

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2006

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COMPANIES HOUSE

John Hanlon & Company Limited

COMPANY INFORMATION

DIRECTOR J F Hanlon

SECRETARY P J Hanlon

COMPANY NUMBER 1311902

REGISTERED OFFICE Highlands Farm
Campton
Shefford
Beds
SG17 5NZ

BANKERS Barclays Bank plc
12 - 12a Howards Centre
Welwyn Garden City
Herts
AL8 6HA

AUDITOR John P Surrey
Chartered Accountant
and Registered Auditor
8 Horseshoe Lane West
Guildford
Surrey
GU1 2SX

John Hanlon & Company Limited

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The following pages do not form part of the statutory accounts:

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John Hanlon & Company Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2006

The director presents his report and financial statements for the year ended 31st August 2006

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.

Principal activity

The company's principal activity continues to be that of the sale, hire and service of heavy equipment.

Review of the business and future prospects

The company has continued to increase the size of its hire fleet and this is now the major source of income providing customers with quality service backed rentals to a large cross-section of industries.

The company is confident as to the continuing growth of its business.

Results and dividends

The company made a profit of £207,272 (2005 - £144,779) after tax, as detailed on page 4. The director does not recommend the payment of a dividend.

John Hanlon & Company Limited

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31ST AUGUST 2006

Directors

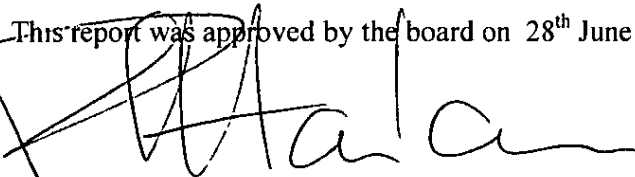
The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were

	Number of shares	
	2006	2005
J. F. Hanlon	60	60

Auditors

The death of E P H Barber, the principal of Barber & Co, on 8th February 2007 has created a vacancy for the position of Auditor and J P Surrey was appointed in his stead, J P Surrey is willing to continue in office and a resolution to re-appoint him will be proposed at the annual general meeting

This report was approved by the board on 28th June 2007 and signed on its behalf



P. J. Hanlon
Secretary

John Hanlon & Company Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

I have audited the financial statements of John Hanlon & Company Limited for the year ended 31st August 2006 which comprise the profit and loss account, balance sheet, cash flow statement and related notes

These financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold property 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. My 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 in the Statement of Director's Responsibilities the company's director is 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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistency. Our responsibilities do not extend to any other information.

Basis of audit opinion

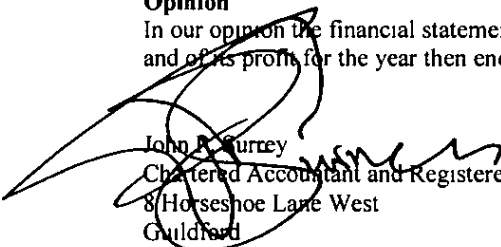
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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.

Basis of audit opinion continued

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 31st August 2006 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John R. Surrey
Chartered Accountant and Registered Auditor
8 Horseshoe Lane West
Guildford
Surrey
GU1 2SX

Date 28th June 2007

John Hanlon & Company Limited

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2006

	Notes	2006 £	2005 £
TURNOVER	2	4,626,553	4,126,388
Cost of sales		(3,400,853)	(3,052,750)
GROSS PROFIT		1,225,700	1,073,638
Administration expenses		(479,374)	(462,005)
OPERATING PROFIT	3	746,326	611,633
Interest payable	4	(488,426)	(430,728)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		257,900	180,905
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(50,628)	(36,126)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	207,272	144,779

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

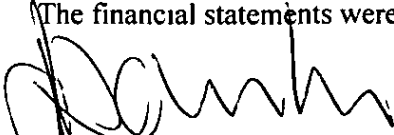
The notes on pages 7 to 15 form part of these financial statements

John Hanlon & Company Limited

BALANCE SHEET AS AT 31ST AUGUST 2006

	Notes	2006	2005
		£	£
FIXED ASSETS			
Tangible assets	6	8,455,481	7,662,304
CURRENT ASSETS			
Stocks	7	291,768	234,669
Debtors	8	1,006,618	727,849
Cash at bank and in hand		125,029	85,102
		<u>1,423,415</u>	<u>1,047,620</u>
CREDITORS: Amounts falling due within one year	9	(3,080,732)	(2,589,471)
NET CURRENT LIABILITIES		<u>(1,657,317)</u>	<u>(1,541,851)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,798,164</u>	<u>6,120,453</u>
CREDITORS: Amounts falling due after more than one year	10	(4,937,071)	(4,517,260)
PROVISION FOR LIABILITIES AND CHARGES			
- Deferred taxation	12	(286,791)	(236,163)
NET ASSETS		<u>£1,574,302</u>	<u>£1,367,030</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Revaluation Reserve	14	415,516	417,451
Profit and loss account	15	1,158,686	949,479
SHAREHOLDERS' FUNDS	16	<u>£1,574,302</u>	<u>£1,367,030</u>
Represented by:			
Equity interests		<u>£1,574,302</u>	<u>£1,367,030</u>

