Company Registration No. 921639

JOHN NIXON LIMITED

Report and Financial Statements

31 December 2010

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Nixon (Chairman)
Mrs T Nixon
C E Nixon
G R Nixon
N McDiarmid
K M Blackwood
Mrs B J Brown
Mrs A L Blackwood
S Smith
A Nixon

SECRETARY

N McDiarmid

REGISTERED OFFICE

Water Street
Newcastle upon Tyne
NE4 7AX

BANKERS

Barclays Bank plc
Newcastle City Group
Percy Street
Newcastle upon Tyne
NE1 4QL

SOLICITORS

Eversheds LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
United Kingdom

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The company's principal activity is the hiring out and distribution of construction plant and tools, portable accommodation and toilets primarily to the building and civil engineering industries The company operates throughout the North of England and Scotland

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During 2010 the company has concentrated on improving efficiency and generating new business which has resulted in an increase in turnover and profitability

During the current year turnover increased by 13 6% to £21 1m (2009 £18 5m) and gross profit increased by 12 9% to £9 9m (2009 £8 8m) The company made a pre tax profit of £700k for the year compared to a loss of £258k during the previous year The company had net assets of £9 3m (2009 £8 8m) at the year end

The company invested £2 8m (2009 £1 7m) in new plant, the transport fleet and the general infrastructure of the business

The headcount increased to an average of 255 (2009 244) The increase tended to be sales and commercial positions

The company continues to compete aggressively for hires in the market place Hire rates continue to be under pressure however the company has successfully increased average hire rates during 2010

The directors are confident that the investments and efficiencies made during the year will enable the business to continue to grow in terms of turnover, profit, geographical trading area and product offering

During Spring 2011 the Company opened a depot at Nairn, Inverness The Nairn depot offers the full range of equipment for hire

The first half of 2011 has seen the Company trading above its 2011 forecast and the unaudited profit before tax for the six month period has exceeded that of the same period during 2010

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 9, of the financial statements

PRINCIPAL RISK AND UNCERTAINTIES

The company operates in a competitive market This could lead to the company losing hires to its key competitors or a reduction in hire rates, both would result in reduced income The company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers The company also has an ongoing strategy to continually improve the efficiency of its operation and invest in new products for its hire fleet

The company is dependent on the economic activity in its trading area of the North of England and Scotland This risk is continually assessed to ensure that utilisation of plant is maintained The risk is also mitigated through the geographic expansion beyond the North of England and Scotland as a result of the continuous growth of the internet based side of the business (eXtra)

The business is capital intensive relying on access to capital in order to invest in products for the hire and transport fleets The company maintains good relationships with a pool of funders to provide several sources of finance

The company's borrowing facility and term loan are on a variable rate of interest The company reduces the risk of adverse movements in interest rates by fixing the interest rates for the majority of its borrowings The company manages the repayment period of debt to ensure it is appropriate to the type of assets being purchased

DIRECTORS' REPORT (continued)

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 6 The directors do not recommend the payment of a dividend and the retained profit for the year of £531,796 (2009 £199,452 loss) has been transferred/withdrawn from to reserves

DIRECTORS

The directors who all served throughout the year and since were as follows

J Nixon
Mrs T Nixon
C E Nixon
G R Nixon
N McDiarmid
K M Blackwood
Mrs B J Brown
Mrs A L Blackwood
P J Nixon (resigned 30 April 2011)

DONATIONS

During the year the company made charitable donations of £3,570 (2009 £1,533)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company This is achieved through formal and informal meetings and company notice boards Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests

SUPPLIER PAYMENT POLICY

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers provided that all trading terms and conditions have been complied with At 31 December 2010, the company had an average of 60 days purchases outstanding in trade creditors (2009 48 days) This represents the ratio expressed in days between amounts invoiced to the company by suppliers in the year and amounts due at the year end to those suppliers

AUDITORS

Each of the persons who are a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

N McDiarmid

N McDiarmid
Director
Date 9 September 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN NIXON LIMITED

We have audited the financial statements of John Nixon Limited for the year ended 31 December 2010 which comprise of the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 year for which the financial statements are prepared is consistent with the financial statements

