

Registration number 3108168

M C Construction Equipment Limited
Directors' report and financial statements
for the year ended 30 September 2003



M C Construction Equipment Limited

Company information

Directors	P M Marron P A Marron	appointed 30 September 2003
Secretary	P A Marron	
Company number	3108168	
Registered office	Sherbourne House 23-25 Northolt Road South Harrow Middx. HA2 0LH	
Auditors	Hanberry & Co 20 Peterborough Road Harrow Middlesex HA1 2BQ	
Business address	Unit 4 Acorn Business Centre 30-34 Gorst Road Park Royal London NW10 6LE	
Bankers	AIB Plc 361 King Street Hammersmith London W6 9NJ	
Solicitors	Sharpe & Co Sherbourne House 23-25 Northolt Road South Harrow Middlesex HA2 0LH	

M C Construction Equipment Limited

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M C Construction Equipment Limited

Directors' report for the year ended 30 September 2003

The directors present their report and the financial statements for the year ended 30 September 2003.

Principal activity

The Principal Activity of the company during the year was that of Sale and Hire of Construction Equipment and spares.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		30/09/03	01/10/02
		or date of	
		appointment	
C J Marron	resigned 30 September 2003	-	-
S M Marron	resigned 30 September 2003	-	-
P M Marron		-	-
P A Marron	appointed 30 September 2003	100	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

M C Construction Equipment Limited

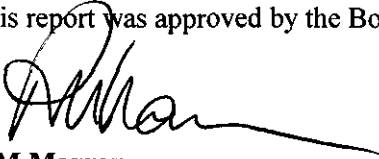
**Directors' report
for the year ended 30 September 2003**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hanberry & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 3 June 2004 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'P M Marron', with a long horizontal flourish extending to the right.

**P M Marron
Director**

M C Construction Equipment Limited

Independent auditors' report to the shareholders of M C Construction Equipment Limited

We have audited the financial statements of M C Construction Equipment Limited for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

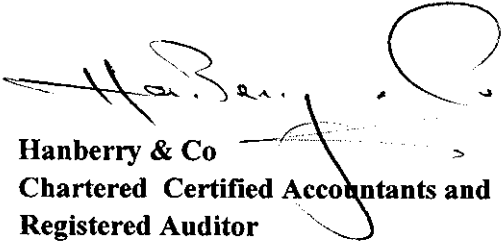
We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.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

M C Construction Equipment Limited

Independent auditors' report to the shareholders of M C Construction Equipment Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hanberry & Co
Chartered Certified Accountants and
Registered Auditor
3 June 2004

20 Peterborough Road
Harrow
Middlesex
HA1 2BQ

M C Construction Equipment Limited

**Profit and loss account
for the year ended 30 September 2003**

		Continuing operations	
		2003	2002
	Notes	£	£
Turnover	2	1,300,719	1,358,611
Cost of sales		(939,876)	(1,205,892)
Gross profit		360,843	152,719
Administrative expenses		(246,862)	(247,014)
Exceptional administrative expenses	3	(400,000)	(34,000)
Operating loss	3	(286,019)	(128,295)
Other interest receivable and similar income		4,439	4,244
Interest payable and similar charges	4	(1,258)	(159)
Loss on ordinary activities before taxation		(282,838)	(124,210)
Tax on loss on ordinary activities	6	-	(1,721)
Loss for the year		(282,838)	(125,931)
Retained profit brought forward		484,765	610,696
Retained profit carried forward		201,927	484,765

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 12 form an integral part of these financial statements.

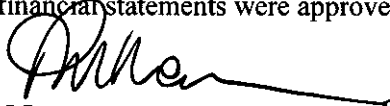
M C Construction Equipment Limited

Balance sheet as at 30 September 2003

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		118,858		107,870
Current assets					
Stocks	8	358,645		416,607	
Debtors	9	506,718		493,637	
Cash at bank and in hand		177,229		467,234	
		<u>1,042,592</u>		<u>1,377,478</u>	
Creditors: amounts falling due within one year	10	<u>(957,323)</u>		<u>(994,783)</u>	
Net current assets			<u>85,269</u>		<u>382,695</u>
Total assets less current liabilities			204,127		490,565
Creditors: amounts falling due after more than one year	11		<u>(2,100)</u>		<u>(5,700)</u>
Net assets			<u>202,027</u>		<u>484,865</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account			<u>201,927</u>		<u>484,765</u>
Equity shareholders' funds	13		<u>202,027</u>		<u>484,865</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The financial statements were approved by the Board on 3 June 2004 and signed on its behalf by


P M Marron
Director

The notes on pages 7 to 12 form an integral part of these financial statements.

