

GAP Group Limited

Directors' report and financial statements
Registered number 198823
31 March 2010

Contents

Chairman's statement	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of GAP Group Limited	5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Consolidated statement of total recognised gains and losses	9
Notes	10

Chairman's statement

The year to March 2010 has been an extremely challenging environment for virtually all sectors of the UK economy. Politicians have had to face up to the real cost of the crisis within the global and UK financial system. The UK construction and related sectors have been fully in the eye of this storm.

Given this very challenging economic and industry background, we are pleased with our overall financial and operational performance. Our trading profit (before tax and exceptional items) fell from £1m in the year to end March 2009 to £0.2m in the current year. EBITDA in 2010 was £24.7m. However, given the market conditions and uncertainty, we stated last year that our key financial target would be to reduce the level of our debt. Our debt at 31 March 2009 stood at £40m and we have successfully reduced this to £23m at 31 March 2010. As we view the economic and construction landscape at present, we are comfortable with this level of borrowings.

In generating cash to reduce our level of borrowings, we have clearly had to reduce our capital expenditure on new plant which was £12m over the 12 month period. However over the last 3 years we have committed £70m to new plant. In overall terms we are therefore content with the modernity of our plant and equipment. We do however expect to increase again our levels of capital expenditure in the coming twelve months.

Although volumes are down in the industry, the greatest challenge has probably been the degree of pricing pressure at a time when customer service standards and expectations have, if anything, increased. We have only reduced our depot coverage by one over the period and have retained our national coverage. Employee numbers have however reduced by approximately 10% over the year and where possible we have endeavoured to do this by natural wastage.

During the year we also formally appointed Kevin McEwan to the Board in his role as Operations Director. Kevin is a valuable member of the team and has been with GAP for 15 years.

On behalf of the Board, I would like to thank all our customers for their confidence and support. I would also like to formally thank all our employees for their support, dedication and importantly their flexibility in these challenging trading conditions.

The coming twelve months will continue to be challenging with the two big uncertainties being confidence levels within the private sector and the size and shape of future public expenditure.

We believe that as a modern, financially strong and independent organisation, we are well placed for these challenges.

Danny O'Neil
Chairman

21 June 2010

Directors' report

The directors present their annual report, together with the audited consolidated financial statements for the year ended 31 March 2010.

Principal activity and business review

The principal activity of the Group is the hire of small tools and unmanned plant, mainly to the Utilities, Building and Construction Industries.

Performance	The Group's performance is outlined in the Chairman's statement.
Customers	The Group continues to focus on the quality of its overall service to customers with account managers appointed to deliver to our Major Accounts.
Health & Safety	<p>There is an ongoing emphasis on health and safety within the Group and for our customers, as we work in partnership to drive ongoing improvements.</p> <p>The Board receives a monthly report from our Health & Safety Manager in addition to an annual review. Since our increased focus in this area there has been a continuing reduction in our accident rate from all depots.</p> <p>Communication on health and safety matters has been enhanced through the Group's strength of reporting and interaction with our customers. Various initiatives have taken place featuring 'split-second safety'.</p> <p>The Group has recently been awarded ISO9001:2008 and ISO14001:2004.</p>
Human Resources	<p>The Human Resources department of 6 has doubled in size over the last few years to enable the department to not only deliver value added advice to the organisation itself but also advice to individuals with regard to specific matters such as training opportunities, pensions, work related illness and employee entitlements.</p> <p>This coming year the department intends to deliver a self service HR module for direct input of personal information at depot level in a fully interactive way to improve efficiency. This development will also allow desktop training to be delivered cost effectively directly to the individuals in their place of work.</p> <p>The most crucial purpose of GAP's HR department as ever remains the recruitment and retention of the very best staff. Providing constant market analysis and industry benchmarking which has resulted in GAP now offering enhanced pensions, improved holiday entitlement along with carefully targeted incentive schemes for appropriate employees.</p>
Systems	The ERP system continues to be enhanced and the benefits are continuing to be seen in the business. The new extranet and website were launched in May 2010.
Funding	<p>The Group is funded through a combination of overdraft, term loan and hire purchase arrangements. Adequacy of facilities and compliance with relevant covenant tests is monitored on an ongoing basis.</p> <p>The company's net current liabilities position, although reduced substantially in the last year, reflects the significant level of investment in capital expenditure and the overall funding structure of the group. Having regard to the performance to date in the year to March 2011 and the economic environment, the directors have reviewed the Group's forecasts, and are satisfied the Group should be able to operate within the level of its current facilities. As a consequence, the directors believe the group is well placed to manage its financial position despite the current economic climate.</p>