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

Paul Williamson

Paul Williamson BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne, United Kingdom
Date 10 September 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	2	21,062,503	18,532,973
Cost of sales		(11,114,588)	(9,720,052)
GROSS PROFIT		9,947,915	8,812,921
Administrative expenses		(8,617,556)	(8,288,008)
Other operating income		15,120	38,744
		(8,602,436)	(8,249,264)
OPERATING PROFIT	4	1,345,479	563,657
Interest receivable and similar income	5	402	12
Interest payable and similar charges	6	(645,497)	(822,098)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		700,384	(258,429)
Tax on profit/(loss) on ordinary activities	7	(171,183)	58,977
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16/20	529,201	(199,452)

All of the company's results are derived from continuing operations

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account Accordingly, no separate statement of total recognised gains and losses is presented

BALANCE SHEET
31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	19,565,618	22,086,592
		19,565,618	22,086,592
CURRENT ASSETS			
Stocks	9	427,667	368,818
Debtors	10	4,671,980	4,237,725
Cash at bank and in hand		831,083	1,850
		5,930,730	4,608,393
CREDITORS: amounts falling due within one year	11	(8,943,625	(7,396,087)
NET CURRENT LIABILITIES		(3,012,895)	(2,787,694)
TOTAL ASSETS LESS CURRENT LIABILITIES		16,552,723	19,298,898
CREDITORS: amounts falling due after more than one year	12	(5,648,000)	(8,559,478)
PROVISION FOR LIABILITIES AND CHARGES	14	(1,601,769)	(1,965,667)
NET ASSETS		9,302,954	8,773,753
CAPITAL AND RESERVES			
Called up share capital	15	103,020	103,020
Revaluation reserve	20	-	39,630
Profit and loss account	20	9,199,934	8,631,103
SHAREHOLDERS' FUNDS	16	9,302,954	8,773,753

The financial statements of John Nixon Limited, registered number 921639, were approved by the Board of Directors and authorised for issue on 9 September 2011

Signed on behalf of the Board of Directors

N McDiarmid

N McDiarmid
Director

CASH FLOW STATEMENT
Year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	21	5,720,989	5,473,146
Returns on investments and servicing of finance	22	(514,472)	(822,086)
Taxation		(210,549)	(415,144)
Capital expenditure and financial investment	23	(208,619)	1,136,012
Net cash inflow before financing		4,787,349	5,371,928
Financing	24	(3,548,037)	(5,589,623)
Increase/(decrease) in cash	25, 26	1,239,312	(217,695)

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below They have all been adopted consistently in the current and preceding financial year

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting policies

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 2 to 3

The company meets its day to day working capital requirements through an overdraft facility of £900,000 which subsequent to year end was replaced by a borrowing facility secured against trade debtors which is due for review in July 2012 The company also finances its operations via a combination of hire purchase finance (repayable between 3 to 4 years), a treasury loan (repayable over 25 years) and directors' loans In arriving at the conclusion that the company has adequate financial resources the directors have considered the company's current facility and treasury loan with Barclays Bank plc, the hire purchase finance facilities and the directors' loans

There are no specific covenants attached to these finance facilities other than the treasury loan The covenants relating to the treasury loan have been renegotiated subsequent to the year end and agreed with the bank reflecting current market conditions and the company's expected level of profitability The directors expect compliance with the covenants based on the company's forecasts However, the current economic conditions create uncertainty particularly over (a) the level of demand for the company's products, and (b) the availability of finance in the foreseeable future

The company continues to proactively manage working capital needs and the directors consider that following their review of the company's investment in the hire fleet to date, the business is well placed to react to changing market conditions As a consequence, the directors believe that the company will be able to manage its business and liquidity risks successfully despite the current uncertain economic outlook and challenging macro economic conditions

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility and comply with loan covenants attached to these facilities The company actively holds discussions with its bankers and other finance providers about its future borrowing needs and no matters have been drawn to its attention to suggest that the current facilities will not be available in the foreseeable future

After making enquiries, the directors have formed a judgement and have a reasonable expectation at the time of approving the financial statements that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is provided over the estimated useful lives of the assets The rates and bases of depreciation are as follows

Freehold buildings	2% straight line
Plant for hire	5% - 33% straight line
Plant	10% reducing balance
Office furniture and vehicles	10% - 25% straight line
Computer equipment	33% straight line

