

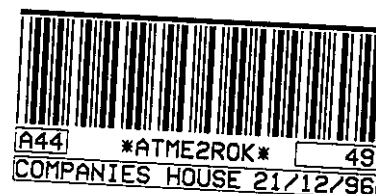
H E SERVICES (PLANT HIRE) LIMITED  
ABBREVIATED FINANCIAL STATEMENTS

31 MAY 1996

Registered number: 2079614

KING & TAYLOR  
CHARTERED ACCOUNTANTS

Gravesend, Kent



**H E SERVICES (PLANT HIRE) LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**for the Year ended 31 May 1996**

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**H E SERVICES (PLANT HIRE) LIMITED****COMPANY INFORMATION****31 May 1996**

INCORPORATED	2nd December 1986
NUMBER	2079614
CHAIRMAN	H.R.Edeleanu
OTHER DIRECTORS	M.F.Wright R.S.McQueen
SECRETARY	Mrs D Edeleanu
REGISTERED OFFICE	Whitewall Road Strood Rochester Kent ME2 4DZ
BANKERS	Lloyds Bank plc 18 Week Street Maidstone Kent ME14 1RW
AUDITORS	King & Taylor Chartered Accountants 10/12 Wrotham Road Gravesend, Kent DA11 0PE

## H E SERVICES (PLANT HIRE) LIMITED

## DIRECTORS' REPORT

31 May 1996

The directors present their report and the audited financial statements for the Year ended 31 May 1996.

**Principal activity**

The principal activity of the company during the year has been that of Plant Hire and Plant Sales

**Business review**

The company's balance sheet as detailed on page 7 shows a satisfactory position, shareholders' funds amounting to £4,530,056.

**Results and dividends**

The results for the Year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Deferred Taxation**

The deferred taxation provision has been removed as projections for 5 years show timing differences are not likely to crystallise. The situation will be kept under review.

**Fixed assets**

The Directors consider that the market value of freehold land and buildings is in excess of the amount shown in the financial statements, but as these assets are used in the company's business, and no disposals are envisaged, the excess is not quantified.

**Directors**

The directors of the company during the Year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 May 1996 Ordinary shares	1 June 1995 Ordinary shares
H.R.Edeleanu	99	99
M.F.Wright	-	-
R.S.McQueen ( Resigned 2/9/1996 )		

continued .....

**H E SERVICES (PLANT HIRE) LIMITED**

**DIRECTORS' REPORT**  
(continued)

**31 May 1996**

**Auditors**

King & Taylor have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



Mrs D Edeleanu  
Secretary

Whitewall Road  
Strood  
Rochester  
Kent ME2 4DZ

27.11.96

## H E SERVICES (PLANT HIRE) LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



M. F. Wright  
Director

27.11.96

**H E SERVICES (PLANT HIRE) LIMITED****AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**

**Auditors' report to  
H.E.Services (Plant Hire) Limited  
pursuant to paragraph 24 of Schedule 8  
to the Companies Act 1985**

We have examined the abbreviated financial statements on pages 5 to 18 together with the financial statements of the company prepared under section 226 of the Companies Act 1985 for the Year ended 31 May 1996.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 7 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the Year ended 31 May 1996, and the abbreviated financial statements on pages 5 to 18 have been properly prepared in accordance with that Schedule.

**Other information**

On 28.11.96 we reported, as auditors of the company, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the Year ended 31 May 1996, and our audit report was as follows:

'We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of 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.

continued .....

**H E SERVICES (PLANT HIRE) LIMITED****AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**  
(continued)

**Auditors' report to  
H.E.Services (Plant Hire) Limited  
pursuant to paragraph 24 of Schedule 8  
to the Companies Act 1985**

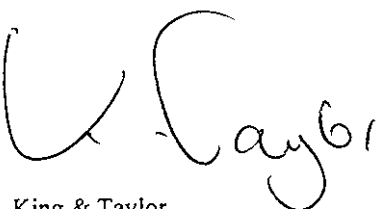
**Basis of opinion**

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 or error or other irregularity. 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 May 1996 and of its profit and cash flows for the Year then ended and have been properly prepared in accordance with the Companies Act 1985.'



King & Taylor  
Registered Auditors  
Chartered Accountants  
Gravesend, Kent.

28.11.96



**H E SERVICES (PLANT HIRE) LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
for the Year ended 31 May 1996

	Note	1996 £	1995 £
<b>Gross profit</b>		801,627	2,157,551
<b>Net operating expenses</b>			
Administrative expenses		(1,085,069)	(1,395,108)
Other operating income		337,733	86,678
<b>Operating profit</b>	3	54,291	849,121
Surplus on sale of assets in continuing operation	6	942,568	896,269
<b>Profit on ordinary activities before interest</b>		996,859	1,745,390
Interest payable	5	(578,330)	(666,239)
Invoice discounting charges		(65,502)	(67,100)
<b>Profit on ordinary activities before taxation</b>		353,027	1,012,051
Taxation	7	534,000	(46,055)
<b>Profit on ordinary activities after taxation</b>		887,027	965,996
<b>retained for the Year</b>	18		

Movements in reserves are shown in note 18.

