

Company Registration No: 2985657

ANDREWS SYKES HIRE LIMITED

Report and Financial Statements

31 December 2008

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ANDREWS SYKES HIRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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ANDREWS SYKES HIRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K E J Ford
P T Wood

COMPANY SECRETARY

M J Calderbank ACA

REGISTERED OFFICE

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

BANKERS

Royal Bank of Scotland plc
National Westminster Bank plc

SOLICITORS

FBC Manby Bowdler
George House
St John's Square
Wolverhampton
WV2 4BZ

AUDITOR

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 12 months ended 31 December 2008.

PRINCIPAL ACTIVITY

The company's principal activity is the hire and sale of environmental control equipment including air conditioning, pumping and heating equipment.

BUSINESS REVIEW

The company had a very successful year, producing a new record operating profit result despite a difficult summer period. The business had an excellent start to the year benefiting from the cold and wet weather in the UK throughout the early part of 2008. The business responded to this opportunity and produced significant growth for our heating, pumping and boiler hire products. Taking the year as a whole, turnover increased by 5% to £44.8 million (2007: £42.6m) resulting in an operating profit of £13.6 million (2007: £11.9m). For the second consecutive year the low summer temperatures adversely affected our air conditioning hire and sales activities, although once again pump hire benefited from the continued wet weather. This overall performance has further underlined the strong business strategies implemented by management during the past few years to develop the business without the reliance for very hot or very cold weather conditions.

Andrews Heat for Hire

The heating hire division had a good start to the year, whilst the cold weather drove overall volume upwards, the business continued to develop new applications in new sectors. With applications as diverse as construction, petrochemical, health sector and hospitality events, this division offers specialist skills and expertise to help customers overcome a wide range of temperature control requirements. During the year we have continued to invest in new units for our hire fleet, with a focus on fuel economy and environmentally improved designs. The heater fleet is in excellent condition with modern units and high levels of availability, which is further supported by a wide and diverse range of accessories and complementary products. As the year came to an end further investments were made which strengthened the heater hire fleet in readiness for the cold start to 2009.

Sykes Pumps

Following on from an excellent result in 2007, the pumping division once again provided strong growth throughout the year benefiting from the high level of rainfall throughout the UK in the early part of the year. However the majority of the growth can once again be attributed to the ongoing sales focus, which was first established three years ago. During 2008 new contracts were gained from major national contractors and non-construction pump users, these will continue to provide a level of business throughout the next three years. This focus further supports our management strategy to provide sustainable revenue without being totally reliant on the weather conditions.

Substantial investment was made once again in our pump hire fleet throughout 2008, which continues to raise the profile of our pumping equipment and reduces the average age of the hire fleet. The investment focused on the environmentally improved super silenced units and electric submersible pumps. The demand for these units remained particularly high throughout the year. To support our growth into new niche markets, further investments were made to provide our customers with a range of hydraulic submersible pumps and explosion proof units for hazardous applications.

Pump sales also performed well in 2008, with a large number of new units being sold both in the UK and to overseas customers. This produced record manufacturing levels for the pumps that we build.

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT (CONTINUED)

Andrews Air Conditioning

Although the summer weather was very poor and adversely affected the revenue results, the air conditioning hire division continued to make significant progress throughout the year. Our focus on less weather related applications produced good results that will continue into 2009 on the back of new national agreements. Despite a downturn in the second half, we continued with our hire fleet investment programme to ensure that our range remains modern, which also reduces the average age profile. Several new models were added to the fleet in 2008. This supported specialist applications and new sector requirements. During the year our product specialists developed some exciting new models in readiness for a market launch ahead of the 2009 summer season.

Our website was further developed throughout the year which has provided excellent results. New features now include online chat, easy to use product selection tools and also the opportunity to place orders online.

Our drying products produced a positive result for the year considering we did not enjoy the high levels of flood recovery work that we had in previous years. Our hire fleet includes both refrigerant and desiccant dehumidifiers, which can be used for a wide range of diverse applications. In 2008 the domestic flood relief revenue was down on the previous year, but we continued to develop the more specialist application supplying dehumidification solutions to manufacturing industrial and marine sectors.

Andrews Chillers

Similar to the air conditioning hire business, the comfort cooling market for our chiller division was adversely affected by the poor weather during the summer. However the more specialist applications continue to flourish and grow. Our larger capacity units produced successful results with applications ranging from auxiliary cooling for food production, through to temporary ice rinks. Our service team continued to grow during the year both in terms of number and capability. This allows the Andrews chiller division to provide our customers with an exceptionally high level of response for both planned and emergency requirements. Our specialist sales team was also further developed in the year. This ensures that our customers are provided with technical advice and solutions to their temporary temperature control requirements, fast and throughout the whole of the UK.

By combining other Andrews Sykes products with chiller units, we have also been able to supply large packaged solutions to niche applications, where we offer a total climate control solution including heating, cooling and humidity control.

