

**Annual report
for the year ended 30 April 1995**

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Directors and advisers

Directors

W B Parkinson
I Parkinson

Registered Auditors

Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Secretary and registered office

I Parkinson
Bolton Road
Atherton
Manchester
M29 9JZ

Solicitors

A Eckersley Hope & Co
Manor House
Bolton Old Road
Atherton
Manchester
M29 9DH

Bankers

National Westminster Bank PLC
55 King Street
Manchester
M60 2DB

Directors' report for the year ended 30 April 1995

The directors present their report and the audited financial statements for the year ended 30 April 1995.

Principal activities

The principal activities of the company are the design, manufacture and merchandising of lifting equipment.

Significant developments

On 1 May 1995 the assets and trade of Lifting Gear Engineering Ltd were transferred into its parent company, Lifting Gear Hire Ltd. From 1 May 1995, Lifting Gear Engineering Ltd ceased to trade and in accordance with Financial Reporting Standard No 3, 'Reporting Financial Performance', the operations have been treated as discontinued in these financial statements.

Review of business and future developments.

The company's profit and loss account for the year is set out on page 5.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The loss for the financial year of £23,870 will be transferred to revenue reserves.

Fixed assets

The movements in fixed assets during the year are set out in note 7 to the financial statements.

Directors

The directors of the company at 30 April 1995, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

Directors' interests in shares of the company

The directors are also directors of the holding company, Lifting Gear Hire Limited, and their share interests in group companies are dealt with in the annual report of that company.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

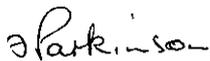
Close company provisions

The directors are of the opinion that the company is a close company as defined in the Income and Corporation Taxes Act 1988; there has been no change in this respect since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



I Parkinson
Company Secretary
18 December 1995

Report of the auditors to the members of Lifting Gear Engineering Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

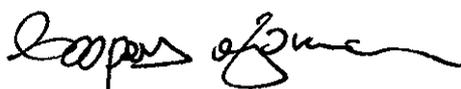
Basis of opinion

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 30 April 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
18 December 1995

**Profit and loss account
for the year ended 30 April 1995**

| | Notes | 1995 £ | 1994 £ |
|---------------------------------------------|-------|-----------------|----------------|
| Discontinued operations | | | |
| Turnover | 1 | 579,307 | 373,095 |
| Cost of sales | | 300,737 | 123,606 |
| | | <hr/> | <hr/> |
| Gross profit | | 278,570 | 249,489 |
| Net operating expenses | 2 | 299,071 | 246,596 |
| | | <hr/> | <hr/> |
| Operating (loss)/profit | | (20,501) | 2,893 |
| Interest payable and similar charges: | | | |
| Finance lease charges | | 1,054 | 243 |
| Bank interest and charges | | 13,766 | 13,600 |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | 5 | (35,321) | (10,950) |
| Tax on loss on ordinary activities | 6 | 11,451 | 1,634 |
| | | <hr/> | <hr/> |
| Loss for the year | | <u>(23,870)</u> | <u>(9,316)</u> |

Statement of retained profits

| | | |
|-------------------|-----------------|------------|
| At 1 May 1994 | 268 | 9,584 |
| Loss for the year | (23,870) | (9,316) |
| | <hr/> | <hr/> |
| At 30 April 1995 | <u>(23,602)</u> | <u>268</u> |

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Balance sheet at 30 April 1995

| | Notes | 1995 £ | 1994 £ |
|----------------------------------------------------------------|-------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 7 | <u>29,827</u> | <u>16,924</u> |
| Current assets | | | |
| Stocks | 8 | 19,606 | 124,280 |
| Debtors | 9 | 207,061 | 106,900 |
| Cash in hand | | 608 | - |
| | | <u>227,275</u> | <u>231,180</u> |
| Creditors: amounts falling due within one year | 10 | <u>278,090</u> | <u>247,736</u> |
| Net current liabilities | | <u>(50,815)</u> | <u>(16,556)</u> |
| Total assets less current liabilities | | <u>(20,988)</u> | <u>368</u> |
| Creditors: amounts falling due after more than one year | 11 | <u>2,514</u> | <u>-</u> |
| Net assets | | <u>(23,502)</u> | <u>368</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 100 | 100 |
| Profit and loss account | | (23,602) | 268 |
| Equity shareholders' (deficit)/funds | 14 | <u>(23,502)</u> | <u>368</u> |

The financial statements on pages 5 to 12 were approved by the board of directors on 18 December 1995 and were signed on its behalf by:



W B Parkinson
Director

Notes to the financial statements for the year ended 30 April 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

| | % |
|-----------------------------------------|----|
| Plant, machinery, fixtures and fittings | 24 |
| Motor vehicles | 36 |

Stocks

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items, and for timing differences to the extent that they are likely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of other timing differences as reduced by the tax benefit of any accumulated losses is treated as a deferred tax liability.

