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FALCON CRANE HIRE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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FALCON CRANE HIRE LIMITED

COMPANY INFORMATION

DIRECTOR	D C Genge
COMPANY SECRETARY	B I Brown
REGISTERED NUMBER	01754008
REGISTERED OFFICE	Shipdham Airfield Industrial Estate Shipdham Thetford Norfolk IP25 7SD
INDEPENDENT AUDITORS	Peters Elworthy & Moore Chartered Accountants & Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA

FALCON CRANE HIRE LIMITED

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FALCON CRANE HIRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his report and the financial statements for the year ended 31 December 2013.

BUSINESS REVIEW

The company's principal activity continues to be that of a crane trading company, mainly the provision of tower cranes for hire, together with related support services to the construction industry mainly in the UK.

The director is pleased with the results for the year. The improved economic conditions have led to increased sales and a higher number of cranes in use.

PRINCIPAL RISKS AND UNCERTAINTIES

Although a modest improvement to the market for tower crane hire to the construction industry is reported, it remains uncertain in the current economic climate.

The company seeks to manage the growth of customers during the present improvement, and to respond quickly to changing conditions. The company is continuing its policy of disposing of old less efficient cranes, particularly to export markets. The consequent cash flow benefits have been re-invested in new machinery during the first two quarters of 2014. The renewal policy of improving the hire fleet will continue as the market improves. The company will therefore be well placed to take advantage of continuing market improvements.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and on previous customers as new contracts are proposed. Payments received are monitored against contractual agreements.

The company monitors cashflow as part of its day to day control procedures, and ensures that appropriate facilities are available to fulfil financial obligations.


KEY PERFORMANCE INDICATORS

The company's financial key performance indicator is turnover. Turnover has exceeded the prior year and expectations due to improved market conditions. The company's non-financial key performance indicator is the number of cranes in use. The improved market conditions have again meant that this indicator is in excess of both the prior year and target for 2013.

FUTURE DEVELOPMENTS

The director is optimistic that the economic recovery experienced in 2013 will continue to improve in 2014. The policy of updating our strong fleet of tower cranes will continue throughout the year, however we anticipate a decline in exports in order for the machines to be utilised in our hire fleet. The group's training and investment in people policy will continue through 2014 to meet the needs of our ever expanding customer base.

This report was approved by the board on 3rd June 2014 and signed on its behalf.



D C Genge
Director

FALCON CRANE HIRE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his report and the financial statements for the year ended 31 December 2013.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

RESULTS

The profit for the year, after taxation, amounted to £52,329 (2012 - £83,210).

DIRECTOR

The director who served during the year was:

D C Genge

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

FALCON CRANE HIRE LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

This report was approved by the board on 3rd Jan 2014 and signed on its behalf.



D C Genge
Director

FALCON CRANE HIRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FALCON CRANE HIRE LIMITED

We have audited the financial statements of Falcon Crane Hire Limited for the year ended 31 December 2013, set out on pages 6 to 17. 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 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 DIRECTOR AND AUDITORS

As explained more fully in the director's responsibilities statement, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FALCON CRANE HIRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FALCON CRANE HIRE LIMITED

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Laragh Jeanroy (senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 11 June 2014

FALCON CRANE HIRE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1	14,920,270	9,259,374
Cost of sales		(13,483,060)	(8,149,385)
GROSS PROFIT		1,437,210	1,109,989
Administrative expenses		(1,306,520)	(968,660)
OPERATING PROFIT	3	130,690	141,329
Interest payable and similar charges	6	(52,360)	(54,704)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		78,330	86,625
Tax on profit on ordinary activities	7	(26,001)	(3,415)
PROFIT FOR THE FINANCIAL YEAR	15	52,329	83,210

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 8 to 17 form part of these financial statements.

FALCON CRANE HIRE LIMITED
REGISTERED NUMBER: 01754008

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		832,132		892,174
CURRENT ASSETS					
Stocks	9	42,252		78,750	
Debtors	10	13,702,062		11,016,655	
		<u>13,744,314</u>		<u>11,095,405</u>	
CREDITORS: amounts falling due within one year	11	(8,195,042)		(5,606,952)	
NET CURRENT ASSETS			<u>5,549,272</u>		<u>5,488,453</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,381,404</u>		<u>6,380,627</u>
CREDITORS: amounts falling due after more than one year	12		(543,045)		(583,661)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(5,369)		(16,305)
NET ASSETS			<u>5,832,990</u>		<u>5,780,661</u>
CAPITAL AND RESERVES					
Called up share capital	14		140,000		140,000
Profit and loss account	15		5,692,990		5,640,661
SHAREHOLDERS' FUNDS	16		<u>5,832,990</u>		<u>5,780,661</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

3 June 2014


D.C. Genge
 Director

The notes on pages 8 to 17 form part of these financial statements.