Stocks

Stocks consist of goods for resale and consumables and are valued at the lower of cost and net realisable value Net realisable value is based on estimated selling price less all relevant marketing, selling and distribution costs Provision is made for slow moving or defective items where appropriate

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on inception of the leases and depreciated over the shorter of the lease term and their estimated useful lives The capital elements of future lease obligations are recorded as liabilities and the finance charges are allocated over the period of the lease on a straight line basis

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term

Pensions

The group operates a defined contribution pension scheme Membership of the scheme is open to all eligible employees of the group All costs incurred in relation to the scheme are expensed as they are incurred Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax Turnover is recognised as goods are delivered and services rendered to customers Where turnover relates to hire activities, revenue is recognised on a straight-line basis over the period of hire

The turnover and pre-tax profit, which arises in the United Kingdom, are attributable to the company's principal activity

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £	2009 £
Directors' emoluments		
Emoluments	1,046,485	901,616
Pension contributions	134,494	129,794
	1,180,979	1,031,410
Remuneration of the chairman and highest paid director		
Emoluments	256,876	171,051

The company paid £nil pension contributions in respect of the highest paid director (2009 £nil)

Seven directors (2009 seven) were members of the defined contribution pension scheme during the year

Average number of persons employed	2010 No.	2009 No.
Workshop and stores staff	161	159
Administrative staff	94	85
	255	244

Staff costs (including directors)	2010 £	2009 £
Wages and salaries	5,920,920	5,498,315
Social security costs	569,187	552,494
Pension costs (note 18)	302,148	303,080
	6,792,255	6,353,889

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

4. OPERATING PROFIT

	2010 £	2009 £
Operating profit is stated after charging:		
Depreciation		
-Owned assets	1,640,370	2,039,822
-Leased assets	2,858,659	2,750,173
Rentals under operating leases		
-Other operating leases	75,472	8,174
And after crediting:		
Profit on disposal of fixed assets	398,778	503,809
Rent receivable	15,120	38,744

The profit on disposal of fixed assets is included within operating profit as it results from the routine disposal of plant for hire and is no more than required adjustments to depreciation previously charged

The analysis of auditors' remuneration is as follows

Fees payable for the company's auditors for the audit of the company's annual accounts	18,000	17,000
Total audit fees	18,000	17,000
Other services pursuant to legislation		
Tax services	1,750	1,750
Total non-audit fees	1,750	1,750

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Interest receivable	402	12

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank loans, overdrafts and other loans repayable within five years	254,463	218,725
Finance leases and hire purchase contracts	391,034	603,373
	645,497	822,098

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

i) Analysis of tax charge/(credit) on ordinary activities

	2010 £	2009 £
Current tax		
United Kingdom corporation tax at 28% (2009 28%) based on the profit for the period	535,081	208,871
Adjustment in respect of prior years	-	1,697
Total current tax	535,081	210,568
Deferred tax		
Timing differences, origination and reversal	(309,251)	(275,424)
Adjustment in respect of prior years	4,678	5,879
Effect of changes in tax rates	(59,325)	-
Total deferred tax	(363,898)	(269,545)
Total tax on profit/(loss) on ordinary activities	171,183	(58,977)

ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher (2009 higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	700,384	(258,429)
Tax at 28% (2009 28%) thereon	196,108	(72,360)
Expenses not deductible for tax purposes	45,701	3,382
Income not taxable for tax purposes	(15,980)	-
Capital allowances in excess of depreciation	277,916	216,644
Movement in short term timing differences	31,336	58,780
Adjustments in respect of previous periods	-	1,697
Effects of other tax rates	-	(66)
Effects of gains	-	2,491
Current tax charge for the year	535,081	210,568

Finance Act 2010 was substantially enacted on 21 July 2010 and provided for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011 Accordingly this rate reduction has been reflected in these financial statements and reduces the deferred tax liability by £59,325

Subsequently the Government announced on 23 March 2011 that the main rate of corporation tax would be reduced to 26% effective from 1 April 2011 and this was substantively enacted on 29 March 2011 The Government also announced that it intends to further reduce the main rate of corporation tax to 25% with effect from 1 April 2012 and then by 1% per annum to 23% by 1 April 2014 As these rate reductions were not substantively enacted by the balance sheet date they are not reflected in the financial statements in accordance with FRS 19 as they are non-adjusting events occurring after the reporting period