None of the company's activities were acquired or discontinued during the above two financial years.

## H E SERVICES (PLANT HIRE) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the Year ended 31 May 1996

	1996 £	1995 as restated £
Profit for the financial Year	887,027	965,996
Prior year adjustments	-	21,952
Total gains recognised since last annual report	<u>887,027</u>	<u>987,948</u>

## H E SERVICES (PLANT HIRE) LIMITED

## ABBREVIATED BALANCE SHEET

at 31 May 1996

	Note	£	1996 £	£	1995 £
<b>Fixed assets</b>					
Tangible assets	8		12,026,634		13,721,401
<b>Current assets</b>					
Stocks	10	16,274		164,702	
Debtors	11	1,873,155		1,812,758	
			<u>1,889,429</u>	<u>1,977,460</u>	
Creditors: amounts falling due within one year	12	(6,787,506)		(8,692,322)	
<b>Net current liabilities</b>			<u>(4,898,077)</u>	<u>(6,714,862)</u>	
<b>Total assets less current liabilities</b>			<u>7,128,557</u>	<u>7,006,539</u>	
Creditors: amounts falling due after more than one year	13		(2,598,501)		(2,829,510)
<b>Provision for liabilities and charges</b>	14		-		(534,000)
			<u>4,530,056</u>	<u>3,643,029</u>	
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Profit and loss account	18		4,529,956		3,642,929
<b>Total shareholders' funds</b>	16		<u>4,530,056</u>	<u>3,643,029</u>	

continued.....

## H E SERVICES (PLANT HIRE) LIMITED

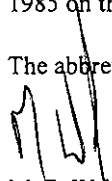
## ABBREVIATED BALANCE SHEET

(continued)

at 31 May 1996

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a medium sized company.

The abbreviated financial statements on pages 5 to 18 were approved by the board of directors on 27.11.96

  
M. F. Wright

Director

27.11.96

**H E SERVICES (PLANT HIRE) LIMITED**  
**ABBREVIATED CASH FLOW STATEMENT**

for the Year ended 31 May 1996

	1996	1995
	£	£
<b>Net cash inflow from operating activities</b>	1,144,217	2,985,747
<b>Returns on investments and servicing of finance</b>		
Rents received	297,358	72,600
Interest received	40,375	14,078
Interest paid	(208,315)	(182,956)
Hire purchase interest	(435,517)	(550,383)
	<u>                    </u>	<u>                    </u>
Net cash outflow from returns on investments and servicing of finance	(306,099)	(646,661)
	838,118	2,339,086
Taxation - Corporation Tax refunded	-	1,122
	<u>838,118</u>	<u>2,340,208</u>
<b>Investing activities</b>		
Payments to acquire:		
Tangible fixed assets	(5,400,589)	(7,264,251)
Receipts from sales of:		
Tangible fixed assets	5,878,320	3,817,946
	<u>                    </u>	<u>                    </u>
Net cash inflow/(outflow) from investing activities	477,731	(3,446,305)
<b>Net cash inflow /(outflow) before financing</b>	1,315,849	(1,106,097)
<b>Financing</b>		
Bank loan (repayments)/advances	(29,991)	-
Other loan advances	184,551	263,250
Repayment of amounts borrowed	-	(25,084)
Capital amount of Hire purchase repayments & receipts	(1,696,358)	960,351
	<u>                    </u>	<u>                    </u>
Net cash (outflow) from financing	(1,541,798)	1,198,517
<b>Decrease in cash and cash equivalents</b>	<u>(225,949)</u>	<u>92,420</u>

## H E SERVICES (PLANT HIRE) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

**1 Accounting policies****Basis of accounting**

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

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	Nil
Improvements to buildings	2% straight line basis
Plant and machinery	20% written down value
Motor vehicles	30% written down value
Fixtures and fittings	25% written down value

No depreciation is charged on freehold properties because the Directors consider that the economic lives of these properties and their residual values are such that depreciation is not significant.

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at cost. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions****Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Invoice Discounting**

The company has arrangements for invoice discounting its debts. In line with Financial Reporting Standards 5 the separate presentation method is adopted.

**Foreign Exchange**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

**2 Turnover**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

The geographical and class analysis of turnover is not disclosed as the markets in which the company operates are extremely competitive. The Directors therefore consider disclosure would seriously prejudice the company's dealings in those areas.

