

AS Fire and Rescue Equipment Limited
(formerly Asfare No.1 Limited)

Annual Report and Accounts

Period Ended 31 March 2004

Registered Number 4840869



AS FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No. 1 Limited)

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Directors: Timothy Redmayne Wightman (Non-Executive Chairman)
Adrian Jones (Group Finance Director)
Adrian Effland Bradshaw (Non-Executive Director)

Secretary: Adrian Jones

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A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No. 1 Limited)

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for period ended 31 March 2004.

Principal activity

The Company was incorporated on 22 July 2003 as Newincco 283 Limited. The Company changed its name on 4 November 2003 to Asfare Group Limited, then on 2 December 2003 to Asfare No.1 Limited and finally to AS Fire and Rescue Equipment Limited on 12 December 2003.

On 12 December 2003 Asfare Group plc (the parent company of A S Fire and Rescue Equipment) acquired Speed 5019 Limited and its subsidiaries. Upon the admission to AIM of Asfare Group plc, in accordance with the hive-down agreement dated 8 December 2003, Asfare Group plc sold its investment in Speed 5019 Limited to the Company and subsequently on 12 December 2003 the trade and assets of Asfare No.1 Limited (formerly AS Fire and Rescue Equipment Limited) and Fire Guns Limited, formerly the principal trading subsidiaries of Speed 5019 Limited were transferred by way of hive-up to the Company which is now the principal trading subsidiary of Asfare Group plc. The Company's principal activity is the design, manufacture, repair and marketing of ladders and other fire fighting equipment.

The Board

The Board consists of two Executive Directors and two Non-Executive Directors:

Timothy Redmayne Wightman aged 58, Non-Executive Chairman	(Appointed 18 November 2003)
Adrian Jones ACA aged 42 , Group Finance Director	(Appointed 22 June 2004)
Adrian Effland Bradshaw aged 47, Non-Executive Director	(Appointed 18 November 2003)

No Director held any beneficial interests in the ordinary shares of the Company. The interests of the Directors at 31 March 2004 in the shares of Asfare Group plc, the ultimate holding company, are disclosed in the financial statements of that company.

Statement of Directors' responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004 the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004

In accordance with section 385 of the Companies Act 1985, Grant Thornton UK LLP offer themselves for reappointment as auditors of the Company.

ON BEHALF OF THE BOARD

A Jones
17 January 2005



A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No. 1 Limited)

INDEPENDENT AUDITORS' REPORT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A S Fire and Rescue Equipment Limited.

We have audited the financial statements of A S Fire and Rescue Equipment Limited for the period ended 31 March 2004 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 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 Group is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 Group'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 affairs of the Company at 31 March 2004 and of the profit of the Company for the period ended 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
PORTSMOUTH
17 January 2005

A S FIRE AND RESCUE EQUIPMENT LIMITED
 (formerly Asfare No.1 Limited)
PROFIT AND LOSS ACCOUNT

	<u>Note</u>	Period ended 31 March 2004 £
Turnover	2	1,332,668
Cost of sales		629,199
Gross profit		<u>703,469</u>
Administration and establishment expenses		416,785
Goodwill amortisation	8	36,822
Operating profit		<u>249,862</u>
Interest receivable	4	707
Profit on ordinary activities before taxation	3	<u>250,569</u>
Tax on ordinary activities	7	1,113
Retained profit for the financial period		<u><u>249,456</u></u>

All operations are classed as continuing.

The Company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 6 to 13 form part of these financial statements

A S FIRE AND RESCUE EQUIPMENT LIMITED
(formerly Asfare No. 1 Limited)
BALANCE SHEET

At 31 March

	Note	2004
FIXED ASSETS		£
Intangible assets – purchased goodwill	8	2,908,966
Tangible assets	9	156,624
Investments	10	927,658
		<u>3,993,248</u>
CURRENT ASSETS		
Stock and work in progress	11	634,877
Debtors	12	948,778
Cash at bank and in hand		59,098
		<u>1,642,753</u>
CREDITORS: amounts falling due within one year	13	5,386,544
NET CURRENT LIABILITIES		<u>3,743,791</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>249,457</u>
CAPITAL AND RESERVES		
Called up share capital	14	1
Profit and loss account	15	249,456
SHAREHOLDERS' FUNDS		<u>249,457</u>

The financial statements were approved by the Board of Directors on 17 January 2005.