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, office furniture & vehicles £	Plant for hire £	Total £
Cost or valuation				
At 1 January 2010	2,440,127	6,610,604	34,990,196	44,040,927
Additions	-	491,104	2,261,644	2,752,748
Disposals	-	(500,659)	(2,695,656)	(3,196,315)
At 31 December 2010	2,440,127	6,601,049	34,556,184	43,597,360
Accumulated depreciation				
At 1 January 2010	871,149	4,068,582	17,014,604	21,954,335
Charge for the year	57,020	942,779	3,499,230	4,499,029
Disposals	-	(460,777)	(1,960,845)	(2,421,622)
At 31 December 2010	928,169	4,550,584	18,552,989	24,031,742
Net book value				
At 31 December 2010	1,511,958	2,050,465	16,003,195	19,565,618
At 31 December 2009	1,568,978	2,542,022	17,975,592	22,086,592

Included within the above are fixed assets with a net book value of £12,877,553 (2009 £12,932,965) in respect of assets held under finance leases and hire purchase contracts

9. STOCKS

	2010 £	2009 £
Consumables	263,785	232,773
Plant for resale	163,882	136,045
	427,667	368,818

10. DEBTORS

	2010 £	2009 £
Trade debtors	4,180,812	3,786,606
Prepayments and accrued income	225,775	284,077
Other debtors	265,393	167,042
	4,671,980	4,237,725

All amounts are due within one year Other debtors include an amount of £264,147 (2009 £167,042) due to Nixon Hire Middle East, a related party

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank loans and overdraft (note 13)	108,126	518,205
Obligations under finance leases and hire purchase contracts (note 13)	3,987,738	3,857,728
Trade creditors	1,783,315	1,215,067
Corporation tax	535,081	210,548
Other taxes and social security	675,706	577,315
Other creditors	970,281	-
Accruals and deferred income	883,378	1,017,224
	8,943,625	7,396,087

Included within other creditors is £970,281 (2009 £nil) owed to certain directors of the company In prior year, an amount of £235,570 was due to directors of the company and included within accruals and deferred income

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

	2010 £	2009 £
Bank loans (note 13)	1,667,141	1,729,163
Obligations under finance leases and hire purchase contracts (note 13)	1,859,947	4,101,315
Other creditors	2,120,912	2,729,000
	5,648,000	8,559,478

Included within other creditors is £2,120,912 (2009 £2,729,000) owed to certain directors of the company

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

13. BORROWINGS

	2010 £	2009 £
Bank overdraft	-	410,079
Treasury loan	1,775,267	1,837,289
	1,775,267	2,247,368
Analysis of loan repayments		
Bank loans and overdrafts		
Within one year or on demand	108,126	518,205
Between one and two years	108,126	108,126
Between two and five years	324,378	324,377
After more than five years	1,234,637	1,296,660
	1,775,267	2,247,368
Other loans including finance leases and hire purchase contracts net of future finance charges		
Within one year or on demand	3,987,738	3,857,728
Between one and two years	1,541,697	3,284,818
Between two and five years	318,250	816,497
	5,847,685	7,959,043

The overdraft and treasury loan are secured by a fixed charge over land and buildings at Water Street, Railway Terrace and Dunn Street, Newcastle upon Tyne, Portrack Road, Stockton, Maud Street, Bradford and North Hylton Road, Sunderland Interest was charged on the treasury loan at 1 125% over base The treasury loan will be repaid over a period of twenty two years

Finance lease and hire purchase creditors are secured on the related assets

14. PROVISION FOR LIABILITIES AND CHARGES

Deferred tax is provided as follows

	2010 £	2009 £
Opening balance	1,965,667	2,235,212
Credit to profit and loss account	(363,898)	(269,545)
Closing balance	1,601,769	1,965,667
Capital allowances in excess of depreciation	1,721,459	2,059,991
Short term timing differences	(119,690)	(94,324)
	1,601,769	1,965,667

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

15. CALLED UP SHARE CAPITAL

	2010	2009
	£	£
Called up, allotted and fully paid		
515,100 ordinary shares of 20p each	103,020	103,020

The company has divided its share capital into A,B,C,D,E,F and G ordinary shares with a nominal value of 20p All types of shares carry the same votting rights and entitlement to dividends

