u>
At 31 July 2005	<u>462,087</u>

14. ULTIMATE PARENT COMPANY

The ultimate parent company is David Lewis Civil Engineering Limited, a company incorporated in the United Kingdom. The accounts for David Lewis Civil Engineering Limited are available from Mwyndy Estate, Pontyclun, Rhondda Cynon Taff, CF72 8XY.

15. CAPITAL COMMITMENTS

	2005 £	2004 £
Contracted but not provided for in the financial statements	<u>26,800</u>	<u>-</u>

Hire One Limited

Notes to the Financial Statements - continued for the Period 1 October 2004 to 31 July 2005

16. RELATED PARTY DISCLOSURES

During the period, the company made sales of £648,883 (2004: £800,060) to David Lewis Civil Engineering Limited and was charged rent of £37,500 (2004: £45,000). At the period end the balance due from David Lewis Civil Engineering Limited was £60,214 (2004: £59,129). This balance is included in debtors due within one year (note 6).

At the period end the company had a loan balance due to David Lewis Civil Engineering Limited of £359,824 (2004: £36,355). This amount is included in creditors due within one year (note 7). The loan is interest free and there are no fixed repayment terms.

During the period, the company charged £7,500 (2004: £7,500) to Knex Pipelines & Cables Limited for management charges, the company is related due to common shareholders. At the year end £15,000 was outstanding from Knex Pipelines & Cables Limited (2004:£7,500).

In addition to the above, the company was charged rent of £36,250 (2004:£43,500) from Jackson Properties Limited. Jackson Properties Limited is related due to common shareholders. Hire One Limited also purchased two properties from Jackson Properties Limited for £245,000. They have been purchased via a loan with Jackson Properties Limited, the loan is unsecured and repayable by instalments over the next 7 years at an interest rate of 6.25%. At the period end the full balance was outstanding.

During the period K Latham and I Stevens purchased a vehicle from the company the transaction took place on an arms length basis. The net book value of the assets were £13,457 and £6,320 and a profit on disposal was made of £1,043 and £680 respectfully. There were no amounts outstanding at the period end.

17. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

18. AQUISITION OF BUSINESS

On the 16 March 2005, the company acquired the trade and certain assets of LT Plant Limited, for a consideration of £175,000. The assets acquired on acquisition was as follows -

	Book value	Adjustments	Fair value
	£	£	£
Fixed assets	135,000	-	135,000
Stock	40,000	-	40,000
	<hr/>	<hr/>	<hr/>
	175,000	-	175,000
Goodwill			-
Consideration			<hr/>
			175,000
Satisfied by:			<hr/>
Cash			175,000
			<hr/>

The directors believe that the purchase price of the business and its assets reflects the fair value of that transaction.