D P Chisnall

Director



A Jones

Director

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt from producing consolidated accounts under s229 of the Companies Act 1985, as it is a wholly owned subsidiary of Asfare Group plc, and consolidated accounts for Asfare Group plc are available publicly.

These accounts present information about AS Fire and Rescue Equipment Limited, as an individual undertaking and not about its group.

GOODWILL

Goodwill represents the excess of cost of acquisition over the fair value of separable net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful economic life. This is estimated at 20 years.

INVESTMENTS

Investments held as fixed assets are stated at cost less any provision for impairment in value.

TURNOVER

Turnover represents net goods and services invoiced to customers during the period, less returns, and excluding value added tax.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided by reducing the written down values at the following annual rates which are relative to their estimated useful lives:

Short-term leasehold properties	Over term of the lease
Other tangible fixed assets	15-25% on written down values or 15 -33 ½ % on cost

STOCKS

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of products manufactured consists of direct materials and labour costs, together with the relevant production overheads. Cost is calculated using the first-in, first-out method.

DEFERRED TAXATION

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

LEASED ASSETS

Payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the period in which it is incurred.

PENSION SCHEME

Asfare Group plc, the Company's ultimate holding company, operates a defined contribution scheme. The assets of the scheme are held separately to those of the Company.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

2 ANALYSIS OF TURNOVER

By Geographical Market

	Period ended	
	31 March	
	2004	
	£	%
UK	1,125,264	84.4%
Rest of World	207,404	15.6%
	1,332,668	100%

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation Is stated after charging

	Period ended
	31 March
	2004
	£
Research & Development current year	10,254
Operating leases : land & buildings	35,960
Operating leases : plant & machinery	757
Depreciation of tangible fixed assets	15,728
Auditor remuneration – Audit fees	8,029
Auditor remuneration – Tax compliance	-
Goodwill amortisation	36,822

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME.

	Period ended 31 March 2004
	£
Interest received	707

5 REMUNERATION OF DIRECTORS

	Period ended 31 March 2004
	£000
Directors emoluments	27,579
Company contribution to pension scheme	2,478
	30,057

During the period one Director participated in the defined contribution pension scheme.

6 STAFF NUMBERS AND COSTS

The average number of employees of the Group (including Executive and Non-Executive Directors) during the period analysed by category were as follows:

	Period ended 31 March 2004
Manufacturing	37
Sales and marketing	3
Administration	10
	50

The aggregate payroll costs of these employees were as follows:

	Period ended 31 March 2004
	£000
Wages and salaries	316,256
Social security costs	31,117
Pension costs	19,870
	367,243

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 31 March 2004
	£
Current tax	
Tax on profits for the period	-
Payment for Group losses	-
	-
Deferred tax	
Origination and reversal of timing differences	(1,113)
Adjustment in respect of previous periods	-
	(1,113)
Taxation on profits on ordinary activities	(1,113)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained as follows:

Profits on ordinary activities before tax	250,569
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	75,171
<i>Effect of:</i>	
Expenses not deductible for tax purposes	13,003
Utilisation of tax losses	(89,635)
Capital allowances for the period in excess of depreciation	1,461
Current tax charge for the period	-

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

8 INTANGIBLE FIXED ASSETS

	Purchased Goodwill £
Cost	
On Acquisition of Speed 5019 Limited See note 9	2,945,788
At 31 March 2004	<u>2,945,788</u>
Provision for amortisation	
Charge for the period	36,822
At 31 March 2004	<u>36,822</u>
Net book value	
At 31 March 2004	<u><u>2,908,966</u></u>

The Directors believe the benefits to be derived from having acquired Speed 5019 Limited will continue for a period of not less than 20 years and accordingly the Directors are amortising goodwill over a period of 20 years.