Turnover

Turnover represents the invoiced value of sales and services rendered by the company excluding VAT and trade discounts.

Finance leases and operating leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their expected useful life. Costs in respect of operating leases are charged in arriving at the operating profit.

Pension scheme arrangements

The group operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected costs of providing pensions over the period during which the group benefits from the employee's services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

Cash flow statements

The company is a wholly owned subsidiary of Lifting Gear Hire Limited. As a consequence it is exempt from the requirement to publish a cash flow statement.

2 Net operating expenses

| | 1995 £ | 1994 £ |
|-----------------------------------|----------------|----------------|
| Discontinued operations | | |
| Sales and administration expenses | 263,204 | 210,935 |
| Establishment costs | 35,867 | 35,661 |
| | <u>299,071</u> | <u>246,596</u> |

3 Directors' emoluments

The directors do not receive any emoluments for their services to the company. The emoluments in respect of their services to the group are disclosed in the financial statements of the parent company, Lifting Gear Hire Limited.

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

| | 1995 Number | 1994 Number |
|----------------------------|----------------|----------------|
| By activity | | |
| Production | 7 | 7 |
| Selling and administration | 6 | 5 |
| | <u>13</u> | <u>12</u> |

Lifting Gear Engineering Limited

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| | 1995 £ | 1994 £ |
|-------------------------------------|-------------------|-------------------|
| Staff costs (for the above persons) | 175,714 | 132,416 |
| Wages and salaries | 16,242 | 13,206 |
| Social security costs | 1,320 | 2,315 |
| Other pension costs | <u> </u> | <u> </u> |
| | <u>193,276</u> | <u>147,937</u> |

5 Loss on ordinary activities before taxation

| | 1995 £ | 1994 £ |
|-----------------------------------------------------------------------------------|-------------------|-------------------|
| Loss on ordinary activities before taxation is stated after charging/(crediting): | | |
| Auditors' remuneration | 3,250 | 2,100 |
| Audit | 1,088 | - |
| Other services | 29,233 | 24,180 |
| Operating lease rental - property | 17,500 | 15,132 |
| Depreciation of tangible fixed assets | - | 10,000 |
| Management charge | (2,600) | - |
| Profit on disposal of motor vehicles | <u> </u> | <u> </u> |

6 Tax on loss on ordinary activities

| | 1995 £ | 1994 £ |
|----------------------------------------------------|-------------------|-------------------|
| United Kingdom corporation tax at 25% (1994: 25%): | | |
| Current | - | - |
| Group relief | (11,451) | (1,634) |
| | <u> </u> | <u> </u> |

7 Tangible fixed assets

| | Motor vehicles £ | Plant, machinery, fixtures and fittings £ | Total £ |
|-------------------------|------------------------|-------------------------------------------------------|---------------|
| Cost | | | |
| At 1 May 1994 | 28,426 | 43,626 | 72,052 |
| Additions | 25,453 | 4,950 | 30,403 |
| Disposals | (10,154) | - | (10,154) |
| | <u>43,725</u> | <u>48,576</u> | <u>92,301</u> |
| At 30 April 1995 | | | |
| Depreciation | | | |
| At 1 May 1994 | 28,320 | 26,808 | 55,128 |
| Charge for year | 8,457 | 9,043 | 17,500 |
| Disposals | (10,154) | - | (10,154) |
| | <u>26,623</u> | <u>35,851</u> | <u>62,474</u> |
| At 30 April 1995 | | | |
| Net book value | | | |
| At 30 April 1995 | <u>17,102</u> | <u>12,725</u> | <u>29,827</u> |
| At 30 April 1994 | <u>106</u> | <u>16,818</u> | <u>16,924</u> |

The net book value of tangible fixed assets includes an amount of £17,102 (1994: £106) in respect of assets held under hire purchase contracts on which depreciation of £8,457 (1994: £3,850) was charged during the year.

8 Stocks

Stocks of the company represent goods held for resale.

9 Debtors

| | 1995 £ | 1994 £ |
|-----------------------------------------------------------|----------------|----------------|
| Trade debtors | 111,182 | 39,408 |
| Owed by parent company and fellow subsidiary undertakings | 94,592 | 58,395 |
| Other debtors | - | 480 |
| Prepayments and accrued income | 1,287 | 8,617 |
| | <u>207,061</u> | <u>106,900</u> |

All the above amounts are due within one year of the balance sheet date.