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(loss) attributable to the members	529,201	(199,452)
Opening shareholders' funds	8,773,753	8,973,205
Closing shareholders' funds	9,302,954	8,773,753

17 FINANCIAL COMMITMENTS

Operating lease commitments - other

At 31 December the company was committed to making the following payments during the next year in respect of operating leases

	2010	2009
	£	£
Leases which expire within one year	5,450	-
Leases which expire within 2-5 years	65,520	-
Leases which expire in over 5 years	108,500	-

18. PENSION SCHEME

The company operates defined contribution pension schemes for all qualified employees The assets of the schemes are held separately from those of the company in independently administered funds The pension cost charge represents contributions payable by the company to the funds and amounted to £302,148 (2009 £303,080) Contributions totalling £26,746 (2009 £30,360) were payable to the funds at the year end and are included in creditors

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

19. RELATED PARTY TRANSACTIONS

Included within other creditors and accruals are the following amounts due to directors of the company

	2010 Capital £	2010 Interest £	2010 Total £	2009 Capital £	2009 Interest £	2009 Total £
Nixon Property Developments Ltd	-	-	-	4,000	1,370	5,370
J Nixon	175,000	364,000	539,000	2,675,000	232,373	2,907,373
T Nixon	50,000	2,193	52,193	50,000	2,332	52,332
A Blackwood	500,000	-	500,000	-	-	-
B J Brown	500,000	-	500,000	-	-	-
C E Nixon	500,000	-	500,000	-	-	-
G R Nixon	500,000	-	500,000	-	-	-
P J Nixon	500,000	-	500,000	-	-	-
	2,725,000	366,193	3,091,193	2,729,000	236,075	2,965,075

The amounts within other creditors are amounts owed to related parties £970,281 is redeemable before 31 December 2011 This includes an amount of £225,000 which bears interest at a fixed rate of 7 25% per annum No other amounts are interest bearing During the year the company entered into transactions in the ordinary course of business with Nixon Hire Middle East, which is a related party This comprised of sales of £97,105 (2009 £168,709) The amount due to John Nixon Ltd at the year end was £264,147 (2009 £167,042) During the year the company entered into transactions in the ordinary course of business with Recruitment NOW, which is a related party This comprised of purchases of £11,344 (2009 £ 2,750) No amounts were outstanding at year end

20. MOVEMENT ON RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2010	39,630	8,631,103	8,670,733
Transfer of Revaluation reserve to profit and loss account	(39,630)	39,630	-
Profit for the year	-	529,201	529,201
At 31 December 2010	-	9,199,934	9,199,934

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	1,345,479	563,657
Depreciation and amortisation	4,499,029	4,789,995
Profit on sale of fixed assets	(398,778)	(503,809)
(Increase)/decrease in stocks	(58,849)	243,642
Increase in debtors	(434,255)	(51,465)
Increase in creditors	768,363	431,126
Net cash inflow from operating activities	5,720,989	5,473,146

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £	2009 £
Interest received	402	12
Interest paid	(514,874)	(822,098)
	(514,472)	(822,086)

23. CAPITAL EXPENDITURE

	2010 £	2009 £
Payments to acquire tangible fixed assets	(1,382,090)	(204,730)
Receipts from sale of tangible fixed assets	1,173,471	1,340,742
Net cash (outflow)/inflow from capital expenditure	(208,619)	1,136,012

24. FINANCING

	2010 £	2009 £
Capital element of hire purchase payments	(3,482,016)	(5,222,924)
Repayment of loans	(66,021)	(366,699)
Net cash outflow from financing	(3,548,037)	(5,589,623)

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	2009 £
Increase/(decrease) in cash in the period	1,239,312	(217,695)
Net cash outflow from financing	3,548,037	5,589,623
Change in net debt resulting from cash flows	4,787,349	5,371,928
New hire purchase and finance leases	(1,370,658)	(1,490,384)
Movement in net debt in year	3,416,691	3,881,544
Net debt at 1 January	(12,933,564)	(16,815,108)
Net debt at 31 December	(9,516,873)	(12,933,564)