**3 Operating profit**

	1996 £	1995 £
Operating profit is stated after crediting		
Net rental income	297,358	72,600
and after charging		
Staff costs (note 4)	2,103,471	2,464,279
Auditors' remuneration	8,980	7,175
Depreciation of tangible fixed assets (note 8)		
owned assets	1,001,327	554,767
Assets held under Hire Purchase	1,158,277	1,835,900
	2,159,604	2,390,667

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 4 Directors and employees

	1996 £	1995 £
<b>Staff costs including directors' emoluments</b>		
Wages and subcontracting	1,911,822	2,163,764
Social security costs	114,498	103,413
Pension costs	77,151	197,102
	<u>2,103,471</u>	<u>2,464,279</u>
	<b>Number</b>	<b>Number</b>
Average monthly number employed including executive directors		
Production staff	82	89
Administration staff	23	17
	<u>105</u>	<u>106</u>
<b>Directors</b>	<b>£</b>	<b>£</b>
Directors' emoluments		
Other emoluments	145,163	282,750
	<u>145,163</u>	<u>282,750</u>
Emoluments excluding pension scheme contributions		
Chairman	10,720	24,000
Highest paid director	32,307	31,695
	<u></u>	<u></u>
Other directors	<b>Number</b>	<b>Number</b>
£25,001-£30,000	1	1

**Pension costs****Defined contribution scheme**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £77,151 (1995 £197,102).



## H E SERVICES (PLANT HIRE) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 5 Interest payable

	1996 £	1995 £
Bank interest	32,202	7,130
Secondary Lease Rental	1,801	10,287
Other interest	30,874	19,454
Hire purchase interest	435,517	540,096
Mortgage Interest	77,936	89,272
	<u>578,330</u>	<u>666,239</u>

## 6 Exceptional items

	1996 £	1995 £
<b>Included in surplus on sale of assets in continuing operation:</b>		
Sale/disposal assets continuing	<u>942,568</u>	<u>896,269</u>

## 7 Taxation

	1996 £	1995 £
Corporation tax on loss on ordinary activities at 24 /25% (1995 25%)	-	46,055
Deferred taxation	(534,000)	-
	<u>(534,000)</u>	<u>46,055</u>

## H E SERVICES (PLANT HIRE) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 8 Tangible fixed assets

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
1 June 1995	415,718	14,468,345	99,130	1,855,506	16,838,699
Additions	100,195	4,814,643	5,992	479,759	5,400,589
Disposals	(133,100)	(7,025,481)	(3,500)	-	(7,162,081)
31 May 1996	<u>382,813</u>	<u>12,257,507</u>	<u>101,622</u>	<u>2,335,265</u>	<u>15,077,207</u>
<b>Depreciation</b>					
1 June 1995	173,176	2,886,522	56,702	898	3,117,298
Charge for Year	76,618	2,075,312	7,111	563	2,159,604
Disposals	(67,756)	(2,155,471)	(3,102)	-	(2,226,329)
31 May 1996	<u>182,038</u>	<u>2,806,363</u>	<u>60,711</u>	<u>1,461</u>	<u>3,050,573</u>
<b>Net book amount</b>					
31 May 1996	<u>200,775</u>	<u>9,451,144</u>	<u>40,911</u>	<u>2,333,804</u>	<u>12,026,634</u>
1 June 1995	<u>242,542</u>	<u>11,581,823</u>	<u>42,428</u>	<u>1,854,608</u>	<u>13,721,401</u>

The net book amount of fixed assets includes £7,090,422 (1995 £10,315,284) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

## 9 Land and buildings

	1996 £	1995 £
Freehold	<u>2,333,804</u>	<u>1,854,608</u>
<b>Future capital commitments</b>		
Other contracts	<u>-</u>	<u>1,775,000</u>

## H E SERVICES (PLANT HIRE) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 10 Stocks

	1996 £	1995 £
Goods for Resale	-	160,640
General stock	16,274	4,062
	<u>16,274</u>	<u>164,702</u>

## 11 Debtors

	1996 £	1995 £
<b>Amounts falling due within one year</b>		
Trade debtors	1,580,052	1,436,906
Other debtors	285,668	363,726
Prepayments and accrued income	7,435	12,126
	<u>1,873,155</u>	<u>1,812,758</u>

## 12 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans	32,916	33,221
Other loans	203,520	122,534
Bank overdraft	549,032	323,083
Payments on account	605,443	641,672
Trade creditors	323,974	373,108
Corporation tax	46,055	46,055
Other taxation and social security	52,303	53,191
Other creditors	566,420	1,106,860
Accruals and deferred income	384,406	577,691
Obligations under finance leases and hire purchase contracts - note 13	4,023,437	5,414,907
	<u>6,787,506</u>	<u>8,692,322</u>

The bank overdraft is secured by an unlimited guarantee of Mr. H R Edeleanu and an unlimited debenture dated the 14th October 1988.

