

2652091



MAZARS

Dawsonrentals Materials Handling Equipment Limited

Annual Report and Accounts

Year ended 31 December 2004



DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Directors and advisers

Company number: 2652091

Directors

Michael J Williams
Clive Gear, FCA
Alan Cooper
Adrian J P O'Reilly, ACMA
T Paul Shires (appointed 1 April 2004)

Secretary and registered office

Anthony Coleman, ACA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditors

Mazars LLP
Sovereign Court, Witan Gate, Milton Keynes, MK9 2HP

Bankers

Barclays Bank PLC
Ashton House, 497 Silbury Boulevard, Central Milton Keynes, MK9 2LD

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DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Report of the directors for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Activities and business review

The principal activity of the company is the rental of materials handling equipment.

The company delivered another impressive set of results with improved profit margins from turnover up by 10%.

Hire Fleet capital expenditure of £2.4m, the same as the previous year, on 153 units continues to reduce the age profile of the fleet of principally Toyota fork-lift trucks. The new floor cleaning equipment fleet, albeit small, has doubled in size and helped to uplift the company's overall level of utilisation and contract base, now about 70% of total income.

Directors

The directors of the company are set out on page 1.

No director had any interest in the share capital of the company during the year.

Their interests, including those of their immediate families, in the share capital of the ultimate holding company, Dawsongroup plc, were as follows:

	31 December 2004			31 December 2003		
	25p ordinary shares	21 3/7p Zero coupon shares	£1 Preference shares	25p ordinary shares	21 3/7p Zero coupon shares	£1 Preference shares
M J Williams	-	-	-	-	-	-
C Gear	-	-	-	-	-	-
A Cooper	-	-	-	-	-	-
A J P O'Reilly	-	-	-	-	-	-
T P Shires	-	-	-	-	-	-

Results and dividends

Turnover amounted to £4,869,000 (2003: £4,409,000) and profit before tax was £1,036,000 (2003: £903,000).

The following dividends have been paid during the year:

	Date payable	Pence per share	2004 £'000	2003 £'000
1 st Interim	16 March	2.7	100	150
2 nd Interim	22 November	2.7	100	150
Final	31 December	2.7	100	400

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Report of the directors (continued) for the year ended 31 December 2004

Employment policies

The company continues to encourage the participation of its employees in the business in which they work. Established communication and consultation procedures exist which aim to ensure that employees are informed about, and involved in, matters which are of interest and concern to them.

The company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The policies also allow disabled persons to compete on an equal basis. Any existing employee who becomes disabled is given the training required to ensure that, wherever possible, continuity of employment can be maintained.

The company promotes all aspects of health and safety throughout the group in the interests of its employees.

Donations

The company made no charitable or political donations during the year (2003: £Nil).

Creditor payment policy

The company agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier also complies with all relevant terms and conditions.

At 31 December 2004 the amount of trade creditors in the balance sheet represented 20 days (2003: 14 days) of average daily purchases for the company.

Auditors

Mazars LLP succeeded to Mazars as the independent auditor to the company during the year. A resolution to reappoint Mazars LLP as auditors to the company and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board on 21 March 2005.

A handwritten signature in black ink, appearing to read 'A.C.', with a stylized flourish at the end.

**Anthony Coleman, ACA
Secretary**

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities on page 5, is made with a view to describing the responsibilities of the directors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which 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 for the financial year.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements set out on pages 6 to 17. The directors consider that in preparing the financial statements the company has used appropriate accounting policies consistently applied and supported by reasonable prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



M A Z A R S

Independent auditors' report to the members of Dawsonrentals Materials Handling Equipment Limited

We have audited the financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention 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. 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 Directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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 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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP
Chartered Accountants
and Registered Auditors
Milton Keynes

21 March 2005



DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED**Profit and loss account
for the year ended 31 December 2004**

	Notes	2004 £'000	2003 £'000
Turnover	1	4,869	4,409
Cost of sales		<u>2,492</u>	<u>2,385</u>
Gross profit		2,377	2,024
Administrative expenses		<u>1,077</u>	<u>931</u>
Operating profit	2	1,300	1,093
Net interest payable	3	<u>264</u>	<u>190</u>
Profit on ordinary activities before tax		1,036	903
Tax	5	<u>289</u>	<u>258</u>
Profit for the financial year		747	645
Dividends	6	<u>300</u>	<u>700</u>
Retained profit / (loss) for the year	15	<u>447</u>	<u>(55)</u>

The profit for the year has been calculated on the historical cost basis.