The financial statements were approved by the board on 28th June 2007 and signed on its behalf


J. F. Hanlon
 Director

The notes on page 7 to 15 form part of these financial statements

John Hanlon & Company Limited

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2006

		2006	2005
	Notes	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	2,136,848	2,231,002
Interest paid		(488,426)	(430,728)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(488,426)	(430,728)
CORPORATION TAX PAID		-	-
Purchase of tangible fixed assets		(220,473)	(222,749)
Proceeds from sale of tangible fixed assets		1,046,698	730,248
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		826,225	507,499
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		2,474,647	2,307,773
(DECREASE0)/INCREASE IN BORROWINGS	20	(20,762)	136,822
CAPITAL ELEMENT OF FINANCE LEASE RENTALS	20	(2,413,958)	(2,359,493)
FINANCING		(2,437,720)	(2,222,671)
INCREASE IN CASH	21	£39,927	£85,102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2006

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold property and include the results of the company's operations which are described in the Directors' Report and all of which are continuing

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold buildings	2%	per annum straight line basis
Motor vehicles	25%	per annum straight line basis
Plant and machinery	20%	per annum straight line basis
Hire fleet	15-20%	per annum straight line basis
Office equipment	20%	per annum straight line basis

No depreciation is provided on freehold land

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under such contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

1 5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are credited to profit and loss account as turnover as and when such income arises

1 6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

In accordance with FRS 19, deferred tax is provided on all liabilities where the transactions or events that give rise to an obligation to pay more tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that the director considers that it is more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

2 TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company, the sale, hire and service of heavy equipment.

In the year to 31st August 2006 16.5% of the company's turnover was to markets outside the United Kingdom (2005 – 8.29%)

3 OPERATING PROFIT

	2006 £	2005 £
The operating profit is stated after charging/crediting		
Operating lease rentals receivable	4,090,513	3,700,016
Depreciation of tangible fixed assets		
- owned by the company	31,216	47,362
- held under finance leases and hire purchase agreements	1,631,953	1,590,017
Auditors' remuneration	21,000	20,375
Profit on sale of fixed assets	74,698	62,738
	=====	=====

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

4 INTEREST PAYABLE

Included in interest payable is interest on finance leases and hire purchase contracts of £432,040 (2005 - £373,150)

5 TAXATION

	2006 £	2005 £
Corporation tax on the profit for the year	-	-
Deferred taxation (note 12)	50,628	36,126
	<u>50,628</u>	<u>36,126</u>

There is no corporation tax payable because of tax losses brought forward and the availability of capital allowances

The tax assessed for the period is lower than the standard rate of UK taxation applicable to the company of 19% (2005 - 19 00%) The differences are explained below -

Profit on ordinary activities before tax	<u>257,900</u>	<u>180,905</u>
Profit on ordinary activities multiplied by standard rate of 19% (2005 - 19 00%)	49,001	34,372
Expenses not deductible for tax purposes	-	11
Capital and other allowances in excess of depreciation for period	(51,828)	(35,751)
Utilisation of / addition to tax losses	2,827	1,368
Current tax charge for the period	<u>£ -</u>	<u>£ -</u>

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

6 TANGIBLE FIXED ASSETS

	Freehold Property £	Motor Vehicles £	Plant & Machinery £	Hire Fleet £	Office Equipment £	Total £
COST OR VALUATION						
At 1 9 05	1,097,876	152,225	92,908	9,987,533	30,468	11,361,010
Additions	45,430	58,206	4,000	3,318,777	1,933	3,428,346
Disposals	-	(45,615)	-	(2,175,950)	-	(2,221,565)
At 31 8 06	1,143,306	164,816	96,908	11,130,360	32,401	12,567,791
DEPRECIATION						
At 1 9 05	24,650	66,511	32,244	3,553,730	21,571	3,698,706
Charge for year	12,500	35,214	20,691	1,592,187	2,577	1,663,169
Disposals	-	(39,114)	-	(1,210,451)	-	(1,249,565)
At 31 8 06	37,150	62,611	52,935	3,935,466	24,148	4,112,310
NET BOOK VALUE						
At 31 8 06	1,106,156	102,205	43,973	7,194,894	8,253	8,455,481
NET BOOK VALUE						
At 31 8 05	1,073,226	85,714	60,664	6,433,803	8,897	7,662,304

Freehold property was revalued at 31st December 1987 to an amount which, in the opinion of the directors represented open market value. Subsequent additions are at cost. The historical cost of the freehold property at 31st August 2006 is £714,245 (2005 - £668,815).

The director is satisfied, on the basis of a professional valuation of the property's potential annual rental value carried out in July 2006 that the net book value of the property is in line with its market value on the existing use basis.

The net book value of fixed assets held under finance leases was £7,220,977 (2005 - £6,434,398) comprising hire fleet of £7,083,704 (2005 - £6,301,364), plant and machinery of £35,068 (2005 - £47,820) and motor vehicles of £102,205 (2005 - £85,214).

