

JOHN HANLON AND COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2000



JOHN HANLON AND COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS: 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 Howardsgate Centre
Welwyn Garden City
Herts
AL8 6ER

AUDITORS: Barber & Co
Chartered Accountants
and Registered Auditors
The Grange
3 Codicote Road
Welwyn
Herts
AL6 9LY

JOHN HANLON AND COMPANY LIMITED

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JOHN HANLON AND COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2000

The directors present their report and financial statements for the year ended 31st August 2000.

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 construction equipment.

Directors

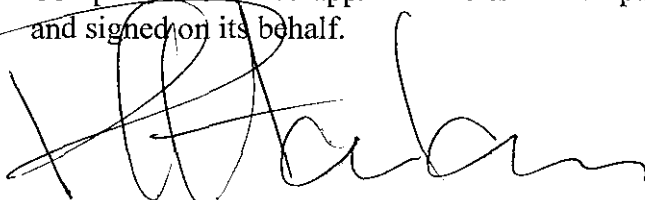
The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	Number of shares	
	2000	1999
J. F. Hanlon	60	60

Auditors

The auditors, Barber & Co., will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the board on 15/6/2001 and signed on its behalf.



P. J. Hanlon
Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF

JOHN HANLON AND COMPANY LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out on pages 5 to 6.

Respective responsibilities of directors and auditors

As described on page 1 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.

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 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 at 31st August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

Barber & Co
Chartered Accountants
and Registered Auditors
The Grange
3 Codicote Road
Welwyn
Herts
AL6 9LY

Date: 19th June 2001


BARBER & CO

JOHN HANLON AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2000

	Notes	2000 £	1999 £
TURNOVER	2	1,753,202	1,553,599
Cost of sales		(1,446,761)	1,255,844
		<hr/>	<hr/>
GROSS PROFIT		306,441	297,755
Administration expenses		(139,151)	(136,028)
		<hr/>	<hr/>
OPERATING PROFIT	3	167,290	161,727
Profit on disposal of tangible fixed assets		21,704	8,281
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		188,994	170,008
Interest receivable		1,483	-
Interest payable		(112,869)	(104,793)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		77,608	65,215
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		77,608	65,215
RETAINED PROFIT BROUGHT FORWARD		288,623	223,408
RETAINED PROFIT CARRIED FORWARD		<u>£366,231</u>	<u>£288,623</u>

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

The notes on pages 5 to 11 form part of these financial statements.

JOHN HANLON AND COMPANY LIMITED

BALANCE SHEET AS AT 31ST AUGUST 2000

	Notes	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	6	2,364,787	1,537,579
CURRENT ASSETS			
Stocks	7	916,365	383,899
Debtors	8	444,244	527,852
Cash at bank and in hand		9,157	129,769
		<u>1,369,766</u>	<u>1,041,520</u>
CREDITORS: Amounts falling due within one year	9	(1,570,054)	(1,033,073)
NET CURRENT ASSETS		<u>(200,288)</u>	<u>8,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,164,499</u>	<u>1,546,026</u>
CREDITORS: Amounts falling due after more than one year	10	(1,369,107)	(828,242)
NET ASSETS		<u>£795,392</u>	<u>£717,784</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Revaluation Reserve	13	429,061	429,061
Profit and loss account		366,231	288,623
SHAREHOLDERS' FUNDS	14	<u>£795,392</u>	<u>£717,784</u>
Represented by:			
Equity interests		<u>£795,392</u>	<u>£717,784</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 15/6/01 and signed on its behalf.


J. F. Hanlon
Director

The notes on page 5 to 11 form part of these financial statements.

JOHN HANLON AND COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2000

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	20%	per annum straight line basis
Office equipment	20%	per annum straight line basis

No depreciation is provided on freehold land.

From 1st September 1994, where additions to the hire fleet were made at discounted prices, no depreciation is provided for the first twelve months of ownership.

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2000

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.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

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

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

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 construction equipment.

In the year to 31st August 2000 6% of the company's turnover was to markets outside the United Kingdom (1999 19.7%).

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2000

3. OPERATING PROFIT

	2000 £	1999 £
The operating profit is stated after charging/(crediting):		
Operating lease rentals receivable	(811,994)	(467,514)
Depreciation of tangible fixed assets		
- owned by the company	13,216	16,072
- held under finance leases and hire purchase agreements	228,486	139,182
Auditors' remuneration	9,225	8,500
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

Included in interest payable is interest on finance leases and hire purchase contracts of £86,317 (1999 - £75,921).

5. TAXATION

There is no charge to taxation because of taxable losses brought forward.

