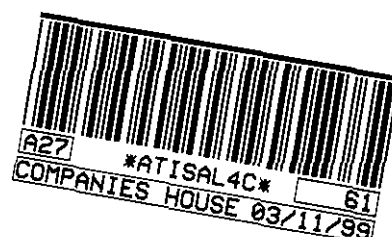


Rev.

SPECIALIST HIRES LIMITED
(A subsidiary of Marshspace Plc)
REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1999

Co. No. 2347451



SPECIALIST HIRES LIMITED

REPORT OF THE DIRECTORS

For the year ended 30th April 1999

The directors submit their report and accounts for the year ended 30th April 1999.

PRINCIPAL ACTIVITY

The company's principal activity is equipment hire.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Turnover has increased by 20.6% on the previous year to £1,071,596 reflecting the continuing strength of the company.

The profit for the year, after taxation, was £89,948.

The directors recommend that no dividend be paid.

The directors consider that the company will continue to expand in the future.

The movements in tangible fixed assets are shown in note 5 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 30th April 1999 were as follows:-

W.B.M. Henderson
J.R. Henderson

The directors have no beneficial interests in the ordinary share capital of the company. The directors' families' beneficial interests in the shares of the parent company, Marshspace Plc, are shown in that company's Directors' Report.

In accordance with the company's Articles of Association the directors are not required to retire.

YEAR 2000 ISSUES

The "Millennium bug" or "Year 2000 issue" refers to potential problems in the processing of data or operation of electronic equipment affected by the transition from 1999 to 2000.

The directors fully recognise the potential risks associated with the issue and are taking reasonable steps to ensure that the company and the group are prepared for the transition. The costs associated with the transition are not considered significant.

SPECIALIST HIRES LIMITED

REPORT OF THE DIRECTORS

For the year ended 30th April 1999

(continued)

DIRECTORS' RESPONSIBILITIES

Company law 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;
- comply with applicable accounting standards 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 maintaining 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.

AUDITORS

A resolution to re-appoint Messrs. Day, Smith & Hunter as auditors will be proposed at the forthcoming Annual General Meeting.

CLOSE COMPANY

Specialist Hires Limited is a close company within the terms of the Income and Corporation Taxes Act 1988.

BY ORDER OF THE BOARD

B L Henderson

MRS. B.L. HENDERSON
Secretary

REGISTERED OFFICE

Lydd Yard,
Mill Lane,
Aldington,
Ashford,
Kent.

August 9th 1999

SPECIALIST HIRES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF SPECIALIST HIRES LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

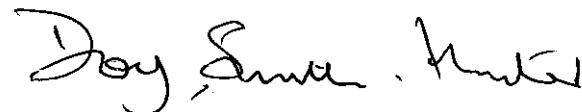
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DAY, SMITH & HUNTER
Chartered Accountants
Registered Auditors

Star House,
Maidstone,
Kent.

August 9th 1999

SPECIALIST HIRES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30th April 1999

	<u>Notes</u>		<u>30.4.1998</u>
Turnover		1,071,596	888,573
Cost of sales		322,328	268,226
GROSS PROFIT		749,268	620,347
Administrative expenses		622,722	540,348
OPERATING PROFIT	2	126,546	79,999
Interest payable and similar charges	3	11,349	8,296
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		115,197	71,703
Taxation	4	25,249	15,058
PROFIT FOR THE YEAR	10	£89,948	£56,645

The company has no recognised gains or losses other than those reported in the profit and loss account.

The notes on pages 6 to 10 form part of these accounts.

SPECIALIST HIRES LIMITED

BALANCE SHEET

As at 30th April 1999

	<u>Notes</u>		<u>30.4.1998</u>
FIXED ASSETS			
Tangible fixed assets	5	202,686	113,133
CURRENT ASSETS			
Stocks		49,706	34,846
Trade debtors		244,994	234,027
Other debtors		9,953	-
Cash at bank and in hand		15,223	13,234
		<u>319,876</u>	<u>282,107</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	6	126,940	146,344
Corporation tax		20,827	10,900
		<u>147,767</u>	<u>157,244</u>
NET CURRENT ASSETS		<u>172,109</u>	<u>124,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		374,795	237,996
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	7	(90,061)	(47,632)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	(9,723)	(5,301)
		<u>£275,011</u>	<u>£185,063</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	10	274,911	184,963
SHAREHOLDERS' FUNDS	10	<u>£275,011</u>	<u>£185,063</u>

Approved by the board of directors on *9th August 1999*


.....
W.B.M. HENDERSON

The notes on pages 6 to 10 form part of these accounts.

SPECIALIST HIRES LIMITED

NOTES TO THE ACCOUNTS

30th April 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The accounting policies are as follows:

a) Accounting convention

The accounts are prepared under the historical cost convention and incorporate the results of the activity described in the directors' report which is continuing.

b) Turnover

Turnover represents the value of services provided and goods sold during the year, net of value added tax.

c) Depreciation

Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

Plant and equipment	-	15% and 20% on written down value
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d) Stocks

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

e) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the lease term.

f) Finance leases and hire purchase contracts

Finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each contract. The finance charges are allocated evenly over the period of the agreement.

g) Deferred taxation

Deferred taxation is provided at year end rates where corporation tax is deferred through certain fixed assets being written down more rapidly for tax purposes than in the accounts.