Turnover and expenses all relate to continuing operations.

There are no other recognised gains or losses other than those passing through the profit and loss account.

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Balance sheet as at 31 December 2004

	Notes	£'000	2004 £'000	£'000	2003 £'000
Fixed assets					
Tangible assets	7		9,589		9,071
Current assets					
Stock	8	52		49	
Debtors	9	2,535		1,045	
Cash at bank and in hand	10	406		373	
		<u>2,993</u>		<u>1,467</u>	
Creditors due within one year					
Borrowings	10	1,218		1,070	
Other creditors	11	1,477		936	
		<u>2,695</u>		<u>2,006</u>	
Net current assets / (liabilities)			298		(539)
Total assets less current liabilities			<u>9,887</u>		<u>8,532</u>
Creditors due after one year					
Borrowings	10		4,315		3,506
			<u>5,572</u>		<u>5,026</u>
Provisions for liabilities and charges	12		1,210		1,111
Net assets			<u>4,362</u>		<u>3,915</u>
Capital and reserves					
Called up share capital	13		3,700		3,700
Profit and loss account	15		662		215
Equity shareholders' funds	14		<u>4,362</u>		<u>3,915</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 21 March 2005.

C Gear
Director



M Williams
Director



DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

The company is a wholly owned subsidiary of Dawsonrentals Limited, a fellow wholly owned subsidiary of Dawsongroup plc which has prepared group financial statements in accordance with applicable accounting standards and which has published a consolidated cash flow statement in accordance with the requirements of FRS 1 (Revised). The company has therefore taken advantage of the exemption not to publish its own cash flow statement.

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards using the following principal accounting policies:

Depreciation

Depreciation is provided to write down the cost or valuation of fixed assets by equal instalments to their estimated residual values over the period of their estimated useful lives with the company in accordance with the table below:

	Useful life with the company	Residual value
Hire fleet:		
Materials handling equipment	7-9 years	5% - 15%
Other:		
Commercial vehicles	5 years	20% - 25%
Plant and equipment	5 - 10 years	Nil
Portable office buildings	7 - 12.5 years	15%
Computer hardware and software	4 years	Nil
Cars	4 years	25% - 40%

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred tax

Deferred tax is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse. Deferred tax assets and liabilities are discounted to reflect the time value of money.

Pension contributions

The charge to the profit and loss account represents the contributions relating to the accounting period.

Long-term incentive schemes

Provision is made in the profit and loss account for the appropriate proportion of future payments expected to arise in respect of long-term incentive schemes in place for various employees.

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

Finance leases

Fixed assets obtained under finance leases are treated in the same way as hire purchase contracts, that is as though they were purchased outright and depreciated accordingly. The outstanding capital element of such leases is included within borrowings in the balance sheet. The interest element of leasing payments is charged to the profit and loss account over the period of the finance lease in accordance with the "sum of digits" method. Interest costs on fixed rate hire purchase contracts are also accounted for by this method.

Operating leases

Operating lease expenditure is charged to the profit and loss account in equal instalments over the respective life of the lease.

Asset purchase rebates

Rebates and bonuses from manufacturers and distributors are credited to the profit and loss account over a three to five year period from the date of installation of the relevant assets to coincide with their expected life within the company.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date. Differences arising on translation of such items are dealt with in the profit and loss account.

Forward currency contracts entered into or deposits held specifically for planned future capital expenditure are not revalued to balance sheet rates. Gains or losses arising are matched against the capital spend at the time of purchase.

Financial instruments

Derivative instruments utilised by the company are interest rate swaps and forward exchange contracts. The company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure to the company in line with its risk management policies.

Interest receipts and payments are calculated on an accruals basis and included within net interest payable. Interest rate swaps are not revalued to fair value or shown on the company balance sheet at the year end.

Turnover

Turnover is the amount receivable in the ordinary course of business for services provided during the year, excluding value added tax. Income derived from short-term rental and contract hire activities is recognised in equal instalments over the term of the respective rental agreements.

Finance receivables

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

1 Segmental information

The turnover, profit before tax and net assets are attributable to the principal activity of rental of materials handling equipment.

The company operates in the UK and substantially the whole of its turnover is to the UK market.

2 Operating profit

	2004 £'000	2003 £'000
This is stated after charging:		
Depreciation – owned assets	1,538	1,362
Auditors' remuneration – audit services	6	6
Assets hired in	41	48
	<hr/>	<hr/>
and after crediting:		
Profit on disposal of fixed assets	91	46
	<hr/>	<hr/>

3 Net interest payable

	2004 £'000	2003 £'000
On borrowings wholly repayable within five years:		
Asset finance arrangements	169	114
Other	1	-
On borrowings repayable after five years:	120	90
	<hr/>	<hr/>
	290	204
Less:		
Net group interest receivable	26	14
	<hr/>	<hr/>
	264	190

All borrowings repayable after five years and all asset finance arrangements are repayable by instalments.