FALCON CRANE HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The director is confident of the ability of the company to continue to trade profitably for at least the next twelve months. The director therefore considers that the going concern basis continues to be appropriate, and has prepared the accounts on this basis.

1.3 Turnover

Sales of goods net of VAT and trade discounts are recognised as turnover when the goods are physically delivered to the customer. The value of services under contracts for hire are recognised as turnover to the extent that there is a right to consideration, and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total expected consideration at completion.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	25% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase 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.

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lesser, 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.

FALCON CRANE HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

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

Exchange gains and losses are recognised in the profit and loss account.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to the provision of tower cranes for hire, together with related support services.

A geographical analysis of turnover is as follows:

	2013 £	2012 £
United Kingdom	14,697,007	9,020,024
Rest of European Union	102,671	6,521
Rest of world	120,592	232,829
	<u>14,920,270</u>	<u>9,259,374</u>

FALCON CRANE HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	74,298	108,331
- held under finance leases	116,114	84,161
Auditors' remuneration	15,850	12,000
Difference on foreign exchange	12,002	(1,385)
Operating lease rentals - plant and machinery	3,975,060	2,765,896
Operating lease rentals - other	46,779	64,125
	<u> </u>	<u> </u>

Included with auditors' remuneration are amounts of £5,650 and £5,100 being the audit fees associated with the parent company, Falcon Crane Hire Holdings Limited, and a fellow subsidiary, Tower Crane Asset Management Limited, which have been charged to this company's profit and loss account.

4. STAFF COSTS

Staff costs, including director's remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	4,457,949	2,245,006
Social security costs	563,935	372,226
Pension costs	83,471	90,718
	<u> </u>	<u> </u>
	5,105,355	2,707,950
	<u> </u>	<u> </u>

The average monthly number of employees, including the director, during the year was as follows:

	2013 No.	2012 No.
Crane operators	149	118
Office and administration	24	20
	<u> </u>	<u> </u>
	173	138
	<u> </u>	<u> </u>

FALCON CRANE HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

5. DIRECTOR'S REMUNERATION

	2013	2012
	£	£
Remuneration	93,186	91,451
Company pension contributions to defined contribution pension schemes	37,716	37,716

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

6. INTEREST PAYABLE

	2013	2012
	£	£
On other loans	1,458	-
On finance leases and hire purchase contracts	50,902	54,704
	52,360	54,704

7. TAXATION

	2013	2012
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	36,563	16,375
Adjustments in respect of prior periods	374	-
Total current tax	36,937	16,375
Deferred tax (see note 13)		
Origination and reversal of timing differences	(10,936)	(12,960)
Tax on profit on ordinary activities	26,001	3,415

FALCON CRANE HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 20%). The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before tax	78,330	86,625
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 20%)	18,212	17,325
Effects of:		
Expenses not deductible for tax purposes	20,877	5,834
Capital allowances for year in excess of depreciation	9,140	5,333
Adjustments to tax charge in respect of prior periods	374	-
Short term timing difference leading to an increase (decrease) in taxation	1,100	-
Fixed asset differences	26,537	27,235
Non-taxable income	(15,575)	(39,352)
Group relief	(21,041)	-
Marginal relief	(2,687)	-
Current tax charge for the year (see note above)	36,937	16,375

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

FALCON CRANE HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2013	685,504	647,884	1,333,388
Additions	-	140,778	140,778
Disposals	-	(42,665)	(42,665)
At 31 December 2013	<u>685,504</u>	<u>745,997</u>	<u>1,431,501</u>
Depreciation			
At 1 January 2013	130,672	310,542	441,214
Charge for the year	34,061	156,351	190,412
On disposals	-	(32,257)	(32,257)
At 31 December 2013	<u>164,733</u>	<u>434,636</u>	<u>599,369</u>
Net book value			
At 31 December 2013	<u><u>520,771</u></u>	<u><u>311,361</u></u>	<u><u>832,132</u></u>
At 31 December 2012	<u><u>554,832</u></u>	<u><u>337,342</u></u>	<u><u>892,174</u></u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £	2012 £
Plant and machinery	<u><u>268,245</u></u>	<u><u>253,982</u></u>