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

26. ANALYSIS OF NET DEBT

	At 1 January 2010 £	Cash flow £	Other Non-cash Changes £	At 31 December 2010 £
Cash in hand, at bank	1,850	829,233	-	831,083
Overdrafts	(410,079)	410,079	-	-
	(408,229)	1,239,312	-	831,083
Debt due within one year	(108,126)	66,021	(670,210)	(712,315)
Debt due after one year	(4,458,163)	-	670,210	(3,787,953)
Finance leases and hire purchase contracts	(7,959,046)	3,482,016	(1,370,658)	(5,847,688)
	(12,933,564)	4,787,349	(1,370,658)	(9,516,873)

27. MAJOR NON-CASH TRANSACTIONS

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £1,370,658 (2009 £1,490,384)

28 CONTROLLING PARTY

The company is under the control of J Nixon, a director

NOTES TO THE ACCOUNTS
Year ended 31 December 2010

ADDITIONAL INFORMATION

The additional information consisting of the detailed profit and loss account and related notes 1 to 8 has been prepared from the accounting records of the company While it does not form part of the statutory financial statements, it should be read in conjunction with them and the responsibilities section of the auditor's report thereon

TRADING PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010 £	2009 £
INCOME	1	21,062,503	18,532,973
Cost of sales	2	(11,114,588)	(9,720,052)
GROSS PROFIT		9,947,915	8,812,921
%		47 23	47 55
LESS. OVERHEAD EXPENSES			
Office	3	4,068,152	3,664,957
Establishment	4	1,075,317	1,054,499
Motor	5	2,771,483	2,815,461
General	6	702,604	753,091
Financial	7	645,095	822,086
		9,262,651	9,110,094
NET TRADING PROFIT/(LOSS) FOR THE YEAR		685,264	(297,173)
ADD: OTHER INCOME			
Other operating income	8	15,120	38,744
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		700,384	(258,429)

NOTES TO THE TRADING PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

		2010 £	2009 £
1	**INCOME**		
	Turnover	21,062,503	18,532,973
2.	**COST OF SALES**		
	Opening stock	368,818	646,210
	Purchases	4,985,013	3,123,387
	Closing stock	(427,667)	(457,034)
	Wages and driver wages	3,061,844	3,048,914
	Depreciation on plant for hire	3,499,230	3,839,528
	Profit on disposal of fixed assets	(372,650)	(480,953)
		11,114,588	9,720,052
3.	**OFFICE EXPENSES**		
	Staff costs		
	Directors' remuneration	1,180,979	1,121,845
	Wages and salaries	2,178,933	1,854,060
	Redundancy	-	52,162
	Employer's NIC	205,643	182,451
	Staff pension scheme	132,935	133,406
	Death in service insurance	31,921	32,272
	Telephone	109,014	116,732
	Postage and carriage	18,722	20,765
	Printing, stationery and advertising	162,427	149,720
	Staff training	3,129	(31,553)
	Depreciation on office machinery	23,827	21,189
	Hire of equipment	20,622	11,908
		4,068,152	3,664,957
4.	**ESTABLISHMENT EXPENSES**		
	Rent, rates and insurance	698,138	659,329
	Repairs and renewals	88,787	89,185
	Light and heat	132,216	130,138
	Depreciation on premises	57,020	59,110
	Depreciation on plant and equipment	79,339	85,569
	Depreciation on fixtures and fittings	19,817	31,168
		1,075,317	1,054,499

NOTES TO THE TRADING PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	2010 £	2009 £
5. MOTOR EXPENSES		
Travelling and entertaining	145,228	151,926
Motor running expenses	1,807,524	1,914,920
Vehicle leases	25,063	18,036
Depreciation on motor vehicles	819,796	753,431
Profit on disposal of fixed assets	(26,128)	(22,852)
	2,771,483	2,815,461
6. GENERAL EXPENSES		
Legal and professional	72,252	81,987
Audit and accountancy	38,500	33,519
Bank charges	42,668	31,518
Sundry expenses	104,362	89,547
Bad debts	319,704	465,116
Computer software	125,118	51,404
	702,604	753,091
7. FINANCIAL EXPENSES		
Interest payable		
Bank overdraft	1,989	4,384
Bank loan interest	35,110	25,229
Loan interest	217,364	189,112
Hire purchase interest	391,034	603,373
Interest received	(402)	(12)
	645,095	822,086
8. OTHER OPERATING INCOME		
Rent receivable	15,120	38,744
	15,120	38,744