4 Directors and employees

Employees

Average number of employees, including directors, during the year:

	2004 Number	2003 Number
Management	3	3
Sales and administration	14	14
Fitters and others	17	13
	<hr/>	<hr/>
	34	30

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

4 Directors and employees (continued)

The payroll costs of these employees amounted to:

	2004 £'000	2003 £'000
Wages and salaries	835	814
Social security costs	88	82
Pension contributions	14	12
	<u>937</u>	<u>908</u>

Pension scheme

The Dawsongroup of companies operates a defined contribution pension scheme, the assets of which are held separately from those of the group in funds administered by insurance companies. The pension contributions above represent amounts paid by the company to the fund, net of prior year refunds.

No contributions have been prepaid at the year end (2003: £nil).

Directors' emoluments

	2004 £'000	2003 £'000
Executive remuneration and benefits	139	99
Pension contributions	6	4
	<u>145</u>	<u>103</u>

	2004 £'000	2003 £'000
Highest paid director		
- Remuneration and benefits	102	99
- Pension contributions	4	4
	<u>106</u>	<u>103</u>

The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc. The emoluments of A J P O'Reilly are included in the financial statements of Dawsonrentals Truck and Trailer Limited, a fellow wholly owned subsidiary of Dawsongroup plc.

The number of directors to whom benefits were accrued under money purchase pension schemes was 2 (2003: 1).

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

4 Directors and employees (continued)

The company operates long term incentive schemes in respect of its directors and certain senior employees. In accordance with the accounting policies set out on pages 8 to 9, provision has been made in the accounts in respect of the directors as per the following table:

	2004 £'000	2003 £'000
Provision as at 1 January	163	143
Charged to the profit and loss account	6	20
Provision as at 31 December	<u>169</u>	<u>163</u>

5 Tax

	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Tax charge for the year comprises:				
Corporation tax	229		165	
Adjustments in respect of prior periods	<u>(11)</u>		<u>(7)</u>	
Total current tax		218		158
Deferred tax				
Origination and reversal of timing differences	81		105	
Increase in discount	<u>(10)</u>		<u>(5)</u>	
Total deferred tax		<u>71</u>		<u>100</u>
		<u>289</u>		<u>258</u>

The UK standard rate of corporation tax for the year is 30%. The actual charge for the current and the previous year is less than the standard rate for the reasons set out in the following reconciliation:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	<u>1,036</u>	<u>903</u>
Tax on profit on ordinary activities at standard rate	311	271
Factors affecting charge for the period		
Capital allowances in excess of depreciation	(96)	(116)
Other timing differences	15	11
Expenses not deductible for tax purposes	(1)	(1)
Adjustments in respect of prior periods	(11)	(7)
Total actual amount of current tax	<u>218</u>	<u>158</u>

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

6 Dividends

	2004 £'000	2003 £'000
1 st Interim paid (2.7p per share) (2003: 4.1p)	100	150
2 nd Interim paid (2.7p per share) (2003: 4.1p)	100	150
Final paid (2.7p per share) (2003: 10.8p)	100	400
	<u>300</u>	<u>700</u>

7 Tangible fixed assets

Cost	Hire fleet £'000	Other vehicles, plant and equipment £'000	Total £'000
As at 1 January 2004	13,455	262	13,717
Additions	2,386	76	2,462
Disposals	(1,335)	(59)	(1,394)
Transfers from group undertakings	-	17	17
Transfers to group undertakings	(56)	(36)	(92)
As at 31 December 2004	<u>14,450</u>	<u>260</u>	<u>14,710</u>
Depreciation			
As at 1 January 2004	4,527	119	4,646
Charge for the year	1,485	53	1,538
Disposals	(976)	(47)	(1,023)
Transfers from group undertakings	-	3	3
Transfers to group undertakings	(21)	(22)	(43)
As at 31 December 2004	<u>5,015</u>	<u>106</u>	<u>5,121</u>
Net book value			
As at 31 December 2004	<u>9,435</u>	<u>154</u>	<u>9,589</u>
As at 31 December 2003	<u>8,928</u>	<u>143</u>	<u>9,071</u>