Andrews Boilers

The boiler hire division provided a high level of success throughout the year, very much continuing the success which we have with this growth product during the last three years. Once again we have made significant investment in the range, which now starts from a small portable 22kw electric boiler and extends up to 500kw oil or gas fuelled containerised units capable of heating large buildings. Through new marketing initiatives we have established new applications for our boilers in many different industries including construction, health and commercial sectors. Our units have been specially adapted to provide both hot water and heating simultaneously which makes them a very popular solution for large accommodation buildings during times of plant maintenance or failure. Utilisation remained high throughout the summer months and continued to increase into 2009.

Summary

Andrews Sykes Hire will continue to concentrate on its core product range of pumping, heating and cooling equipment whilst focusing on markets that are less reliant on climatic conditions, but still being able to take advantage of any extremes of weather conditions whenever they arise. This was clearly demonstrated in 2008 by a record profit performance despite some unfavourable weather conditions. Our hire fleet investment will continue to focus on products that have increased efficiency, environmental advantages and new technological developments. At the same time the business will also control its cost base to ensure that satisfactory levels of profits can be achieved when we experience unfavourable weather conditions.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 10.

Total dividends paid during the year of £8,700,000 (2007: £7,500,000) have been charged against reserves as shown in note 16 to the financial statements.

The directors do not recommend the payment of a final dividend (2007: £nil).

The net assets of the company have decreased by £374,000 to £14,023,000 (2007: £14,397,000) as shown on page 12.

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The company is a wholly owned subsidiary of Andrews Sykes Group plc and is reliant on the continuing financial support and success of that group.

The group's consolidated financial statements for the 12 months ended 31 December 2008 were approved on 17 June 2009. In those accounts the board of Andrews Sykes Group plc concluded that "After making enquiries, the board has a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements". Further information explaining why the board reached this conclusion is given on page 15 of the group's 2008 annual report and financial statements.

The directors of this company have confirmed with the board of Andrews Sykes Group plc that they still consider the above statement to be valid as at the date of approval of these financial statements. Given that assurance, the directors have continued to adopt the going concern basis in the preparation of this company's annual report and financial statements.

DIRECTORS

The directors who served during the financial period and subsequently are as follows:

K E J Ford
P T Wood

KEY PERFORMANCE INDICATORS (KPIs)

The KPIs are as follows:

- Average turnover per employee
- Operating cash flow* as a percentage of operating assets** employed
- Operating profit divided by net interest charge
- Hire fleet asset utilisation

* Operating cash flow before defined benefit scheme contributions.

** Operating assets are net assets employed, excluding pension liabilities, inter company loans, deferred and current tax balances and cash.

RISK MANAGEMENT

The company's principal risks are as follows:

Strategic risks

In common with all entities operating in a dynamic market place, the company faces a number of strategic risks. Management have developed long term business plans to manage the impact of these risks to ensure that the company continues to deliver a satisfactory performance in future years. The main strategic risks faced by the business together with the actions taken by management to mitigate their impact, are set out below.

Increased competition, product innovations and industry changes are regarded as the main strategic risks. New product developments by our competitors could impact on customer demand and the utilisation of our hire fleet. These are mitigated by investment in new environmentally friendly technically advanced products and equipment and providing service levels that are recognised as being among the best in the industry. We undertake market research and customer satisfaction studies to ensure that our products and services continue to meet the needs of our customers.

In order to remain competitive management recognises the need to invest in appropriate IT equipment and software. Consequently the communication network, website and data capture systems are all being constantly reviewed and updated to ensure they remain at the forefront of industry standards. Our IT systems are continually being improved and developed to enable fast and concise management information to be provided to the business. This was reinforced in 2008 when the company started work on a new Wide Area Network and telephony system which will cover our entire UK depot network, sales offices and head office. This significant investment will provide long term savings and future proof our internal communication systems.

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT (CONTINUED)

Strategic risks (continued)

The potential impact of the weather has been significantly reduced over the past few years by the expansion of our non-weather related business. The company also has a diverse product range of pumps, heaters and air conditioning & environmental control equipment which enables it to take maximum advantage of any extremes in weather conditions whenever they arise. This, combined with our policy of reducing fixed costs and linking them to a sustainable level of turnover, enables the company to achieve a satisfactory level of profits even in non-extreme weather conditions.

Financial Risks

There has been no change during the year, or since the year end, to the type of financial risks faced by the company or the management of those risks.

The key risks are:

- Interest rate risk
- Funding and liquidity
- Credit risk

Interest rate risk

The company is partially financed by inter company loans on which interest is charged at variables rates based on LIBOR. The director's consider that the company's exposure to fluctuations in market interest rates is currently not significant given Andrews Sykes Group plc's financial arrangements.

As at 31 December 2008 the group's gross borrowings were £34 million and are subject to floating rates based on LIBOR plus a margin of between 0.65% and 1.25%. On 30 April 2009 the group repaid £5 million of the outstanding loan.

To minimise the impact of any large increases in LIBOR the group holds three interest rate caps based on notional capital values of £15 million, £10 million and £4 million on which the interest charge is capped at 5.5%, 6.25% and 6.5% respectively. The effect of these caps is to limit the group's exposure to LIBOR to a maximum of the cap rate applied to the nominal capital value or actual loan value, whichever is the lesser.

Funding and liquidity

The group has the above secured loan facilities which are fully utilised. There are no unsecured short term loans.