9 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer Equipment £	Office Equipment £	Plant & Equipment £	Vehicles £	Total £
Cost						
Inter company transfers	23,066	46,358	62,712	167,482	59,786	359,404
Additions	-	559	1,000	2,603	-	4,162
Disposals	-	-	-	-	-	-
At 31 March 2004	<u>23,066</u>	<u>46,917</u>	<u>63,712</u>	<u>170,085</u>	<u>59,786</u>	<u>363,566</u>
Depreciation						
Inter company transfers	6,714	22,090	26,764	92,916	42,730	191,214
Charge for the period	539	3,085	2,670	6,678	2,756	15,728
Disposals	-	-	-	-	-	-
At 31 March 2004	<u>7,253</u>	<u>25,175</u>	<u>29,434</u>	<u>99,594</u>	<u>45,486</u>	<u>206,942</u>
Net book value						
At 31 March 2004	<u><u>15,813</u></u>	<u><u>21,742</u></u>	<u><u>34,278</u></u>	<u><u>70,491</u></u>	<u><u>14,300</u></u>	<u><u>156,624</u></u>

AS FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

10 INVESTMENTS

	£
<i>Cost</i>	
Additions	927,658
At 31 March 2004	<u>927,658</u>
<i>Net book value</i>	
At 31 March 2004	<u>927,658</u>

On 12 December 2003 the Group acquired Speed 5019 Limited and its subsidiaries for a consideration of £3,800,000 satisfied by cash. Upon the admission to AIM of Asfare Group plc, in accordance with the hive-down agreement dated 8 December 2003 the company sold the investment in Speed 5019 Limited to the Company's wholly owned subsidiary AS Fire & Rescue Equipment Limited (formerly Asfare No.1 Limited). Asfare No.1 Limited (formerly AS Fire & Rescue Equipment Limited) and Fireguns Limited, formerly the principal trading subsidiaries of Speed 5019 Limited were transferred by way of hive-up to AS Fire & Rescue Equipment Limited (formerly Asfare No.1 Limited) which is now the principal trading subsidiary of Asfare Group plc. As these transactions were executed simultaneously and at fair value, the goodwill arising on acquisition is dealt with as purchased goodwill in the accounts of AS Fire & Rescue Equipment Limited and the carrying value of Speed 5019 Limited of £927,658 represents the fair value of Speed 5019 Limited and its subsidiaries following the hive-up on 12 December 2003.

Net assets at the date of acquisition

Book and fair value	£000
Tangible fixed assets	166
Cash	439
Stock	714
Trade and other debtors	592
Trade and other creditors	(984)
Net assets	927
Goodwill	2,946
	<u>3,873</u>
Discharged by:	
Cash	3,800
Costs associated with the acquisition	73
	<u>3,873</u>

The costs associated with the acquisition include £30,141 that has been charged by the auditors regarding work carried out for the placing.

11 STOCKS AND WORK IN PROGRESS

	<u>2004</u>
	£
Work in progress	23,300
Raw materials and finished goods	611,577
	<u><u>634,877</u></u>

A S FIRE AND RESCUE EQUIPMENT LIMITED

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NOTES TO THE ACCOUNTS

12 DEBTORS

	2004 £
Trade debtors	768,137
Amount owed by subsidiary undertakings	126,211
Other debtors	54,430
	<u>948,778</u>

13

CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	2004 £
Trade creditors	265,584
Amounts due to subsidiary undertakings	4,873,708
Social security and other taxes	136,502
Other creditors	101,328
Corporation tax	9,422
	<u>5,386,544</u>

14 SHARE CAPITAL

	Nominal Value	Authorised Number	Authorised £	Allotted Number	Allotted £
At 31 March 2004	£1.00	1,000	1,000	1	1

15 RESERVES

	Profit and Loss Account £
Retained profit for the period	249,456
At 31 March 2004	<u>249,456</u>

16 PENSION SCHEME

Asfare Group plc operates a defined contribution pension scheme. The assets of the scheme are held separately to those of the Company. The pension cost charge for the period represents contributions payable by the Company amounting to £12,945.

A S FIRE AND RESCUE EQUIPMENT LIMITED

(formerly Asfare No.1 Limited)

NOTES TO THE ACCOUNTS

17 CONTROLLING PARTY

The Company is controlled by Asfare Group plc, the Company's ultimate parent company. The financial statements of Asfare Group plc can be obtained on request from Adrian Jones at Commercial Road, Totton, Southampton, Hampshire SO40 3AE.

18 CONTINGENT LIABILITIES

The Company has entered into an unlimited guarantee regarding the bank borrowings of its holding company and of its fellow subsidiaries, Asfare Group plc. HSBC Bank plc has a fixed and floating charge over the Company's assets. At 31 March 2004 the borrowings of the Group amounted to £1,140,000.