10 Creditors: amounts falling due within one year

| | 1995 £ | 1994 £ |
|-----------------------------------------------------------|----------------|----------------|
| Bank overdraft | 139,393 | 148,533 |
| Trade creditors | 78,341 | 41,692 |
| Owed to parent company and fellow subsidiary undertakings | 30,280 | 44,600 |
| Taxation and social security | 8,524 | 5,945 |
| Obligations under finance leases | 11,607 | 1,035 |
| Other creditors | - | 566 |
| Accruals and deferred income | 9,945 | 5,365 |
| | <u>278,090</u> | <u>247,736</u> |

Taxation and social security is made up as follows:

| | 1995 £ | 1994 £ |
|--------------------------|--------------|--------------|
| PAYE and Social Security | 5,951 | 4,338 |
| VAT | 2,573 | 1,607 |
| | <u>8,524</u> | <u>5,945</u> |

The assets of the company are covered by a mortgage debenture dated 28 May 1992 with the National Westminster Bank.

11 Creditors: amounts falling due after more than one year

| | 1995 £ | 1994 £ |
|----------------------------------|--------------|-----------|
| Obligations under finance leases | <u>2,514</u> | <u>-</u> |

12 Pensions

The company participates in a group pension scheme operated by the parent company, Lifting Gear Hire Limited, providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group, being invested with insurance companies.

The pension cost for the company was £1,320 (1994: £2,315). The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The most recent valuation was at 6 April 1995. Particulars of the valuation are contained in the financial statements of Lifting Gear Hire Limited.

13 Called up share capital

| | 1995 £ | 1994 £ |
|-------------------------------------------|------------|------------|
| Authorised | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Allotted, called up and fully paid | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |

14 Reconciliation of movements in shareholders' funds

| | 1995 £ | 1994 £ |
|----------------------------------------------|-----------------|------------|
| Opening shareholders' funds | 368 | 9,684 |
| Loss for the financial year | (23,870) | (9,316) |
| Closing shareholders' (deficit)/funds | <u>(23,502)</u> | <u>368</u> |

15 Financial commitments**Lease commitments**

At 30 April 1995 the company had annual commitments in respect of non-cancellable operating leases as follows:

| | 1995 £ | 1994 £ |
|---------------------------------------|---------------|---------------|
| Property Expiring after five years | <u>33,500</u> | <u>21,660</u> |

16 Contingent liabilities

| | 1995 £ | 1994 £ |
|-------------------------------------------------------------|----------------|------------------|
| Guarantees in respect of bank borrowings of group companies | <u>949,562</u> | <u>1,272,360</u> |
| VAT group registration | <u>408,000</u> | <u>309,900</u> |

17 Ultimate parent company

The directors regard Lifting Gear Hire Limited, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Lifting Gear Hire Limited has a 100% interest in the equity capital of Lifting Gear Engineering Limited at 30 April 1995.

Lifting Gear Engineering Limited

Trading and profit and loss account for the year ended 30 April 1995

| | 1995 £ | 1994 £ |
|----------------------------------|------------------|------------------|
| Sales | 579,307 | 373,095 |
| Opening stock | 124,280 | 88,565 |
| Purchases | 196,063 | 159,321 |
| Closing stock | (19,606) | (124,280) |
| Cost of sales | 300,737 | 123,606 |
| Gross profit | 278,570 | 249,489 |
| Less: Overhead expenses: | | |
| Salaries and wages | 193,276 | 147,937 |
| Staff welfare and training | 2,184 | 1,770 |
| Office transport | 9,507 | 2,034 |
| Works transport | 4,276 | 7,693 |
| Building repairs and maintenance | 424 | 1,179 |
| Other repairs and maintenance | 1,084 | 267 |
| Rent and rates | 35,867 | 31,308 |
| Heat, light and power | 2,570 | 3,174 |
| Consumables | 7,186 | 7,696 |
| Depreciation | 17,500 | 15,132 |
| Bad debts | 9,839 | 1,089 |
| Audit and accountancy | 4,338 | 2,100 |
| Legal costs | 32 | 328 |
| Advertising | 233 | 1,112 |
| Telephone and postage | 5,495 | 5,309 |
| Printing and stationery | 2,074 | 1,998 |
| Insurance | 3,102 | 3,672 |
| Travel and subsistence | 2,684 | 768 |
| Bank charges and interest | 13,766 | 13,600 |
| Management charge | - | 10,000 |
| Hire purchase interest | 1,054 | 243 |
| Profit on sale of fixed assets | (2,600) | - |
| Exchange loss | - | 2,030 |
| | (313,891) | (260,439) |
| Net loss for the year | (35,321) | (10,950) |