Directors' report *(continued)*

Financial Information The Group's five year performance is detailed below:

	2010	2009	2008	2007	2006
No of Depots	58	59	57	57	55
Turnover	£67.7M	£81.0M	£88.5M	£73.5M	£68.6M
No of Employees at March 31st	748	822	875	818	778
EBITDA	£24.7M	£32.2M	£39.8M	£32.0M	£30.9M
Pre-tax & exceptional items Profit	£0.2M	£1.2M	£8.8M	£6.1M	£8.1M
Bank Borrowings	£23.1M	£40.3M	£54.7M	£37.6M	£37.5M
Debt/Equity %	58%	95%	128%	97%	107%
Shareholders Funds	£40.0M	£42.5M	£42.6M	£38.9M	£35.0M

Non financial information

The main non financial measure reviewed by the directors relates to the monitoring of plant utilisation and health and safety in the business.

Results and dividends

The operations of the group for the year resulted in a loss after tax of £992,000 (*2009 profit: £496,000*), which is reviewed in the Chairman's statement.

An interim dividend of £1,387,000 (*2009: £nil*) was paid during the year. No final dividend is proposed in either year.

Directors

The directors who held office during the year were as follows:

DG Anderson
 IM Anderson
 D O'Neil (Chairman)
 AM Stewart
 K McEwan (appointed 5th March 2010)

Employees

The group has a policy of communicating and consulting with employees on matters of concern to them and providing them with information on the performance of the group.

The group recognises its obligations to give disabled people full and fair consideration for all vacancies. Wherever reasonable and practicable, the group will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

AM Stewart
Secretary

50 Walker Road
 Newcastle-upon-Tyne
 NE6 1BD
 21 June 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditors' report to the members of GAP Group Limited

We have audited the financial statements of GAP Group Limited for the year ended 31 March 2010 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

P Galloway (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 June 2010

Consolidated profit and loss account
for the year ended 31 March 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	67,722	80,999
Cost of sales (including exceptional items of £89,000)	3	(49,200)	(56,773)
		<hr/>	<hr/>
Gross profit		18,522	24,226
Administrative expenses (including exceptional items of £893,000)	3	(17,668)	(19,953)
		<hr/>	<hr/>
Operating profit		854	4,273
Interest payable and similar charges	6	(1,574)	(3,116)
Other finance (charges)/income	7	(56)	3
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	3	(776)	1,160
Tax on (loss)/profit on ordinary activities	9	(216)	(664)
		<hr/>	<hr/>
(Loss)/profit for the financial year	19	(992)	496
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

In accordance with Section 408 of the Companies Act 2006 GAP Group Limited is exempt from the requirement to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £1,071,000 (2009 profit: £392,000).

Balance sheets
 at 31 March 2010

	Note	Group		Company	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Intangible assets	10	-	363	-	363
Tangible assets	11	67,667	84,720	67,080	83,774
Investments	12	-	-	133	133
		<u>67,667</u>	<u>85,083</u>	<u>67,213</u>	<u>84,270</u>
Current assets					
Stocks	13	1,868	1,950	1,792	1,847
Debtors	14	15,069	20,012	14,891	19,731
Cash at bank and in hand		2,128	198	2,062	150
		<u>19,065</u>	<u>22,160</u>	<u>18,745</u>	<u>21,728</u>
Creditors: amounts falling due within one year	15	(35,051)	(45,142)	(37,262)	(46,844)
Net current liabilities		(15,986)	(22,982)	(18,517)	(25,116)
Total assets less current liabilities		51,681	62,101	48,696	59,154
Creditors: amounts falling due after more than one year	16	(9,433)	(16,966)	(9,425)	(16,917)
Provisions for liabilities and charges	17	(1,483)	(1,933)	(1,483)	(1,933)
Net assets excluding pension liability		40,765	43,202	37,788	40,304
Net pension liability	23	(740)	(660)	(740)	(660)
Net assets including pension liability		40,025	42,542	37,048	39,644
Capital and reserves					
Called up share capital	18	66	66	66	66
Profit and loss account	19	39,959	42,476	36,982	39,578
Total shareholders' funds	20	40,025	42,542	37,048	39,644