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

7 STOCKS

	2006 £	2005 £
Stocks for resale	143,234	77,234
Consumables and spares	148,534	157,435
	<u>291,768</u>	<u>234,669</u>

8 DEBTORS

	2006 £	2005 £
Trade debtors	639,795	549,340
Other debtors	263,225	176,965
Tax and social security	103,598	1,544
	<u>1,006,618</u>	<u>727,849</u>

9. CREDITORS

	2006 £	2005 £
Amounts falling due within one year		
Bank loan and overdraft (secured - see note 10)	24,225	20,899
Trade creditors	367,564	283,492
Other creditors	233,844	182,025
Finance leases and hire purchase contracts (see note 11)	2,424,676	2,074,660
Accruals	30,423	28,395
	<u>3,080,732</u>	<u>2,589,471</u>

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

10 CREDITORS

	2006 £	2005 £
Amounts falling due after more than one year		
Bank loans	764,937	789,025
Finance leases and hire purchase contracts	4,172,134	3,728,235
	<u>4,937,071</u>	<u>4,517,260</u>

The bank loans and overdraft facility are secured by a debenture over the assets of the company and a legal mortgage on the freehold property. The bank loans are repayable by monthly instalments over the period to 2025 and bear interest at 6.35% variable and 6.9% fixed.

11 FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Liabilities falling due are payable

	2006 £	2005 £
- within one year	2,424,676	2,074,660
- after more than one year	4,172,134	3,728,235
	<u>6,596,810</u>	<u>5,802,895</u>

Finance leases and hire purchase contracts are secured by retention of title to the related assets and all fall due in less than 5 years.

12 DEFERRED TAXATION

Provision is made for deferred taxation in accordance with FRS 19. Accordingly provision is made in respect of accelerated capital allowances and other timing differences less trading tax losses carried forward.

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

12 DEFERRED TAXATION - Continued

	2006 £	2005 £
Deferred taxation	286,791 =====	236,163 =====

Provision is not made for the corporation tax which would be payable if the company's property was sold at balance sheet value At 31st August 2006 the amount payable would have been £18,825 (2005 - £29,000)

13. CALLED UP SHARE CAPITAL

	£	£
Authorised - Ordinary shares of £1 each	10,000 =====	10,000 =====
Issued - Ordinary shares of £1 each	100 =====	100 =====

14 REVALUATION RESERVE

	£	£
Unrealised surplus on property revaluation		
At 1st September 2005	417,451	419,386
Transfer to profit and loss account	(1,935)	(1,935)
At 31st August 2006	415,516 =====	417,451 =====

The potential tax liability on a sale of the property at the revalued amount is shown in note 12

15 PROFIT AND LOSS ACCOUNT

	£	£
At 1st September 2005	949,479	802,765
Transfer from revaluation reserve	1,935	1,935
Profit for the year	207,272	144,779
At 31st August 2006	1,158,686 =====	949,479 =====

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

16 MOVEMENT ON SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the year	207,272	144,779
Opening shareholders' funds	1,367,030	1,222,251
Closing shareholders funds	<u>1,574,302</u>	<u>1,367,030</u>

17 RELATED PARTY TRANSACTIONS

The director is a partner in J J & B Engineering, a partnership which provided services to the company in the year for a value of £1,054,834. At 31st August 2006 £131,706 was due by the company to the partnership (2005 - £163,815 due from the partnership to the company)

The director who served during the year is also a director of Pendring Limited and its subsidiary Cravefield Limited and is a controlling shareholder of Pendring Limited. At 31st August 2006 £263,225 (2005 - £182,024) was due to Pendring Limited and its subsidiary

18 CAPITAL COMMITMENTS

There were no capital commitments authorised at 31st August 2006

John Hanlon & Company Limited

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2006

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	746,326	611,633
Depreciation charge	1,663,169	1,535,586
(Profit)/loss on sale of fixed assets	(74,698)	(62,738)
Decrease/(increase) in debtors	(278,769)	131,890
(Decrease)/increase in creditors	137,919	(72,088)
(Increase)/decrease in stocks	(57,099)	86,719
	<u>2,136,848</u>	<u>2,231,002</u>

20 ANALYSIS OF CHANGES IN NET DEBT

	£	£
Increase in cash	39,927	85,102
Decrease/(increase) in net borrowings	20,762	(136,822)
Capital element of finance lease rentals	2,413,958	2,359,493
New finance leases	(3,207,873)	(2,760,586)
Total movement	<u>(733,228)</u>	<u>(452,813)</u>
Net borrowings at beginning of period	(6,527,717)	(6,074,904)
Net borrowings at end of period	<u>(7,260,943)</u>	<u>(6,527,717)</u>

21 ANALYSIS OF NET DEBT

	At 1st Sept 2005	Cash flow	Other non- cash changes	At 31st Aug 2006
Cash at bank and in hand	85,102	39,927	-	125,029
Loans due after one year	(789,025)	24,088	-	(764,937)
Loans and overdraft due within one year	(20,899)	(3,326)	-	(24,225)
Finance leases	(5,802,895)	2,413,958	(3,207,873)	(6,596,810)
	<u>(6,527,717)</u>	<u>2,474,647</u>	<u>(3,207,873)</u>	<u>(7,260,943)</u>