M C Construction Equipment Limited

Notes to the financial statements for the year ended 30 September 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% on Written down value
Fixtures, fittings and equipment	-	25% on Written down value
Motor vehicles	-	25% on Written down value

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

M C Construction Equipment Limited

Notes to the financial statements for the year ended 30 September 2003

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3. Operating loss	2003	2002
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	38,053	39,026
Auditors' remuneration	4,000	9,000
Exceptional items		
- Exceptional administrative expenditure	400,000	34,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	32,581	75,304
	<u> </u>	<u> </u>
Exceptional administrative expenditure represents management fees payable to Marron Civil Engineering Limited.		
4. Interest payable and similar charges	2003	2002
	£	£
Included in this category is the following:		
Hire purchase interest	381	159
	<u> </u>	<u> </u>
5. Directors' emoluments	2003	2002
	£	£
Remuneration and other benefits	42,807	43,614
	<u> </u>	<u> </u>
6. Tax on loss on ordinary activities		
Analysis of charge in period	2003	2002
	£	£
Current tax		
Prior period adjustments	-	1,721
	<u> </u>	<u> </u>

M C Construction Equipment Limited

Notes to the financial statements for the year ended 30 September 2003

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7. Tangible fixed assets	Fixtures, Plant and fittings and machinery equipment			Motor vehicles	Total
	£	£	£		
Cost					
At 1 October 2002	188,240	7,676	44,010	239,926	
Additions	82,310	-	11,000	93,310	
Disposals	(90,289)	-	-	(90,289)	
At 30 September 2003	180,261	7,676	55,010	242,947	
Depreciation					
At 1 October 2002	97,548	6,336	28,172	132,056	
On disposals	(46,020)	-	-	(46,020)	
Charge for the year	30,333	335	7,385	38,053	
At 30 September 2003	81,861	6,671	35,557	124,089	
Net book values					
At 30 September 2003	98,400	1,005	19,453	118,858	
At 30 September 2002	90,692	1,340	15,838	107,870	

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Motor vehicles	6,075	2,025	8,100	2,700
8. Stocks			2003	2002
			£	£
Stocks			358,645	416,607

Stock of Construction Equipment and spares at cost.

M C Construction Equipment Limited

Notes to the financial statements for the year ended 30 September 2003

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9. Debtors	2003	2002
	£	£
Trade debtors	456,902	487,927
Other debtors	49,816	-
Prepayments and accrued income	-	5,710
	<u>506,718</u>	<u>493,637</u>
 10. Creditors: amounts falling due within one year	 2003	 2002
	£	£
Bank overdraft	18,423	12,815
Net obligations under finance leases and hire purchase contracts	3,600	3,600
Trade creditors	113,525	197,927
Amounts owed to group undertaking	-	11,908
Amounts owed to connected companies	103,157	-
Corporation tax	-	21,324
Other taxes and social security costs	4,768	30,497
Directors' accounts	106,575	106,575
Other creditors	29,620	27,699
Accruals and deferred income	577,655	582,438
	<u>957,323</u>	<u>994,783</u>
 11. Creditors: amounts falling due after more than one year	 2003	 2002
	£	£
Net obligations under finance leases and hire purchase contracts	<u>2,100</u>	<u>5,700</u>

M C Construction Equipment Limited

Notes to the financial statements for the year ended 30 September 2003

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12. Share capital	2003	2002
	£	£
Authorised equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
13. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Loss for the year	(282,838)	(125,931)
Opening shareholders' funds	<u>484,865</u>	<u>610,796</u>
Closing shareholders' funds	<u>202,027</u>	<u>484,865</u>

15. Contingent liabilities

The company is currently locked in a dispute with one of its suppliers over stock supplied to the company on the basis that this stock would be held on the company premises to enable the supplier to meet demand from their European customers quicker. For this arrangement the company was to receive a handling fee and also freedom to sell any items of this stock to their own customers. The supplier is now claiming payment for the full consignment which is being contested by the company. Full provision of £NIL (2002 - £257,896) has been made in these accounts to cover the cost of the consignment stock.

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Notes to the financial statements for the year ended 30 September 2003

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16. Related party transactions

On 30 September 2003 M C Construction Equipment was sold by its parent company, Marron Civil Engineering Limited, to Mr P Marron for £300,000. Mr P Marron, who was also appointed a director of M C Construction Equipment Limited on 30 September 2003, is related to the directors of M C Construction Equipment Limited and Marron Civil Engineering Limited. The transaction was carried out at arms length.

During the year ended 30 September 2003, the company made net sales of £39,680 (2002 - £38,920) and purchased goods and services amounting to £35,594 (2002 - £61,142) from Marron Civil Engineering Limited. At the balance sheet date there was an outstanding loan of £103,157 (2002 - £11,908) due to Marron Civil Engineering Limited.

During the year ended 30 September 2003 a management fee of £400,000 (2002 - £34,000) was paid to Marron Civil Engineering Limited.

17. Ultimate parent undertaking

Up to 30 September 2003 the company was a wholly owned subsidiary of Marron Civil Engineering Limited, a company registered in England and Wales.