These financial statements were approved by the board of directors on 21 June 2010 and were signed on its behalf by:

Douglas Anderson
 Director

Iain Anderson
 Director

Company registered number: 198823

Consolidated cash flow statement
for the year ended 31 March 2010

	<i>Note</i>	2010		2009	
		£000	£000	£000	£000
Net cash inflow from operating activities	25(a)		25,573		33,385
Return on investments and servicing of finance					
Interest paid		(398)		(1,062)	
Interest element of finance lease rental payments		(1,176)		(2,054)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(1,574)		(3,116)
Taxation					
Tax paid			(2,044)		(2,819)
Capital expenditure					
Payments (excluding purchases under finance leases) to acquire tangible fixed assets		(5,288)		(7,327)	
Receipts from sales of tangible fixed assets		9,502		5,419	
		<hr/>		<hr/>	
Net cash inflow/(outflow) from capital expenditure			4,214		(1,908)
Dividends paid on shares classified in shareholders' funds			(1,387)		-
			<hr/>		<hr/>
Net cash inflow before financing			24,782		25,542
Financing					
Capital element of finance lease payments		(18,711)		(24,081)	
New term loans		-		11,990	
Repayment of loans		(1,941)		(11,826)	
		<hr/>		<hr/>	
Net cash outflow from financing			(20,652)		(23,917)
			<hr/>		<hr/>
Increase in cash	25(b)		4,130		1,625
			<hr/> <hr/>		<hr/> <hr/>

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2010

	2010	2009
	£000	£000
(Loss)/profit for the financial year	(992)	496
Actuarial loss recognised in the pension scheme	(192)	(830)
Deferred tax arising on losses in the pension scheme	54	232
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(1,130)	(102)
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Going concern

As highlighted in the Directors' Report, the Group and Company have net current liabilities at the year end and are funded through a combination of overdraft, term loan and hire purchase arrangements. The group's forecasts for the period through to June 2011 show that the Group and Company should be able to operate within the level of their current facilities during that period. After reviewing these forecasts, the directors believe that, notwithstanding the current economic environment, the Group and Company are well placed to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2010. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Turnover

Turnover represents amounts invoiced net of discounts in relation to the hire of equipment and ancillary supplies (excluding value added tax).

Fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives, as follows:

Short leasehold buildings and improvements	-	over the period of the lease or 20%
Computer equipment	-	33%
Motor vehicles	-	25%
Plant and machinery	-	14% - 20%

During the year the directors reassessed the useful life and residual values of plant and machinery. As a result the useful lives were extended and the residual values decreased. The net impact on the result in the year was to reduce the depreciation charge by £1,313,411.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks of spares, consumable stores and goods for resale are stated at the lower of cost and estimated realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Leases

Where the company enters into an agreement which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

The Group operates a stakeholder defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Turnover

Turnover arises principally from the hiring of plant within the United Kingdom.

Notes (continued)

3 (Loss)/profit on ordinary activities before taxation

	2010	2009
	£000	£000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets:		
- owned	16,011	19,306
- financed	7,106	8,564
Gain on disposal of fixed assets	(3,000)	(2,124)
Other operating lease rentals - property	3,060	3,315
Amortisation of goodwill	-	51
Auditors' remuneration:		
Audit of these financial statements	33	33
Amounts receivable by the auditors and their associates in respect of:		
Other services pursuant to such legislation	3	3
Other services relating to taxation	-	5
All other services	25	18
Exceptional items		
- impairment of goodwill	363	-
- impairment of fixed assets	357	-
- redundancy costs	101	-
- other depot closure costs	161	-
	=====	=====

4 Remuneration of directors

	2010	2009
	£000	£000
Directors' emoluments	820	898
	=====	=====

The emoluments of the highest paid director were £317,000 (2009: £341,000). The highest paid director was not a member of the group pension scheme.

