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M C CONSTRUCTION EQUIPMENT LIMITED
FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 30TH SEPTEMBER 1999

HANBERRY & CO.
CHARTERED CERTIFIED ACCOUNTANTS



M C CONSTRUCTION EQUIPMENT LIMITED

DIRECTORS:

S M Marron
C J Marron
P M Marron

SECRETARY:

C J Marron

REGISTERED OFFICE:

Sherbourne House
23-25 Northolt Road
South Harrow
Middx. HA2 0LH

REGISTERED NUMBER:

03108168

BANKERS:

AIB Plc
361 King Street
Hammersmith
London W6 9NJ

AUDITORS:

Hanberry & Co.
Chartered Certified Accountants
20 Peterborough Road
Harrow
Middlesex
HA1 2BQ

M C CONSTRUCTION EQUIPMENT LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

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The following page does not form part of the Statutory Accounts

Appendix

1. Trading and Profit and Loss Account

M C CONSTRUCTION EQUIPMENT LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

The directors present their annual report with the accounts of the company for the year ended 30th September 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was Construction Equipment & Spare Sales and the hire of equipment.

DIRECTORS

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>1999</u>	<u>1998</u>
S M Marron	-	-
C J Marron	-	-
P M Marron	-	-

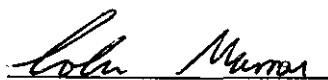
AUDITORS

In accordance with section 386 of the Companies Act 1985, the Company has passed an elective resolution to retain Hanberry & Co. as auditors without the need for annual re-election. Hanberry & Co. have indicated their willingness to continue in office.

SMALL COMPANY EXEMPTIONS

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

Signed on behalf of the
board of directors



C J Marron
Secretary


13 December 2000

M C CONSTRUCTION EQUIPMENT LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial accounts 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 accounts 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 the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts 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 accounts 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.



C J Marron

Director

On behalf of the Board

13 December 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF
M C CONSTRUCTION EQUIPMENT LIMITED

We have audited the financial accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

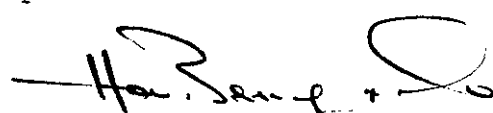
BASIS OF OPINION

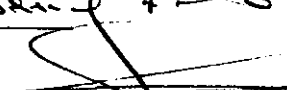
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

OPINION

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





HANBERRY & CO.
Registered Auditors
Chartered Certified Accountants
20 Peterborough Road
Harrow
Middlesex
HA1 2BQ

13 December 2000

M C CONSTRUCTION EQUIPMENT LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
TURNOVER	2	1,506,114	1,603,177
Cost of Sales		996,529	1,314,537
<u>GROSS PROFIT</u>		509,585	288,640
Net Operating Expenses			
Administrative Expenses		322,030	263,951
<u>OPERATING PROFIT</u>	3	187,555	24,689
Income from Investments		6,084	2,017
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE INTEREST</u>		193,639	26,706
Interest Payable	5	8,611	7,204
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>		185,028	19,502
Tax on Ordinary Activities	4	-	5,328
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>AFTER TAXATION</u>		£ 185,028	£ 14,174
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		99,229	85,055
Retained Profit for the Year		185,028	14,174
<u>RETAINED PROFIT CARRIED FORWARD</u>		£ 284,257	£ 99,229

None of the company's activities were acquired or discontinued during the above two financial years.

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

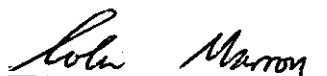
The notes on pages 6 to 9 form part of these accounts.

M C CONSTRUCTION EQUIPMENT LIMITED**BALANCE SHEET
AS AT 30TH SEPTEMBER 1999**

	Notes	1999		1998	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		120,160		133,800
CURRENT ASSETS					
Stock and Work in Progress	8	405,184		456,730	
Debtors	9	394,122		354,041	
Cash at Bank and in Hand		114,297		194,368	
		913,603		1,005,139	
CREDITORS : Amounts Falling Due within One Year	10	(738,659)		(978,657)	
NET CURRENT ASSETS			174,944		26,482
TOTAL ASSETS LESS CURRENT LIABILITIES			295,104		160,282
CREDITORS : Amounts Falling Due After more than One Year	11		10,747		60,953
			£ 284,357		£ 99,329
CAPITAL AND RESERVES					
Share Capital	12		100		100
Profit and Loss Account	13		284,257		99,229
<u>TOTAL SHAREHOLDERS' FUNDS</u>			£ 284,357		£ 99,329

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors



C J Marron
Director

Approved by the board: 13 December 2000

The notes on pages 6 to 9 form part of these accounts.

M C CONSTRUCTION EQUIPMENT LIMITED**NOTES TO ACCOUNTS**
FOR THE YEAR ENDED 30TH SEPTEMBER 1999**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention as modified to incorporate the revaluation of certain fixed assets.

