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PICCADILLY HIRE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE

FIRST SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001



Cashmore and Company,
Chartered Accountants,
The Robbins Building,
Albert Street,
RUGBY,
Warwickshire.
CV21 2SD

PICCADILLY HIRE LIMITED

COMPANY INFORMATION

DIRECTORS

M. Newton
J.G. Bradbury

SECRETARY

L.H. Lynch

REGISTERED OFFICE

The Robbins Building,
Albert Street,
RUGBY,
Warwickshire.
CV21 2SD

COMPANY REGISTRATION NUMBER

3924708

BANKERS

Barclays Bank plc,
36, North Street,
RUGBY,
Warwickshire.
CV21 2AN

SOLICITORS

Frederick Fuller & Son.,
24, Albert Street,
RUGBY,
Warwickshire.
CV21 2RT

AUDITORS

Cashmore and Company,
The Robbins Building,
Albert Street,
RUGBY,
Warwickshire.
CV21 2SD

PICCADILLY HIRE LIMITED

DIRECTORS' REPORT

The Directors present their report to the Members together with the financial statements of the Company for the sixteen month period ended 30th June 2001.

DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and 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 a going concern basis unless it is inappropriate to presume that the Company will continue to operate.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

DIRECTORS

The Directors who served during the sixteen month period are shown below:

M. Newton (Appointed 17th February 2000)
J.G. Bradbury (Appointed 17th February 2000)

The Directors of the Company at 30th June 2001 had shareholdings, inclusive of family interests, as follows:

Name	Class of Capital	Beneficial Interest
M. Newton	£1 Ordinary	60
J.G. Bradbury	£1 Ordinary	40

INCORPORATION DETAILS

The Company was incorporated on 14th February 2000 and commenced trading on 1st March 2000.

CHANGE OF NAME

On 29th February 2000 the Company changed its name from Europlan Services Limited.

PRINCIPAL ACTIVITY

The principal activity of the Company in the sixteen month period under review was that of the Sale and Hire of Professional Video and Audio Visual Equipment.

REVIEW OF BUSINESS

The Directors are of the opinion that the results contained in the Accounts are self-explanatory and that future trading conditions are indeterminable under present economic conditions.

PICCADILLY HIRE LIMITED**DIRECTORS' REPORT****RESULTS AND DIVIDENDS**

The Profit for the sixteen month period after taxation amounted to £217,362 and is mainly attributable to the principal activity.

An interim dividend of £6,000 was paid during the sixteen month period. The Directors recommend that a final dividend of £24,000 be paid for the sixteen month period.

SHARE ISSUE

During the sixteen month period 100 £1 Ordinary shares were issued to provide working capital.

RESEARCH AND DEVELOPMENT

The Company incurred no expenditure on research and development during the sixteen month period.

COMPANY STATUS

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

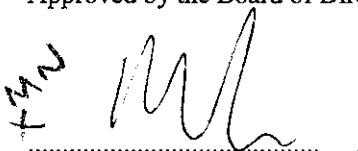
DONATIONS

The Company made no political or charitable donations during the sixteen month period.

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Cashmore and Company, who have signified their willingness to be re-appointed as auditors to the Company.

Approved by the Board of Directors on 21st March 2002 and signed on their behalf by:

A handwritten signature in dark ink, appearing to be 'M. Newton', is written over a dotted line. To the left of the signature, the letters 'f32' are handwritten vertically.