Retirement benefits are accruing under the defined benefit scheme to two directors (2009: one).

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Group	
	2010	2009
	Number of employees	
Administration, sales and operations	770	872
	=====	=====

The aggregate payroll costs of these persons were as follows:

	Group	
	2010	2009
	£000	
Wages and salaries	17,166	20,350
Social security costs	1,624	1,979
Pension costs (note 23)	326	319
	=====	=====
	19,116	22,648
	=====	=====

Notes (continued)

6 Interest payable and similar charges

	2010	2009
	£000	£000
On bank loans and overdrafts	398	1,062
Finance charges in respect of finance leases	1,176	2,054
	1,574	3,116

7 Other finance (charges)/income

	2010	2009
	£000	£000
Expected return on pension scheme assets	178	227
Interest on pension scheme liabilities	(234)	(224)
	(56)	3

8 Dividends

	2010	2009
	£000	£000
Interim dividend paid	1,387	-

A dividend of £21.34 per share, totalling £1,387,000 was declared.

9 Taxation

Analysis of charge in year

	2010	2009
	£000	£000
<i>UK corporation tax at 28% (2009: 28%)</i>		
- Current tax on income for the year	597	2,026
- Adjustments in respect of prior periods	46	69
Total current tax	643	2,095
<i>Deferred taxation (see note 17)</i>		
- Origination/reversal of timing differences	(372)	(1,506)
- Adjustments in respect of previous years	(78)	36
Decrease in deferred tax provision	(450)	(1,470)
Deferred tax in relation to pensions	23	39
Total deferred tax	(427)	(1,431)
Tax on profit on ordinary activities	216	664

Notes (continued)

9 Taxation (continued)

Factors affecting the tax charge for the current year:

The current tax charge for the year is higher (2009: higher) than the standard rate of corporation tax in the UK (28%, 2009: 28%)

	2010	2009
	£000	£000
(Loss)/profit on ordinary activities before tax	(776)	1,160
Current tax at 28% (2009: 28%)	(217)	325
<i>Effects of:</i>		
Expenses not deductible for tax purposes (including impairment charges)	329	118
Ineligible depreciation	186	167
Chargeable gain in excess of book gain	1	2
Lower tax rates on overseas earnings	(27)	(29)
Non chargeable gain	(24)	(24)
Capital allowances in excess of depreciation	462	1,808
Other timing differences	(90)	(302)
Adjustments to tax charge in respect of previous periods	46	69
Deferred tax in relation to pensions	(23)	(39)
Total current tax charge (see above)	643	2,095

10 Intangible assets

Goodwill	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
<i>Cost</i>				
At beginning and end of year	1,171	1,171	491	491
<i>Amortisation</i>				
At beginning of year	808	757	128	77
Charge in year	-	51	-	51
Impairment losses	363	-	363	-
At end of year	1,171	808	491	128
<i>Net book value</i>				
At end of year	-	363	-	363

The goodwill arising on acquisitions was being carried as an intangible asset and being amortised over its estimated useful economic life of 10 years. However, following an impairment review it was deemed that the remaining goodwill balance is fully impaired and an impairment charge was recorded in the year.

Notes (continued)

11 Tangible fixed assets

Group	Land and buildings - short leasehold £000	Plant and machinery £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At beginning of year	7,270	168,425	10,200	185,895
Additions	226	12,354	343	12,923
Disposals	(563)	(31,570)	(672)	(32,805)
At end of year	6,933	149,209	9,871	166,013
<i>Depreciation</i>				
At beginning of year	3,235	91,190	6,750	101,175
Charge for year	309	21,282	1,526	23,117
On disposals	(163)	(25,446)	(694)	(26,303)
Impairment losses	357	-	-	357
At end of year	3,738	87,026	7,582	98,346
<i>Net book value</i>				
At 31 March 2010	3,195	62,183	2,289	67,667
At 31 March 2009	4,035	77,235	3,450	84,720

Included in the total net book value of plant and machinery and motor vehicles is £31,353,000 (2009: £37,058,000) in respect of assets held under finance leases.