SPECIALIST HIRES LIMITED

NOTES TO THE ACCOUNTS

30th April 1999

(continued)

2. OPERATING PROFIT

This is stated after charging the following:

	<u>30.4.1999</u>	<u>30.4.1998</u>
Auditors' remuneration	4,740	2,000
Depreciation of owned assets	3,431	-
Depreciation of assets held under finance leases and hire purchase contracts - plant and equipment	24,548	9,498
Rent paid under operating lease	<u>27,542</u>	<u>17,000</u>

The directors received no remuneration during the year ended 30th April 1999 (1998 :£NIL).

The average number of employees was as follows:

	<u>Number</u>	<u>Number</u>
Management and administration (Directors)	<u>2</u>	<u>2</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>30.4.1999</u>	<u>30.4.1998</u>
Bank overdraft interest	3,069	4,195
On finance leases and hire purchase contracts repayable within five years	8,280	4,101
	<u>£11,349</u>	<u>£8,296</u>

4. TAXATION

	<u>30.4.1999</u>	<u>30.4.1998</u>
Corporation tax at 21% based on the profit for the year	20,827	10,900
Deferred taxation	4,422	4,158
	<u>£25,249</u>	<u>£15,058</u>

SPECIALIST HIRES LIMITED

NOTES TO THE ACCOUNTS

30th April 1999

(continued)

5. TANGIBLE FIXED ASSETS

	Plant and equipment
COST	
At 1st May 1998	137,480
Additions	117,532
At 30th April 1999	<u>255,012</u>
DEPRECIATION	
At 1st May 1998	24,347
Charge for the year	27,979
At 30th April 1999	<u>52,326</u>
NET BOOK VALUE	
At 30th April 1999	<u>£202,686</u>
At 30th April 1998	<u>£113,133</u>

The net book value of assets held under finance leases and hire purchase contracts included above is £181,248 (1997 - £113,133).

6. CREDITORS

	<u>30.4.1999</u>	<u>30.4.1998</u>
Trade creditors	8,378	16,749
Amount due to parent company	64,544	95,981
Finance leases and hire purchase	37,312	25,406
Accruals	16,706	8,208
	<u>£126,940</u>	<u>£146,344</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>30.4.1999</u>	<u>30.4.1998</u>
Obligations under finance leases and hire purchase contracts:		
Between one and two years	32,963	19,660
Between two and five years	57,098	27,972
	<u>£90,061</u>	<u>£47,632</u>

The current portion of finance leases and hire purchase contracts is included in creditors falling due within one year. Amounts due under finance leases and hire purchase contracts are secured on the underlying assets and bear finance charges at rates of approximately 26% over the life of the contracts.

SPECIALIST HIRES LIMITED

NOTES TO THE ACCOUNTS

30th April 1999

(continued)

8. DEFERRED TAXATION

	<u>30.4.1999</u>	<u>30.4.1998</u>
Balance at 1st May 1998	5,301	1,143
Transfer from profit and loss account	4,422	4,158
Balance at 30th April 1999	<u>£9,723</u>	<u>£5,301</u>

The deferred taxation provision is due to accelerated capital allowances.

9. CALLED UP SHARE CAPITAL

	<u>30.4.1999</u>	<u>30.4.1998</u>
Authorised:		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit and loss account	Total shareholders' funds
Balance at 1st May 1998	100	184,963	185,063
Profit for the year	-	89,948	89,948
Balance at 30th April 1999	<u>£100</u>	<u>£274,911</u>	<u>£275,011</u>

11. PARENT COMPANY

Specialist Hires Limited is a wholly owned subsidiary of Marshspace Plc, a company incorporated in England. Accordingly advantage is taken of the special exemption conferred by paragraph 3(c) of Financial Reporting Standard Number 8 not to disclose related party transactions.

SPECIALIST HIRES LIMITED

NOTES TO THE ACCOUNTS

30th April 1999

(continued)

12. CAPITAL COMMITMENTS

	<u>30.4.1999</u>	<u>30.4.1998</u>
Contracted	<u>£64,970</u>	<u>£29,500</u>

13. FINANCIAL COMMITMENTS

The company has annual commitments under non cancellable operating leases as follows:

	<u>30.4.1999</u>	<u>30.4.1998</u>
Land and buildings:-		
Expiry in less than one year	<u>£-</u>	<u>£6,750</u>

On 4th May 1999 the company entered into a lease commitment for three years at an annual rental of £10,500.

14. CONTINGENT LIABILITIES

- i) The bank overdraft of the group is secured by a cross guarantee between Specialist Hires Limited and Marshspace Plc. The bank overdraft of Marshspace Plc amounted to £30,969 at 30th April 1999 (1998 : £Nil).
- ii) The company is part of a group registration for value added tax along with its parent company Marshspace Plc. The company would become liable should Marshspace Plc become unable to meet any future VAT obligations. The liability amounted to £21,930 at 30th April 1999 (1998 : £20,292).
- iii) The company has guaranteed a hire purchase contract for its parent Marshspace Plc. The liability amounted to £4,667 at 30th April 1999 (1998 : £9,333).