M. Newton,
Chairman

AUDITOR'S REPORT**TO THE SHAREHOLDERS OF PICCADILLY HIRE LIMITED**

We have audited the financial statements on pages 5 to 15, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 2, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

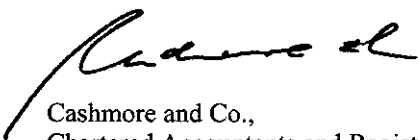
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and 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 of 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 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 30th June 2001 and of its Profit for the sixteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Cashmore and Co.,
Chartered Accountants and Registered Auditors,
The Robbins Building,
Albert Street,
RUGBY,
Warwickshire.
CV21 2SD

21st March 2002

PICCADILLY HIRE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001**

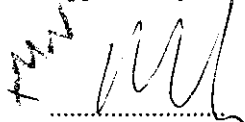
	<u>NOTES</u>	<u>£</u>
TURNOVER	(2)	
Continuing operations		4,669,063
Cost of sales	(3)	(960,393)
GROSS PROFIT		3,708,670
Net operating expenses	(3)	(3,340,732)
OPERATING PROFIT		367,938
Continuing operations		
Interest receivable and similar income		760
Interest payable and similar charges	(7)	(150,298)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(4)	218,400
Tax on ordinary activities	(8)	(1,038)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		217,362
Dividends	(9)	(30,000)
RETAINED PROFIT FOR THE FINANCIAL SIXTEEN MONTH PERIOD	(18)	187,362

The Company made no recognised gains and losses other than those reported in the profit and loss account.

PICCADILLY HIRE LIMITED**BALANCE SHEET****30TH JUNE 2001**

	<u>NOTES</u>	<u>£</u>
FIXED ASSETS		
Tangible Assets	(10)	920,794
Investments	(11)	4
		920,798
CURRENT ASSETS:		
Debtors	(12)	710,523
Cash Resources		39,644
		750,167
CREDITORS: Amounts falling due within one year		
Bank Overdraft	(13)	112,614
Creditors	(14)	1,339,079
		1,451,693
NET CURRENT LIABILITIES		(701,526)
TOTAL ASSETS LESS CURRENT LIABILITIES		219,272
CREDITORS: Amounts falling due after more than one year	(15)	31,810
NET ASSETS		187,462
CAPITAL AND RESERVES:		
Called Up Share Capital	(17)	100
Profit and Loss Account	(18)	187,362
SHAREHOLDERS FUNDS	(19)	187,462

Approved by the Board of Directors on 21st March 2002 and signed on their behalf by :



M. Newton, Director

PICCADILLY HIRE LIMITED**CASH FLOW STATEMENT****FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001**

	Note	2001 £
Net cash outflow from operating activities	24	1,018,259
Returns on investments and servicing of finance	25	(149,538)
Capital expenditure	25	(566,371)
		<u>302,350</u>
Dividends paid		(30,000)
		<u>272,350</u>
Financing	25	(345,320)
Decrease in cash in the sixteen month period		<u>(72,970)</u>
 Reconciliation of net cash flow to movement in net debt	 26	
Decrease in cash in the sixteen month period		(72,970)
Cash outflow from increased lease financing		(294,256)
Net debt at 30th June 2001	26	<u>(367,226)</u>

PICCADILLY HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are as follows:

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Fixed Assets

Depreciation has been provided for on all assets at rates calculated to write off the cost over the expected useful life of such assets.

The principal rates are:-

Asset Classification	Basis	Rate %
Hire Equipment	Straight Line	20
Fixtures and Fittings	Straight Line	20
Motor Vehicles	Straight Line	25

Deferred Taxation

Deferred taxation has been provided for where, in the opinion of the Directors, a liability is thought likely to arise in the foreseeable future. Accordingly, full provision for the taxation deferred by means of accelerated capital allowances has not been made.

Liability in respect of deferred taxation not provided for in these financial statements is £51,234.

Finance Leases and Hire Purchase Agreements

Assets acquired under these forms of agreement are capitalised as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease, in proportion to the capital balance outstanding.

Details of these assets are given in note 10.

Operating Leases

Payments relating to financial agreements for the hire or lease of fixed assets are charged to the profit and loss account on an accruals basis.

Commitments in respect of unexpired agreements not provided for in these financial statements are shown in note 21.

Pension costs

The Company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged to the profit and loss account on an accruals basis.

2. TURNOVER

The Company's turnover represents the value, excluding value added tax of goods and services supplied to customers during the sixteen month period.