The group also has an undrawn net overdraft facility of £2 million which may be used for working capital requirements. At 31 December 2008 the group had net cash at bank of £18.2 million. Cash balances are pooled across all companies and are held in current accounts to fund working capital requirements. Whenever surplus funds are identified they are placed on short term deposit. Therefore, the directors' currently consider the company's liquidity risk to be minimal, given the group's funding facilities.

Credit risk

The company's main exposure to credit risk is with regard to recoverability of trade debtors. Trade debtors consist of a large number of customers spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of debtor accounts and where appropriate credit guarantee insurance cover is purchased. Management consider that the carrying value reflects their recoverable amount.

Pension scheme surplus

As set out in note 17 to the financial statements as at 31 December 2008 the company's share of the pension scheme assets was £25.1 million which, after deducting the company's share of the present value of the pension scheme liabilities of £24.8 million, calculated in accordance with FRS 17, results in a small pre tax surplus of £0.3 million. This asset has not been recognised in these financial statements due to the uncertainty of its recoverability in future periods. This is due to the scheme being closed and the group not having an unconditional right to a refund of surplus contributions.

Although the net surplus compares favourably with last year's pre tax deficit of £1.2 million, management continues to work with the pension scheme trustees to maximise the return from the pension scheme assets and to match that return with the pension scheme liabilities as they crystallise in order to minimise the exposure to the group. The net surplus or deficit is sensitive to changes in assumptions, which are at least in part influenced by changes in market conditions, and therefore this area continues to be a high priority.

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT (CONTINUED)

HEALTH, SAFETY AND THE ENVIRONMENT

The company aims to achieve world class performance in health, safety and environmental issues by eliminating injuries, work related ill-health and minimising the effect of our activities on the environment. Health and Safety Officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. The company aims to continually improve its performance in order to meet changing business and regulatory requirements.

Following our ISO14001 accreditation in 2007, the company has committed to year on year improvements in our environmental policy whilst providing our customers with a unique and superior solution to their applications. This is further supported by a continued commitment within our engineering team, which has improved the quality and general standards of our equipment before it goes on hire. This has also increased the availability of our hire fleet to ensure customers receive a rapid response, both for the delivery of equipment and also service backup.

The company has continued with its commitment to an ongoing health and safety improvement programme, this provides our staff with a safe environment in which to work and provides our customers with solutions that have been risk assessed. This initiative is further enhanced by training, induction and awareness programmes for all levels of staff.

EMPLOYMENT OF DISABLED PERSONS

The company makes every reasonable effort to give disabled applicants and existing employees who become disabled, equal opportunities for work, training and career development in keeping with their individual aptitudes and abilities.

EMPLOYEE INVOLVEMENT

The company recognises the need to ensure effective communications with employees. Policies and procedures have been developed to suit the needs of each operating unit, taking into account factors such as numbers employed and location, including newsletters and communication meetings.

During the year new investments were made to improve staff development within the company. This will continue with new training courses in all aspects of our business. Our aim is to improve the skills of our people and increase staff retention by having clear promotion opportunities. This will provide a positive impact for further years.

REMUNERATION POLICY AND INCENTIVE SCHEMES

The company's policy is designed to attract, retain and motivate employees of the high calibre required to ensure that the company is managed successfully to the benefit of the shareholders.

PAYMENT TO SUPPLIERS

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payment of suppliers. The average number of creditor days outstanding at 31 December 2008 was 50 days (2007: 52 days).

ANNUAL GENERAL MEETING

The company has passed an elective resolution to dispense with the holding of an annual general meeting.

ANDREWS SYKES HIRE LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The company has elected to dispense with the obligation to appoint auditors annually. Accordingly Deloitte LLP, who changed their name from Deloitte & Touche LLP on 1 December 2008, shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed by order of the Board



M J Calderbank ACA

Company Secretary

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

4 September 2009

ANDREWS SYKES HIRE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDREWS SYKES HIRE LIMITED

We have audited the financial statements of Andrews Sykes Hire Limited for the 12 months ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of the Movement in Shareholders' Funds and the related notes 1 to 20. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditor
Birmingham
UK
4 September 2009

ANDREWS SYKES HIRE LIMITED

PROFIT AND LOSS ACCOUNT 12 months ended 31 December 2008

| | | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|------|--|--|
| | Note | | |
| TURNOVER | 2 | 44,780 | 42,561 |
| Cost of sales | | (17,293) | (16,397) |
| Gross profit | | 27,487 | 26,164 |
| Distribution costs | | (8,378) | (8,389) |
| Administrative expenses (including exceptional costs of £Nil, (2007: £835,000)) | 4 | (5,558) | (5,851) |
| OPERATING PROFIT | 3 | 13,551 | 11,924 |
| Net interest (payable)/receivable | 5 | (38) | 65 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 13,513 | 11,989 |
| Tax on profit on ordinary activities | 8 | (3,956) | (3,731) |
| PROFIT FOR THE FINANCIAL PERIOD | | 9,557 | 8,258 |

The results are derived from continuing activities in both periods.

The accompanying notes are an integral part of this profit and loss account.