Company	Land and buildings - short leasehold £000	Plant and machinery £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At beginning of year	7,217	166,319	9,987	183,523
Additions	226	12,300	343	12,869
Disposals	(563)	(31,108)	(620)	(32,291)
At end of year	6,880	147,511	9,710	164,101
<i>Depreciation</i>				
At beginning of year	3,190	89,949	6,610	99,749
Charge for year	308	21,034	1,508	22,850
On disposals	(168)	(25,110)	(657)	(25,935)
Impairment losses	357	-	-	357
At end of year	3,687	85,873	7,461	97,021
<i>Net book value</i>				
At 31 March 2010	3,193	61,638	2,249	67,080
At 31 March 2009	4,027	76,370	3,377	83,774

Included in the total net book value of plant and machinery and motor vehicles is £31,042,000 (2009: £36,526,000) in respect of assets held under finance leases.

Notes (continued)

12 Investments

<i>Shares in group undertakings</i>	Company £000
Cost at beginning and end of year	133
	<u> </u>

At 31 March 2010, the principal subsidiaries owned by the company either directly or indirectly, are:

<i>Name</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Proportion held</i>
Ace Hire and Sales Limited	Isle of Man	Plant hire	100%

13 Stocks

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Spares, consumable stores and goods for resale	1,868	1,950	1,792	1,847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Debtors: amounts falling due within one year

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade debtors	13,956	17,955	13,781	17,674
Amount owed by group undertakings	127	127	127	127
Other debtors	3	42	3	42
Prepayments and accrued income	983	1,888	980	1,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	15,069	20,012	14,891	19,731
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Creditors: amounts falling due within one year

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Bank loans and overdrafts (note 16)	4,927	7,032	4,927	7,032
Directors' loans	369	-	369	-
Trade creditors	7,635	6,589	7,635	6,589
Amounts owed to group undertakings	716	716	3,015	2,554
Corporation tax	352	1,753	352	1,753
Other taxes and social security	1,419	1,845	1,419	1,839
Other creditors	23	141	23	141
Accruals and deferred income	9,087	10,595	9,041	10,534
Obligations under finance leases (note 16)	10,523	16,471	10,481	16,402
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	35,051	45,142	37,262	46,844
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank loans	4,753	7,158	4,753	7,158
Obligations under finance leases	4,680	9,808	4,672	9,759
	<hr/>	<hr/>	<hr/>	<hr/>
	9,433	16,966	9,425	16,917
	<hr/>	<hr/>	<hr/>	<hr/>
Debt can be analysed as falling due:				
In one year or less, or on demand	15,819	23,503	15,777	23,434
Between one and two years	9,433	12,905	9,425	12,863
Between two and five years	-	4,061	-	4,053
	<hr/>	<hr/>	<hr/>	<hr/>
	25,252	40,469	25,202	40,350
	<hr/>	<hr/>	<hr/>	<hr/>

Obligations under finance leases are repayable in two to three years. Amounts due under finance leases are secured over certain items of plant and equipment.

The bank loans and overdraft are secured by a fixed and floating charge on the company's assets.

The bank loan which includes a revolving credit agreement is repayable by 2012. Interest is charged at LIBOR + 1.6%. Interest on the overdraft is charged at base + 2%.

17 Provisions for liabilities and charges

	Group	Company
	2010	2010
	£000	£000
<i>Deferred taxation</i>		
At beginning of year	1,933	1,933
Credit to the profit and loss account	(450)	(450)
	<hr/>	<hr/>
At end of year	1,483	1,483
	<hr/>	<hr/>

The amounts provided for deferred taxation are set out below:

Amounts provided at 28% (2009: 28%)

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Accelerated capital allowances	1,651	2,191	1,651	2,191
Other timing differences	(168)	(258)	(168)	(258)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,483	1,933	1,483	1,933
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Share capital

	Group and Company	
	2010	2009
	£000	£000
<i>Authorised</i>		
1,000 7% preference shares of £1 each	1	1
199,000 ordinary shares of £1 each	199	199
	<hr/>	<hr/>
	200	200
	<hr/> <hr/>	<hr/> <hr/>
<i>Allotted, called up and fully paid</i>		
1,000 7% preference shares of £1 each	1	1
65,000 ordinary shares of £1 each	65	65
	<hr/>	<hr/>
	66	66
	<hr/> <hr/>	<hr/> <hr/>

The shareholder waived its entitlement to the preference dividends in both the current and prior years. The company has chosen not to apply the requirements of FRS 25 and include the preference shares within creditors on the grounds of materiality.