Payments received on account represent £562,555 received in respect of invoice discounting and £42,888 received in respect of future machine sales.

## H E SERVICES (PLANT HIRE) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

13 Creditors: amounts falling due  
after more than one year

	1996 £	1995 £
Bank loans	749,057	778,743
Mortgage	248,081	256,516
Pension Loan	317,000	205,000
Obligations under finance leases	1,284,363	1,589,251
	<u>2,598,501</u>	<u>2,829,510</u>

## Maturity of debt

In one year or less, or on demand

- see note 12

In five years or more

38,686	39,955
<u>1,314,138</u>	<u>1,240,259</u>

Amounts falling due  
after more than five years:

Bank loans	582,019	604,966
Mortgage	218,805	222,348
	<u>800,824</u>	<u>827,314</u>

Obligations under finance leases  
and hire purchase contractsThese are repayable over varying periods  
by monthly instalments as follows:

In the next year - see note 12	4,023,437	5,414,907
In the second to fifth years	1,284,363	1,589,251
	<u>5,307,800</u>	<u>7,004,158</u>

Interest rates and repayment terms on hire purchase contracts are on normal commercial terms. The bank loan terms of repayment are monthly instalments representing principle and interest. The amount of these instalments will vary with changes in the rate of interest and the number of days in the month, the agreed rate of interest being base rate plus 2.25% per annum. The security given by the company is a debenture over the company's undertaking, property and assets and a first mortgage over the premises known as former APV premises, Whitewall Road, Rochester, Kent. The mortgage terms of repayment are monthly instalments representing principle and interest. The amount of these instalments will vary with the changes in the rate of interest and number of days in the month. The agreed rate of interest being LIBOR plus 2.25% per annum. The security given by the company is :

- First legal charge over freehold land and offices at Eley Industrial Estate, Kynock Road, Edmonton.
- Unlimited Director's Guarantee to be executed by Mr. H R Edeleanu.

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 14 Provision for liabilities and charges

	1995 £	Profit and loss account £	Other movements £	1996 £
Deferred taxation (notes 7 and 15)	(534,000)	-	534,000	-

## 15 Deferred taxation

	1996 Potential liability £	Provision made £	1995 Potential liability £	Provision made £
Corporation tax deferred by				
Capital allowances in excess of depreciation.	1,100,125	-	1,028,181	534,000
	<u>1,100,125</u>	<u>-</u>	<u>1,028,181</u>	<u>534,000</u>

The potential liability and provision are based on a corporation tax rate of 24 /25% (1995 25%).

## 16 Reconciliation of movements in shareholders' funds

	1996 £	1995 as restated £
Profit for the financial Year	887,027	965,996
Prior year adjustments	-	21,952
Net addition to shareholders' funds	<u>887,027</u>	<u>987,948</u>
Opening shareholders' funds	3,643,029	2,655,081
Closing shareholders' funds	<u>4,530,056</u>	<u>3,643,029</u>

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 17 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Authorised Shares of £1 each	100,000	100,000	100,000	100,000
<b>Allotted called up and fully paid</b>				
Authorised Shares of £1 each	100	100	100	100

## 18 Profit and loss account

	1996 £
1 June 1995	3,642,929
Retained profit for the Year	887,027
31 May 1996	4,529,956

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 May 1996

## 19 Notes to the cash flow statement

**Reconciliation of operating profit to  
net cash inflow from operating activities**

	1996 £	1995 £
Operating profit	54,291	849,121
Other operating income	(337,733)	(86,678)
Depreciation charges	2,159,604	2,390,667
Decrease/(increase) in stocks	148,428	107,125
(Increase)/decrease in debtors	(60,397)	365,301
(Decrease)/increase in creditors	(819,976)	(639,789)

Net cash inflow from operating activities

1,144,217	2,985,747
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**Analysis of changes in cash and cash  
equivalents as shown in the balance sheet**

Balance at 1 June 1995	(323,083)	(415,503)
Net cash outflow	(225,949)	92,420
Balance at 31 May 1996	(549,032)	(323,083)

**Analysis of the balances of cash and cash  
equivalents as shown in the balance sheet**

	1996 £	1995 £	Change in Year £
Bank overdrafts	(549,032)	(323,083)	(225,949)
	(549,032)	(323,083)	(225,949)

**Analysis of changes in financing during the Year**

	Finance Leasing £
Balance at 1 June 1995	7,004,158
Cash inflow from financing	(6,670,330)
Cash outflow from financing	4,973,972
Balance at 31 May 1996	5,307,800