ANDREWS SYKES HIRE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 12 months ended 31 December 2008

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|--|--|
| Profit for the financial period | 9,557 | 8,258 |
| Actual return less expected return on pension scheme assets | (2,626) | 146 |
| Experience gains and losses arising on the pension scheme liabilities | (186) | 398 |
| Changes in assumptions underlying the present value in scheme liabilities | 1,363 | (265) |
| Net pension asset not recognised due to uncertainty over future recoverability | (261) | - |
| UK deferred tax attributable to the pension scheme assets and liabilities | 479 | (100) |
| | <hr/> | <hr/> |
| Total recognised gains and losses relating to the financial period transferred to reserves (note 16) | 8,326 | 8,437 |
| | <hr/> | <hr/> |

Movements in reserves are set out in note 16 on page 23.

ANDREWS SYKES HIRE LIMITED

BALANCE SHEET

31 December 2008

| | Note | 31 December 2008 | | 29 December 2007 | |
|---|------|------------------|--------|------------------|--------|
| | | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | | 10,943 | | 11,182 |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 3,988 | | 3,757 | |
| Debtors – amounts falling due within one year | 12 | 10,881 | | 12,670 | |
| Cash at bank and in hand | | 5,663 | | 4,706 | |
| | | 20,532 | | 21,133 | |
| CREDITORS: amounts falling due within one year | 13 | (17,452) | | (17,078) | |
| NET CURRENT ASSETS | | | 3,080 | | 4,055 |
| TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS EXCLUDING PENSION LIABILITY | | | 14,023 | | 15,237 |
| Pension liability | 17 | | - | | (840) |
| NET ASSETS INCLUDING PENSION LIABILITY | | | 14,023 | | 14,397 |
| CAPITAL AND RESERVES | | | | | |
| Called-up share capital | 14 | | 5,580 | | 5,580 |
| Share premium account | 15 | | 103 | | 103 |
| Profit and loss account | 16 | | 8,340 | | 8,714 |
| SHAREHOLDERS' FUNDS | | | 14,023 | | 14,397 |

These financial statements were approved by the Board of Directors on 4 September 2009.

Signed on behalf of the Board of Directors



K E J Ford

Director

The accompanying notes are an integral part of this balance sheet.

ANDREWS SYKES HIRE LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS 12 months ended 31 December 2008

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|--|--|
| Profit for the financial period | 9,557 | 8,258 |
| Dividends paid | (8,700) | (7,500) |
| Actual return less expected return on pension scheme assets | (2,626) | 146 |
| Experience gains and losses arising on the pension scheme liabilities | (186) | 398 |
| Changes in assumptions underlying the present value in scheme liabilities | 1,363 | (265) |
| Net provision surplus not recognised due to uncertainty over future recoverability | (261) | - |
| UK deferred tax attributable to the pension scheme assets and liabilities | 479 | (100) |
| Total other recognised gains and losses relating to the period (net) | (1,231) | 179 |
| Net (decrease)/increase in shareholders' funds | (374) | 937 |
| Shareholders' funds at beginning of the period | 14,397 | 13,460 |
| Shareholders' funds at the end of the period | 14,023 | 14,397 |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 12 months ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Going concern

The financial statements have been prepared on the assumption that the company is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements.

Further information explaining why the directors believe that the company is a going concern is given in the directors' report on page 4.

Related party transactions

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with the Andrews Sykes Group and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of Andrews Sykes Group plc, for which the group accounts are publicly available.

Turnover

Turnover represents the net amount receivable from external customers (excluding VAT) for the hire and sale of environmental control products after deducting trade discounts. Turnover is recognised on despatch for the sale of goods and, for hire items, over the period of hire.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a straight line basis as to write off the original cost, less estimated residual value, of tangible fixed assets over their estimated useful lives as follows:

| | |
|------------------------------------|--------------------------------|
| Short leasehold land and buildings | - over the period of the lease |
| Equipment for hire | - 10% to 33% |
| Plant, machinery and vehicles | - 7.5% to 33% |

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the actual purchase invoice price. Provision is made for obsolete, slow moving or defective items calculated on a stock turnover basis where appropriate.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 months ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Leased assets

Rental costs arising from operating leases are charged to the profit and loss account in the periods to which they relate.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pensions

Defined Benefit Scheme

As disclosed in note 17 the group previously operated a defined benefit pension scheme for the majority of employees. This scheme was closed to new entrants and all existing members became deferred members on 31 December 2002.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits within interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from these of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Defined contribution schemes

Employer contributions are charged to the profit and loss account on an accruals basis.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a UK parent whose financial statements are publicly available.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

2. SEGMENTAL ANALYSIS

The company's turnover and operating profit derive from its principal activities, the hire, sale and service of a range of equipment including portable heating, air conditioning, drying, ventilation and pumps originating within the United Kingdom.

The company's turnover can be analysed as follows:

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|---------------------------------|---|---|
| Hire | 39,840 | 37,109 |
| Sales, service and installation | 4,940 | 5,452 |
| | <u>44,780</u> | <u>42,561</u> |

The company's integrated nature does not permit a meaningful analysis of profit before interest and tax or net assets by the above product groups.