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

8 Stocks

	2004 £'000	2003 £'000
Parts and stores	<u>52</u>	<u>49</u>

9 Debtors

	2004 £'000	2003 £'000
Due within one year:		
Trade debtors	651	514
Prepayments	122	22
Amounts owed by group undertakings	4	1
Loans to group undertakings	1,758	508
	<u>2,535</u>	<u>1,045</u>

10 Borrowings

Financial liabilities

	2004 £'000	2003 £'000
Asset finance arrangements	1,218	1,070
	<u>1,218</u>	<u>1,070</u>

Due after one year:

Borrowings due after more than one year relate to asset finance arrangements which are repayable by instalments as follows:

Between one and two years	1,123	955
Between two and five years	2,543	2,061
After more than five years	649	490
	<u>4,315</u>	<u>3,506</u>
Gross financial liabilities	<u>5,533</u>	<u>4,576</u>

Asset finance arrangements comprise hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets. The interest charged on the finance during the year equated to 5.5% (2003: 5.2%).

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED**Notes to the financial statements
for the year ended 31 December 2004****10 Borrowings (continued)**

	2004	2003
	£'000	£'000
Financial assets		
Cash and bank		
Sterling	1	17
Foreign currency	405	356
Gross financial assets	<u>406</u>	<u>373</u>

Foreign currency balances relate to Japanese Yen purchased for the specific purpose of 2005 budgeted fleet additions. As such, they are not considered to be monetary assets and are therefore shown in the balance sheet at historical cost. The unrecognised gain at 31 December 2004 based on the year end valuation of these currencies is £6,245 (2003: loss of £6,209).

11 Other creditors

	2004	2003
	£'000	£'000
Due within one year:		
Trade creditors	422	309
Tax payable	229	165
Other tax and social security	163	66
Other creditors	442	246
Amounts owed to group undertakings	221	150
	<u>1,477</u>	<u>936</u>

12 Provisions for liabilities and charges

	2004	2003
	£'000	£'000
Deferred tax	1,019	948
Other provisions	191	163
	<u>1,210</u>	<u>1,111</u>
Deferred tax		
Provided in the accounts:		
Accelerated capital allowances	1,281	1,185
Other timing differences	(68)	(53)
Undiscounted provision for deferred tax	1,213	1,132
Discount	(194)	(184)
Provision for deferred tax	<u>1,019</u>	<u>948</u>
Other provisions:		
Long-term incentive schemes	<u>191</u>	<u>163</u>

Amounts provided have been calculated at future expected rates of corporation tax.

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

12 Provisions for liabilities and charges (Continued)

	Deferred tax	Long-term incentive schemes	Total
Movement in the year	£'000	£'000	£'000
As at 1 January 2004	948	163	1,111
Charged to profit and loss account	71	28	99
As at 31 December 2004	<u>1,019</u>	<u>191</u>	<u>1,210</u>

13 Called up share capital

	Authorised 2004 and 2003		Allotted, issued and fully paid 2004 and 2003	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	<u>3,700,000</u>	<u>3,700</u>	<u>3,700,000</u>	<u>3,700</u>

14 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit for the financial year	747	645
Dividends paid	(300)	(700)
Net movement in shareholders' funds	<u>447</u>	<u>(55)</u>
Opening shareholders' funds	3,915	3,970
Closing shareholders' funds	<u>4,362</u>	<u>3,915</u>

DAWSONRENTALS MATERIALS HANDLING EQUIPMENT LIMITED

Notes to the financial statements for the year ended 31 December 2004

15 Reserves

	Profit and loss account £'000	Total £'000
As at 1 January 2004	215	215
Retained profit for the year	<u>447</u>	<u>447</u>
As at 31 December 2004	<u>662</u>	<u>662</u>

16 Financial commitments

Future capital expenditure

	2004 £'000	2003 £'000
Outstanding contracts for capital expenditure	<u>449</u>	<u>419</u>

17 Parent undertakings

The immediate parent company is Dawsonrentals Limited and the ultimate parent company is Dawsongroup plc. Throughout the year Dawsongroup was controlled by trusts, the beneficiaries of which are P M Dawson and his immediate family.

The largest and smallest group for which the results of the company are consolidated is that headed up by Dawsongroup plc. The consolidated financial statements of Dawsongroup plc can be obtained from:

Dawsongroup plc
Delaware Drive
Tongwell
Milton Keynes
Bucks
MK15 8JH

18 Related party transactions

Advantage has been taken of the exemption conferred by FRS 8 to subsidiary undertakings, 90 percent or more of whose voting rights are controlled within the group, not to disclose transactions with other group entities.