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £14,000 (1999 £13,121) due to the liabilities detailed in Note 11.

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2000

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Motor Vehicles £	Plant & Machinery £	Hire Fleet £	Office Equipment £	Total £
COST OR VALUATION						
At 1.9.99	665,217	135,437	8,000	1,023,680	13,268	1,845,602
Additions	-	86,890	-	1,116,701	-	1,203,591
Disposals	-	(36,349)	-	(221,421)	-	(257,770)
Transfer to stock	-	-	-	(77,066)	-	(77,066)
At 31.8.00	665,217	185,978	8,000	1,841,894	13,268	2,714,357
DEPRECIATION						
At 1.9.99	-	43,113	6,082	248,231	10,597	308,023
Charge for year	3,000	39,312	800	197,106	1,484	241,702
Disposals	-	(23,578)	-	(111,186)	-	(134,764)
Transfer to stock	-	-	-	(65,391)	-	(65,391)
At 31.8.00	3,000	58,847	6,882	268,760	12,081	349,570
NET BOOK VALUE						
At 31.8.00	662,217	127,131	1,118	1,573,134	1,187	2,364,787
NET BOOK VALUE						
At 31.8.99	665,217	92,324	1,918	775,449	2,671	1,537,579

Freehold property was revalued at 31st December 1987 to an amount which, in the opinion of the directors represented open market value. The historical cost of the freehold property at 31st August 2000 is £236,156 (1999 £236,156).

The net book value of fixed assets held under finance leases was £1,674,027 (1999 - £848,601) comprising hire fleet of £1,546,896 (1999 - £758,974) and motor vehicles of £127,131 (1999 - £89,627).

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2000

7. STOCKS

	2000	1999
	£	£
Stocks for resale	262,368	113,899
Machinery stocks (subject to retention of title by supplier)	653,997	270,000
	<u>£916,365</u>	<u>£383,899</u>
	=====	=====

8. DEBTORS

	2000	1999
	£	£
Trade debtors	221,284	275,460
Other debtors	210,207	223,151
Tax and Social Security	12,753	28,366
Prepayments	-	875
	<u>£444,244</u>	<u>£527,852</u>
	=====	=====

9. CREDITORS

	2000	1999
	£	£
Amounts falling due within one year:		
Bank loan	7,007	9,137
Trade creditors	858,086	516,755
Other creditors	238,629	228,169
Finance leases and hire purchase contracts (see note 10)	458,566	240,725
Accruals	7,766	38,287
	<u>£1,570,054</u>	<u>£1,033,073</u>
	=====	=====

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT/D.

FOR THE YEAR ENDED 31ST AUGUST 2000

10. CREDITORS

	2000 £	1999 £
Amounts falling due after more than one year:		
Bank loan	281,929	286,656
Finance leases and hire purchase contracts	1,087,178	541,586
	<u>£1,369,107</u>	<u>£828,242</u>

The bank loan is secured by a debenture over the assets of the company and a legal mortgage on the freehold property. The bank loan is repayable over 25 years to the year 2016 in quarterly instalments, and bears interest at 2.75% per annum over the LIBOR rate.

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.

11. DEFERRED TAXATION

In accordance with the accounting policy, no provision is included in the accounts for deferred taxation.

The additional potential liability for deferred taxation not provided was as follows:

	2000 £	1999 £
Accelerated capital allowances	139,000	76,000
Property valuation	48,000	52,000
Less: Trading losses carried forward	<u>(67,000)</u>	<u>(18,000)</u>
	<u>£120,000</u>	<u>£110,000</u>

12. CALLED UP SHARE CAPITAL

	£	£
Authorised - Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Issued - Ordinary shares of £1 each	<u>100</u>	<u>100</u>

JOHN HANLON AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONT'D.

FOR THE YEAR ENDED 31ST AUGUST 2000

13. REVALUATION RESERVE

	2000 £	1999 £
Unrealised surplus on property revaluation	£429,061 =====	£429,061 =====

The potential tax liability on a sale of property at the revalued amount is shown in note 11.

14. MOVEMENT ON SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the year	77,608	65,215
Opening shareholders' funds	717,784	652,569
Closing shareholders funds	£795,392 =====	£717,784 =====

15. RELATED PARTY TRANSACTIONS

The director who served during the year is a partner in J. J. & B. Engineering, a partnership which provided services to the company for a value of £532,000. At 31st August 2000 £195,902 was due from the partnership to the company.

The director who served during the year is also a director of Pendring Limited and its subsidiary Cravefields Limited and is a controlling shareholder of Pendring Limited. At 31st August 2000 £221,624 was due to Pendring Limited and its subsidiary.