The turnover and Profit on ordinary activities is attributable to one activity, the Sale and Hire of Professional Video and Audio Visual Equipment.

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****2. TURNOVER CONTINUED**

The UK was the only geographical market supplied, hence no further disclosure is required.

3. COST OF SALES AND NET OPERATING EXPENSES

	<u>£</u>
Cost of sales	960,393
Net operating expenses:	
Distribution costs	557,816
Administrative expenses	2,497,667
Depreciation	276,024
Loss on Sale of Assets	9,225
	<u>3,340,732</u>

4. RESULT OF ORDINARY ACTIVITIES BEFORE TAXATION

	<u>£</u>
The profit is stated after charging:	
Directors' Salaries	94,667
Directors' National Insurance	10,415
Directors' Pension Contributions	10,001
Auditor's Remuneration	8,500
Formation Expenses	250
Interest Payable - Short Term	84,357
Interest Payable on Finance Leases and Hire Purchase	65,941
Hire of Plant and Equipment	51,339
Operating Leases	48,224
Loss on sale of Tangible Fixed Assets	9,225
Depreciation	276,024
	<u></u>
and after crediting:-	
Interest Receivable	<u>760</u>

During the sixteen month period, two Directors, were accruing benefits under money purchase Pension Schemes.

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****5. STAFF COSTS (including Directors)**

	<u>£</u>
Wages and Salaries	1,391,141
Social Security Costs	136,305
Other Pension Costs	23,283
	1,550,729

The average number of persons employed by the Company during the sixteen month period was:

Management and Administration	13
Production and Sales	34
	47

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>£</u>
Bank Deposit Interest	760

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>£</u>
Interest on Bank Loans and Overdraft	9,602
Interest on Other Loans	74,755
Hire Purchase Interest	45,138
Finance Costs	20,803
	150,298

8. TAX ON ORDINARY ACTIVITIES

The charge in the profit and loss account is made up as follows:

	<u>£</u>
Corporation Tax based upon the results for the sixteen month period.	1,038

9. DIVIDENDS

	<u>£</u>
Dividends Paid	6,000
Dividends Proposed	24,000
	£ 30,000

A final Dividend of £240 per share was paid on 30th November 2001.

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****10. TANGIBLE FIXED ASSETS**

	Hire Equipment	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£
COST				
Additions	925,641	34,669	262,883	1,223,193
Disposals	-	-	(26,375)	(26,375)
As at 30th June 2001	925,641	34,669	236,508	1,196,818
DEPRECIATION				
Charge for the sixteen month period	202,490	6,057	67,477	276,024
As at 30th June 2001	202,490	6,057	67,477	276,024
NET BOOK VALUES				
As at 30th June 2001	723,151	28,612	169,031	920,794

Assets held under Finance Leases or Hire Purchase Agreements

The net book value of assets held under these forms of agreement amounted to £241,965. Depreciation charged in the sixteen month period on those assets amounted to £81,718.

11. FIXED ASSET INVESTMENTS

	Other Investments
	£
COST	
Additions	4
As at 30th June 2001	4

The above represents investments in non-trading subsidiary undertakings.

12. DEBTORS

	£
Items receivable within one year:	
Trade Debtors	650,594
Other Debtors	100
Prepayments and Accrued Income	57,415
Wages Control Account	2,414
	710,523

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****13. BANK LOANS AND OVERDRAFT**

	<u>£</u>
Falling due within one year:	
Bank Overdraft	112,614
Bank Loans	9,619
	<u> </u>

The bank loan is supported by a Guarantee given by the Directors. The overdraft is technically repayable on demand and is secured by a Mortgage Debenture over the Company's assets and a cross guarantee from C.F.Cases Limited.