Turnover

Turnover represents the net invoiced sales of goods, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Motor Vehicles	25% on reducing balance
Plant and Equipment	20% on reducing balance

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

2. TURNOVER

The Turnover and Profit (1998 - Profit) before taxation for the year is attributable to the principal activity of the Company which is Hire and sales of Construction Equipment and related Spares.

M C CONSTRUCTION EQUIPMENT LIMITED
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

3. OPERATING PROFIT

The Operating Profit (1998 - Profit) is stated after charging:

	<u>1999</u>	<u>1998</u>
	£	£
Depreciation of Tangible Fixed Assets	31,141	34,919
Auditors' Remuneration	2,000	3,000
	<u>33,141</u>	<u>37,919</u>

4. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>1999</u>	<u>1998</u>
	£	£
Corporation Tax	-	5,328
	<u>-</u>	<u>5,328</u>

Corporation tax has not been provided for 1999 as the company will be claiming group loss relief for the year ended 30th September 1999.

Corporation tax has been charged on the profit at 21% for 1998.

5. INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
	£	£
Interest on Hire Purchase and Finance Lease Contracts	8,611	7,204
	<u>8,611</u>	<u>7,204</u>

6. DIRECTORS' REMUNERATION

	<u>1999</u>	<u>1998</u>
	£	£
Directors' Emoluments	30,538	23,384
	<u>30,538</u>	<u>23,384</u>

7. TANGIBLE FIXED ASSETS

	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	TOTAL
	£	£	£	£
COST				
At 1st October 1998	29,360	156,024	7,676	193,060
Additions in the year	-	17,500	-	17,500
	<u>29,360</u>	<u>173,524</u>	<u>7,676</u>	<u>210,560</u>
At 30th September 1999	29,360	173,524	7,676	210,560
DEPRECIATION				
At 1st October 1998	11,744	43,811	3,704	59,259
Charge for the year	4,404	25,943	794	31,141
	<u>16,148</u>	<u>69,754</u>	<u>4,498</u>	<u>90,400</u>
At 30th September 1999	16,148	69,754	4,498	90,400
NET BOOK VALUE				
At 30th September 1999	13,212	103,770	3,178	120,160
At 30th September 1998	17,616	112,213	3,971	133,800

M C CONSTRUCTION EQUIPMENT LIMITED**NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1998****7. TANGIBLE FIXED ASSETS (Continued)**

The above analysis includes the following in respect of assets held under finance leases and hire purchase contracts:

Net Book Value:				
30th September 1999	13,212	32,994	-	46,206
30th September 1998	17,616	41,242	-	58,858
Depreciation:				
Charge for 1999	4,404	8,248	-	12,652
Charge for 1998	5,872	10,310	-	16,182
Accumulated to:				
30th September 1999	16,148	31,446	-	47,594
30th September 1998	11,744	23,198	-	34,942

8. STOCKS

	1999	1998
	£	£
Stocks	405,184	456,730

9. DEBTORS

	1999	1998
	£	£
Amounts due within one year:		
Trade Debtors	391,659	353,480
Other Debtors	2,463	561
	394,122	354,041

**10. CREDITORS: Amounts falling
Due within One Year**

	1999	1998
	£	£
Bank Overdrafts and Loans	70,923	59,483
Trade Creditors	98,283	184,235
Amounts Owed to Group Undertakings	210 719	195 507
Social Security and Other Taxes	46,398	30,139
Hire Purchase Creditor	50,206	64,741
Other Creditors	262,130	444,552
	738,659	978,657

M C CONSTRUCTION EQUIPMENT LIMITED**NOTES TO ACCOUNTS**
FOR THE YEAR ENDED 30TH SEPTEMBER 1999**11. CREDITORS: Amounts Falling
Due After more than One Year**

	<u>1999</u> £	<u>1998</u> £
Hire Purchase Creditor	10,747	60,953
	<u>10,747</u>	<u>60,953</u>

**Obligations under Finance Leases and Hire
Purchase Contracts**

Obligations under Finance Leases and Hire
Purchase Contracts are repayable over varying
periods by monthly instalments as follows:

In the Next Year	10,747	39,467
In the Second to Fifth Year	-	21,486
	<u>-</u>	<u>21,486</u>

12. SHARE CAPITAL

	<u>1999</u> £	<u>1998</u> £
Authorised: £1 Ordinary Shares	100	100
Allotted, Issued and Fully Paid	100	100

13. RESERVES

	<u>Profit & Loss A/c</u> £
At 1st October 1998	99,229
Retained Profit for the year	185,028
At 30th September 1999	<u>284,257</u>

14. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Marron Civil Engineering Limited,
a company registered in England and Wales.

15. RELATED PARTY TRANSACTIONS

During the year ended 30 September 1999, the company made net sales amounting to £98,050 to the holding company, Marron Civil Engineering Ltd and made net purchases of £62,605 from the holding company. The company also had a loan amounting to £210,719 outstanding to the Holding company at the Balance Sheet date.