9. STOCKS

	2013 £	2012 £
Finished goods and goods for resale	<u><u>42,252</u></u>	<u><u>78,750</u></u>

FALCON CRANE HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. DEBTORS

	2013 £	2012 £
Trade debtors	3,645,556	1,813,882
Amounts owed by group undertakings	9,857,031	9,103,467
Other debtors	12,500	-
Prepayments and accrued income	186,975	99,306
	<u>13,702,062</u>	<u>11,016,655</u>

Trade debtors includes factored debts of £3,020,882 (2012: £1,813,984). The amount due to the debt factor is included in bank loans and overdrafts disclosed in note 11.

**11. CREDITORS:
Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	1,624,324	1,148,081
Other loans	100,000	-
Net obligations under finance leases and hire purchase contracts	163,592	113,023
Trade creditors	1,432,347	1,210,413
Corporation tax	36,563	16,375
Other taxation and social security	907,532	489,435
Other creditors	2,404,832	1,477,504
Accruals and deferred income	1,525,852	1,152,121
	<u>8,195,042</u>	<u>5,606,952</u>

Included in bank loans and overdrafts is an amount of £Nil (2012 - £12,480) owed to Lloyds Bank plc. This loan is secured personally by the director.

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group and includes £1,595,781 (2012 - £694,817) secured on factored trade debts.

**12. CREDITORS:
Amounts falling due after more than one year**

	2013 £	2012 £
Other loans	125,000	-
Net obligations under finance leases and hire purchase contracts	277,962	318,489
Other creditors	140,083	265,172
	<u>543,045</u>	<u>583,661</u>

FALCON CRANE HIRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2013	2012
	£	£
Repayable by instalments	-	126,006

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013	2012
	£	£
Between one and five years	277,962	192,483
After five years	-	126,006
	277,962	318,489

13. DEFERRED TAXATION

	2013	2012
	£	£
At beginning of year	16,305	29,265
Released during year (P&L)	(10,936)	(12,960)
At end of year	5,369	16,305

The provision for deferred taxation is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	9,315	19,755
Other timing differences	(3,946)	(3,450)
	5,369	16,305

14. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
140,000 ordinary shares of £1 each	140,000	140,000

FALCON CRANE HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

15. RESERVES

	Profit and loss account £
At 1 January 2013	5,640,661
Profit for the financial year	52,329
	<u>5,692,990</u>
At 31 December 2013	<u>5,692,990</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	5,780,661	5,727,451
Profit for the financial year	52,329	83,210
Dividends (Note 17)	-	(30,000)
	<u>5,832,990</u>	<u>5,780,661</u>
Closing shareholders' funds	<u>5,832,990</u>	<u>5,780,661</u>

17. DIVIDENDS

	2013 £	2012 £
Dividends paid on equity capital	-	30,000
	<u>-</u>	<u>30,000</u>

18. PENSION COMMITMENTS

The company operates a defined contribution pension 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 £83,471 (2012: £83,246).

19. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2013 £	2012 £
Expiry date:		
Within 1 year	6,552	-
Between 2 and 5 years	12,000	6,552
After more than 5 years	12,000	12,000
	<u>20,552</u>	<u>18,552</u>

FALCON CRANE HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

20. RELATED PARTY TRANSACTIONS

The company bought goods and services to the value of £315,070 (2012: £362,933) and sold goods and services to the value of £nil (2012: £50,281) to Crane Management UK Limited, a company wholly owned by the director, Mr D Genge, on normal commercial terms. At 31 December 2013, the balance due to Crane Management UK Limited was £468,737 (2012: £318,207).

The parent company prepares consolidated group accounts, and, accordingly, the company has taken advantage of the exemptions contained within FRS 8 not to disclose transactions with group undertakings.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Falcon Crane Hire Holdings Limited, a company registered in England and Wales, is the company's immediate and ultimate parent undertaking and controlling party.

The consolidated accounts of Falcon Crane Hire Holdings Limited can be obtained from the company's registered office.