The geographical analysis of turnover by destination is as follows:

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|----------------------|---|---|
| United Kingdom | 43,049 | 41,014 |
| Rest of Europe | 986 | 1,193 |
| Middle East & Africa | 428 | 90 |
| The Americas | 317 | 264 |
| | <u>44,780</u> | <u>42,561</u> |

3. OPERATING PROFIT

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|---|---|---|
| Operating profit is stated after charging/(crediting): | | |
| Exceptional pension curtailment charge (note 4) | - | 835 |
| Depreciation of tangible fixed assets: | | |
| - owned | 3,711 | 3,604 |
| - hire purchase | - | 3 |
| Profit on sale of tangible fixed assets | (643) | (440) |
| Operating lease rentals: | | |
| - vehicles, plant and machinery | 214 | 18 |
| - external property rents | 866 | 790 |
| Auditors' remuneration: | | |
| - Fees payable to the company's auditors in respect of the audit of the company's accounts | 30 | 36 |
| - Fees payable to the company's auditors in respect of non-audit services | - | - |
| | <u>-</u> | <u>-</u> |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

4. PENSION CURTAILMENT CHARGE

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|---|---|
| Transfer value cash bonus and national insurance | - | 2,129 |
| Legal costs of pension transfer value offer | - | 200 |
| Settlement gain on transfer value offer | - | (1,494) |
| | <u>-</u> | <u>835</u> |

During the previous financial period every member of the Andrews Sykes Group Defined Benefit Pension Scheme (ASGPS) was given the opportunity of transferring their accrued rights to an independent pension provider of their choice. An incentive equal to 40% of the normally available transfer value was offered and this could either be paid directly to the member, as a cash bonus, or to their new pension provider, via the ASGPS, as an enhanced transfer value (ETV). The above charge was allocated to the company as it is in respect of pension scheme members who are also employees of the company.

In addition to the above costs in the last financial period the group paid total ETV payments of £1,880,000 directly to the pension scheme of which the company's share was £1,686,000 as shown in note 17.

5. NET INTEREST (PAYABLE)/RECEIVABLE

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|---|---|---|
| <i>Interest receivable and similar income:</i> | | |
| Interest charged to other group companies | 168 | 19 |
| Bank interest receivable | 226 | 445 |
| Net FRS17 defined benefit pension scheme interest credit (note 17) | - | 35 |
| | <u>394</u> | <u>499</u> |
| <i>Interest payable and similar charges:</i> | | |
| Net FRS 17 defined benefit pension scheme interest charge (note 17) | (154) | - |
| Interest payable to group companies | (273) | (429) |
| Other interest | (5) | (5) |
| | <u>(432)</u> | <u>(434)</u> |
| Net interest (payable)/receivable | <u>(38)</u> | <u>65</u> |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

6. STAFF COSTS

The average monthly number of persons employed by the company, including directors, during the period was as follows:

| | 12 months ended 31 December 2008 No. | 12 months ended 29 December 2007 No. |
|---------------------------------------|--|--|
| Sales and Distribution | 118 | 124 |
| Engineers | 105 | 98 |
| Managers and Administration | 99 | 97 |
| | <hr/> | <hr/> |
| Hire, distribution and administration | 322 | 319 |
| | <hr/> | <hr/> |

Their aggregate remuneration comprised:

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|-----------------------------------|---|---|
| Wages and salaries | 9,161 | 8,934 |
| Social security costs | 904 | 892 |
| Other pension costs (see note 17) | 226 | 207 |
| | <hr/> | <hr/> |
| | 10,291 | 10,033 |
| | <hr/> | <hr/> |

7. DIRECTORS' REMUNERATION

The total amount paid by the company in respect of directors' remuneration is analysed as follows:

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|---|---|---|
| Emoluments as executives of the company | | |
| Emoluments | 119 | 86 |
| Company contributions to money purchase schemes | 11 | 9 |
| | <hr/> | <hr/> |
| | 130 | 95 |
| | <hr/> | <hr/> |

The emoluments of the directors who are also directors of Andrews Sykes Group plc are disclosed in that company's financial statements and are not included above.

Pension retirement benefits accrued to 2 directors during the financial period (2007: 2) in respect of qualifying services in the Andrews Sykes Group plc defined benefit pension scheme.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|---|---|
| Current tax: | | |
| UK corporation tax and group relief at 28.5% (2007:30%) based on the taxable profit for the period | 2,967 | 2,315 |
| Adjustments in respect of previous periods | 7 | 16 |
| Total current tax | 2,974 | 2,331 |
| Deferred tax: | | |
| Origination and reversal of timing differences in the current year | 1,000 | 1,424 |
| Adjustments in respect of previous periods | (18) | (24) |
| Total deferred tax (see note 12) | 982 | 1,400 |
| Tax on profit on ordinary activities | 3,956 | 3,731 |

(ii) Factors affecting current tax charge for the period

The current tax charge for the period differs to that resulting by applying the standard effective rate of corporation tax of 28.5% (2007 - 30%) to the profit on ordinary activities before tax. The differences are explained below:

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|---|---|
| Profit on ordinary activities before taxation | 13,513 | 11,989 |
| Tax at 28.5% (2007: 30%) thereon | 3,851 | 3,597 |
| Adjustments in respect of previous periods | 7 | 16 |
| Capital allowances less than/(in excess of) depreciation | 220 | (28) |
| Expenses not deductible for tax purposes | 135 | 72 |
| Profit on disposal of fixed assets | (183) | (132) |
| Movement on short term timing differences | (1,056) | (1,194) |
| Current tax charge for the period | 2,974 | 2,331 |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 months ended 31 December 2008

9. DIVIDENDS

| | 12 months ended 31 December 2008 £000 | 12 months ended 29 December 2007 £000 |
|--|--|--|
| Interim dividends of £1.559 per share (2007:£ 1.344) declared and paid during the current period | <u>8,700</u> | <u>7,500</u> |

10. TANGIBLE FIXED ASSETS

| | Short leasehold land and buildings £000 | Equipment for hire £000 | Plant, machinery and vehicles £000 | Total £000 |
|--------------------------------|---|-------------------------------|---|---------------|
| Cost | | | | |
| At the beginning of the period | 393 | 27,696 | 7,942 | 36,031 |
| External additions | 223 | 2,928 | 471 | 3,622 |
| External disposals | - | (1,787) | (2,239) | (4,026) |
| Inter company additions | - | - | 100 | 100 |
| Inter company disposals | - | - | (46) | (46) |
| At the end of the period | <u>616</u> | <u>28,837</u> | <u>6,228</u> | <u>35,681</u> |
| Depreciation | | | | |
| At the beginning of the period | 340 | 18,155 | 6,354 | 24,849 |
| Charge for period | 17 | 3,053 | 641 | 3,711 |
| External disposals | - | (1,630) | (2,234) | (3,864) |
| Inter company additions | - | - | 71 | 71 |
| Inter company disposals | - | - | (29) | (29) |
| At the end of the period | <u>357</u> | <u>19,578</u> | <u>4,803</u> | <u>24,738</u> |
| Net book value | | | | |
| At 31 December 2008 | <u>259</u> | <u>9,259</u> | <u>1,425</u> | <u>10,943</u> |
| At 29 December 2007 | <u>53</u> | <u>9,541</u> | <u>1,588</u> | <u>11,182</u> |

The net book value of fixed assets includes £14,000 (2007: £167,000) in respect of assets held under hire purchase and similar finance lease agreements. The depreciation charged on those assets during the year amounts to £Nil (2007:£ 3,000).

11. STOCKS

| | 31 December 2008 £000 | 29 December 2007 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Finished goods and goods for resale | <u>3,988</u> | <u>3,757</u> |

There is no material difference between the balance sheet value of stocks and their replacement cost.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

12. DEBTORS

| | 31 December 2008 £000 | 29 December 2007 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Debtors due within one year: | | |
| Trade debtors | 8,601 | 9,543 |
| Amounts owed by group undertakings | 644 | 1,208 |
| Prepayments and accrued income | 801 | 832 |
| Other debtors | - | 85 |
| Deferred tax asset | 835 | 1,002 |
| | <u>10,881</u> | <u>12,670</u> |

All inter company loans are due on demand. Until 1 May 2008 interest was charged at the LIBOR rate plus a margin of 0.75%. On 1 May 2008 the margin was increased to 1.25%.

The deferred taxation asset is analysed as follows:

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--|--------------------------------|--------------------------------|
| Tax written down value of plant and equipment in excess of the accounts written down value | 93 | 26 |
| Other short term timing differences | 742 | 976 |
| | <u>835</u> | <u>1,002</u> |

The movement on the deferred tax account during the period was as follows:

| | £000 |
|---|------------|
| At the beginning of the period at 28% | 1,002 |
| Profit and loss account charge (note 8) | (982) |
| Effect of pension payments in excess of actuarial charges | 336 |
| Deferred tax attributable to pension asset and liability adjustments posted to reserves | 479 |
| At the end of the period at 28% | <u>835</u> |

A deferred tax asset has been recognised as the directors consider that there will be sufficient taxable profits generated by the company in the next 12 months to ensure its recovery. It has been calculated using the rates expected to apply when the timing differences reverse in accordance with FRS 19.

There was no unprovided deferred tax at the end of either period.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 December 2008 £000 | 29 December 2007 £000 |
|------------------------------------|--------------------------------|--------------------------------|
| Finance lease obligations | 14 | 182 |
| Trade creditors | 3,063 | 3,155 |
| Amounts owed to group undertakings | 7,434 | 7,287 |
| Other creditors: | | |
| - UK corporation tax payable | 1,851 | 1,799 |
| - Other taxes and social security | 961 | 1,164 |
| - Other creditors | 95 | 135 |
| Group relief | 1,188 | 655 |
| Accruals and deferred income | 2,846 | 2,701 |
| | <u>17,452</u> | <u>17,078</u> |

All finance lease obligations are repayable within 12 months from the balance sheet date and are secured on the assets being financed.

All inter company loans are repayable on demand. Until 1 May 2008 interest was charged at the LIBOR rate plus a margin of 0.75%. On 1 May 2008 the margin was increased to 1.25%.