14. CREDITORS

	<u>£</u>
Items payable within one year:	
Corporation Tax	1,038
Trade Creditors	298,096
Accrued Expenses	14,862
Hire Purchase Creditors	184,328
Value Added Tax	75,265
Other Creditors	557,158
Social Security and PAYE	34,512
Bank Loans (Note 13)	9,619
Pension Fund Loan	68,500
Dividends	24,000
C F Cases Ltd	53,409
Directors' Loans (Note 16)	18,292
	<u> </u>
	<u>1,339,079</u>

15. CREDITORS

	<u>£</u>
Items payable after more than one year:	
Hire Purchase Creditors (due within 2 to 5 years)	31,810
	<u> </u>

16. DIRECTORS' LOANS

	<u>£</u>
M. Newton	18,292
	<u> </u>

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****17. SHARE CAPITAL**

	<u>£</u>
Authorised:	
1,000 Ordinary shares of £1 each	1,000
Issued and Fully Paid:	
100 Ordinary shares of £1 each	100

During the sixteen month period 100 £1 Ordinary shares were issued to provide working capital.

18. PROFIT AND LOSS ACCOUNT

	<u>£</u>
Retained Profit for the sixteen month period	187,362
As at 30th June 2001	187,362

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>£</u>
Profit for the financial sixteen month period	217,362
Dividends	(30,000)
	187,362
New share capital subscribed	100
Net addition to shareholders' funds	187,462
Closing shareholders' funds	187,462

20. RELATED PARTIES

The Company is controlled by the Directors, whose Shareholdings are fully disclosed in the Directors Report.

The Company purchased goods amounting to £13,417, during the period, from C.F. Cases Limited, a company under common control.

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****21. LEASE COMMITMENTS**

At 30th June 2001 the Company had annual commitments under non-cancellable operating leases as set out below :

Operating leases which expire :

	<u>£</u>
Property:	
- within 2-5 years	30,000
- after 5 years	65,000
	95,000
Plant and machinery:	
- within 1 year	12,095
- within 2-5 years	46,377
	58,472

22. SUBSIDIARY COMPANIES

The subsidiary companies at 30th June 2001 were as follows:

Name of Company	Principal Activities	Holding
Piccadilly Hire (Birmingham) Limited	Dormant	100%
Piccadilly Hire (Cardiff) Limited	Dormant	100%
Piccadilly Hire (London) Limited	Dormant	100%
Piccadilly Hire (Manchester) Limited	Dormant	100%

The above were all holdings of ordinary shares. All of the above Companies were incorporated in England.

The Directors have taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the sixteen month period ended 30th June 2001.

23. CONTINGENT LIABILITIES

The Directors are unaware of any contingent liabilities which may affect the financial statements.

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2001 <u>£</u>
Operating profit	367,938
Depreciation	276,024
Loss on sale of tangible fixed assets	9,225
Decrease in debtors	(710,522)
Decrease in creditors	1,075,594
	1,018,259
Net cash outflow from operating activities	1,018,259

PICCADILLY HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE SIXTEEN MONTH PERIOD ENDED 30TH JUNE 2001****25. NOTES TO THE CASH FLOW STATEMENT**

	2001
	£
Returns on investments and servicing of finance	
Interest received	760
Interest paid	(105,160)
Interest element of finances lease rentals payment	(45,138)
	<u>(149,538)</u>
Capital expenditure	
Purchase of tangible fixed assets	(583,517)
Purchase of investments	(4)
Sale of tangible fixed assets	17,150
	<u>(566,371)</u>
Financing	
Decrease in share capital	100
Loan movements	78,118
Capital element of finance lease rental payments	(423,538)
	<u>345,320</u>

26. ANALYSIS OF NET DEBT

	Cash	Other	At
	Flows	non-cash	30.06.01
	£	changes	£
		£	
Cash in hand, at bank	-	39,644	-
Overdrafts	-	(112,614)	-
	<u>-</u>	<u>(72,970)</u>	<u>(72,970)</u>
Debt due within one year	-	(78,118)	-
Finance leases	-	(216,138)	-
	<u>-</u>	<u>(294,256)</u>	<u>(294,256)</u>
Total	<u>-</u>	<u>(367,226)</u>	<u>(367,226)</u>