14. CALLED-UP SHARE CAPITAL

| | 31 December 2008 £ | 29 December 2007 £ |
|---|-----------------------------|-----------------------------|
| Authorised 6,000,000 ordinary shares of £1 each | <u>6,000,000</u> | <u>6,000,000</u> |
| Called-up, allotted and fully paid 5,580,002 ordinary shares of £1 each | <u>5,580,002</u> | <u>5,580,002</u> |

15. SHARE PREMIUM ACCOUNT

| | £000 |
|---|---------------|
| At 29 December 2007 and 31 December 2008 | <u>103</u> |
| Goodwill previously written off through capital reconstruction against share premium is as follows: | |
| Arising on acquisition of trade and assets | <u>16,897</u> |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

16. PROFIT AND LOSS ACCOUNT

| | £000 | £000 |
|--|---------|--------------|
| At the beginning of the period | | 8,714 |
| Profit for the period | 9,557 | |
| Total other recognised gains and losses relating to the period | (1,231) | |
| | | <hr/> |
| | | 8,326 |
| Dividends paid (note 9) | | (8,700) |
| | | <hr/> |
| At the end of the period | | <u>8,340</u> |

17. RETIREMENT BENEFIT OBLIGATIONS

Defined Contribution Scheme

On 1 January 2003 a new pension scheme was introduced, the Andrews Sykes Stakeholder Pension Plan, to which the majority of UK employees are eligible. The scheme is managed on behalf of the Group by Legal & General. Both the employer and employee contribution rates vary generally based upon the individuals' length of service within the company. The employer's contribution rates vary from 3% to 15% the current average being 4.9%. The profit and loss account charge in the current year amounted to £226,000 (12 months ended 29 December 2007: £207,000).

Defined benefit pension scheme

The company is also party to the Group Defined Benefit Pension Scheme which was closed to future accrual as at 31 December 2002. The assets of the defined benefits pension scheme continue to be held in a separate trustee administered fund.

The group are making additional contributions to remove the funding deficit in the group pension scheme. These contributions include both one-off and regular monthly payments, currently £125,000 per month, and are agreed with the trustees of the pension scheme. The current best estimate of employer contributions to be paid by the group during the year commencing 1 January 2009 is £1.5 million.

As at 31 December 2008 the company's share of the defined benefit pension scheme surplus, calculated in accordance with FRS 17 using the assumptions as set out below, was £261,000. This asset has not been recognised in these financial statements due to the uncertainty of its recoverability in future periods. This is due to the scheme being closed and the company not having an unconditional right to a refund of surplus contributions.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 months ended 31 December 2008

17. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Assumptions

A full actuarial valuation was carried out as at 31 December 2007. A qualified independent actuary has updated the results of this valuation to calculate the position as disclosed below.

The major assumptions used in this valuation to determine the present value of the scheme's liabilities were as follows:

| | 31 December 2008 | 29 December 2007 |
|---|---------------------|---------------------|
| Rate of increases in pensionable salaries | N/A | N/A |
| Rate of increase in pensions in payment | 3.00% | 3.40% |
| Discount rate applied to scheme liabilities | 6.00% | 5.90% |
| Inflation assumption | 3.00% | 3.40% |

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics.

The current mortality table used is PA92YOBMC+2 (29 December 2007:PA92YOBMC+2). The assumed average life expectancy of a pensioner retiring at the age of 65 given by the above tables is as follows:

| | 31 December 2008 | 29 December 2007 |
|------------------------|------------------------|------------------------|
| Male, current age 45 | 21.3 years | 21.2 years |
| Female, current age 45 | 24.0 years | 24.0 years |

The major assumptions used to determine the expected future return on the scheme's assets were as follows:

| | | |
|------------------------------|-------|-------|
| Long term rate of return on: | | |
| UK equities | 7.50% | 7.50% |
| Corporate bonds | 5.50% | 5.90% |
| Gilts | 3.75% | 4.50% |
| Cash | 3.75% | 4.50% |

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 months ended 31 December 2008

17. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Valuations

The proportion of the fair value of the schemes assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the proportion of the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, attributable to the company were as stated below:

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--|--------------------------------|--------------------------------|
| UK equities | 6,697 | 8,608 |
| Corporate bonds | 9,520 | 2,830 |
| Gilts | 8,623 | 12,762 |
| Cash | 278 | 417 |
| Total market value of assets | 25,118 | 24,617 |
| Present value of scheme liabilities | (24,857) | (25,793) |
| Surplus/(deficit) in the scheme calculated in accordance with stated assumptions | 261 | (1,176) |
| Pension surplus not recognised due to uncertainty over future recoverability | (261) | - |
| Recognised deficit in the scheme at the end of the period | - | (1,176) |
| Related deferred tax | - | 336 |
| Net pension liability | - | (840) |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

17. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The movement in the market value of the scheme's assets over the year is as follows:

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--|--------------------------------|--------------------------------|
| Market value of plan assets at the start of the period | 24,617 | 30,770 |
| Expected return on plan assets | 1,331 | 1,810 |
| Actuarial (losses)/gains recognised in the STRGL | (2,626) | 146 |
| Employer contributions – normal | 1,425 | 1,380 |
| Employer contributions – transfer value exercise | - | 1,686 |
| Employer contributions – non-recurring | 1,615 | - |
| Benefits paid | (1,244) | (1,152) |
| Settlements and curtailments | - | (10,023) |
| Market value of plan assets at the end of the period | <u>25,118</u> | <u>24,617</u> |

The above pension scheme assets do not include any investments in the parent company's own shares or property occupied by the company or its subsidiaries at either period end.

The movement in the present value of the scheme's defined benefit liabilities during the period was as follows:

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--|--------------------------------|--------------------------------|
| Present value of scheme liabilities at the beginning of the period | 25,793 | 36,820 |
| Interest on scheme liabilities | 1,485 | 1,775 |
| Actuarial gain recognised in STRGL calculated in accordance with stated assumptions | (1,177) | (133) |
| Benefits paid | (1,244) | (1,152) |
| Settlements and curtailments | - | (11,517) |
| Present value of scheme liabilities calculated in accordance with stated assumptions | <u>24,857</u> | <u>25,793</u> |
| Net pension asset not recognised due to uncertainty over future recoverability | <u>261</u> | <u>-</u> |
| Present value of scheme liabilities at the end of the period | <u>25,118</u> | <u>25,793</u> |

Profit and loss account impact

There are no amounts chargeable in respect of either current or past service cost as the scheme is closed to future accrual.

The following amounts have been included in net interest (payable)/receivable (note 5):

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--|--------------------------------|--------------------------------|
| Expected return on pension scheme assets | 1,331 | 1,810 |
| Interest on pension scheme liabilities | (1,485) | (1,775) |
| | <u>(154)</u> | <u>35</u> |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

17. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The following amount has been included in the pension curtailment charge (note 4):

| | 31 December 2008 £000 | 29 December 2007 £000 |
|--------------------------------------|--------------------------------|--------------------------------|
| Gain on settlements and curtailments | - | 1,494 |

Amounts recognised in statement of total recognised gains and losses

| | 31 December 2008 £000 | 29 December 2007 £000 |
|---|--------------------------------|--------------------------------|
| The amounts included in the statement of total recognised gains and losses were: | | |
| Actual return less expected return on scheme assets | (2,626) | 146 |
| Experience gains and losses arising on scheme liabilities | (186) | 398 |
| Changes in assumptions underlying the present value of scheme liabilities | 1,363 | (265) |
| Actuarial (loss)/gain recognised in the statement of total recognised gains and losses calculated in accordance with stated assumptions | (1,449) | 279 |
| Pension surplus not recognised due to uncertainty over future recoverability | (261) | - |
| Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses | (1,710) | 279 |

History of scheme assets and liabilities

| | 31 December 2008 £000 | 29 December 2007 £000 | 31 December 2006 £000 | 31 December 2005 £000 | 27 December 2004 £000 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Market value of scheme assets | 25,118 | 24,617 | 30,770 | 28,264 | 20,334 |
| Present value of scheme liabilities | (25,118) | (25,793) | (36,820) | (34,085) | (28,744) |
| Recognised deficit in the scheme | - | (1,176) | (6,050) | (5,821) | (8,410) |
| Experience adjustments on scheme assets | (2,626) | 146 | 516 | 2,492 | 312 |
| Experience adjustments on scheme liabilities | (186) | 398 | (303) | (4) | (531) |

ANDREWS SYKES HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 12 months ended 31 December 2008

18. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings | | Other | |
|--------------------------------------|--------------------|------------|------------|-----------|
| | 31 | 29 | 31 | 29 |
| | December | December | December | December |
| | 2008 | 2007 | 2008 | 2007 |
| | £000 | £000 | £000 | £000 |
| Expiring: | | | | |
| Within one year | 13 | 62 | 15 | 7 |
| Between two and five years inclusive | 230 | 274 | 386 | 11 |
| In five years or more | 576 | 447 | - | - |
| | <u>819</u> | <u>783</u> | <u>401</u> | <u>18</u> |

19. CAPITAL COMMITMENTS AND CONTINGENCIES

There were no outstanding capital commitments or contingencies at either 31 December 2008 or 29 December 2007.

20. CONTROLLING PARTIES

The company is a subsidiary undertaking of Andrews Sykes Group plc, a company registered in England and Wales.

The only UK group in which the results of Andrews Sykes Hire Limited are consolidated is that headed by Andrews Sykes Group plc whose principal place of business is Premier House, Darlington Street, Wolverhampton WV1 4JJ. The consolidated accounts for this group are available to the public and may be obtained from the aforementioned address.

As at 4 September 2009, EOI SYKES Sarl, which is incorporated in Luxembourg, held 81.32% of the ordinary share capital of Andrews Sykes Group plc and is therefore that company's immediate parent company. The ultimate holding company is the Tristar Corporation, a company incorporated in The Republic of Panama. The Tristar Corporation is held jointly, in equal proportions, by the Ariane Trust and the Eden Trust and therefore the directors consider these trusts to be the ultimate controlling parties of the company.