19 Reserves

	Group	Company
	£000	£000
<i>Profit and loss account</i>		
At beginning of year	42,476	39,578
Loss for the financial year	(992)	(1,071)
Dividend paid	(1,387)	(1,387)
Actuarial loss recognised in the pension scheme	(192)	(192)
Deferred tax arising on losses in pension scheme	54	54
	<hr/>	<hr/>
At end of year	39,959	36,982
	<hr/> <hr/>	<hr/> <hr/>

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Profit and loss reserve excluding pension liability	40,699	43,136	37,722	40,238
Pension liability	(740)	(660)	(740)	(660)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit and loss reserve including pension liability	39,959	42,476	36,982	39,578
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

20 Reconciliation of movements in shareholders' funds

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
(Loss)/profit for the financial year	(992)	496	(1,071)	392
Other recognised losses and gains relating to the year (net)	(138)	(598)	(138)	(598)
Dividend paid	(1,387)	-	(1,387)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net reduction in shareholders' funds	(2,517)	(102)	(2,596)	(206)
Opening shareholders' funds	42,542	42,644	39,644	39,850
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	40,025	42,542	37,048	39,644
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 Commitments

At the end of the financial year the group and company had annual commitments under non cancellable operating leases as follows:

Group	Property	
	2010 £000	2009 £000
Expiring within one year	80	56
Expiring between two and five years	877	775
Expiring after more than five years	2,103	2,484
	<hr/>	<hr/>
	3,060	3,315
	<hr/> <hr/>	<hr/> <hr/>

Company	Property	
	2010 £000	2009 £000
Expiring within one year	80	56
Expiring between two and five years	828	726
Expiring after more than five years	2,103	2,484
	<hr/>	<hr/>
	3,011	3,266
	<hr/> <hr/>	<hr/> <hr/>

22 Contingent liabilities

The company continues to provide a guarantee in favour of the bank for £1,300,000 (2009: £1,300,000) in respect of advances and obligations of related companies.

Notes (continued)

23 Pension costs

The group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Group to the scheme and amounted to £308,000 (2009: £305,000). There were no outstanding contributions (2009: £nil) at the end of the year.

The Group operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 6 April 2007 and was updated for FRS 17 purposes to 31 March 2010 by a qualified independent actuary.

In order to address this deficit, from 6 January 2009, the Group has been making a special payment of £155,000 per annum in excess of the normal contributions. The scheme has been closed to future accruals since 6 January 2009.

	Group and Company	
	2010	2009
	£000	£000
Fair value of plan assets	3,422	2,644
Present value of unfunded defined benefit obligations	(4,448)	(3,559)
	<hr/>	<hr/>
Deficit	(1,026)	(915)
Related deferred tax asset	286	255
	<hr/>	<hr/>
Net liability	(740)	(660)
	<hr/> <hr/>	<hr/> <hr/>

Movements in present value of defined benefit obligation

	Group and Company	
	2010	2009
	£000	£000
At 1 April	(3,559)	(3,294)
Current service cost	(18)	(22)
Interest cost	(234)	(224)
Charges paid	18	22
Actuarial losses	(720)	(248)
Benefits paid	65	207
	<hr/>	<hr/>
At 31 March	(4,448)	(3,559)
	<hr/> <hr/>	<hr/> <hr/>

Movements in fair value of plan assets

	Group and Company	
	2010	2009
	£000	£000
At 1 April	2,644	3,072
Expected return on plan assets	178	227
Actuarial gains/(losses)	528	(582)
Contributions by employer	155	156
Charges paid	(18)	(22)
Benefits paid	(65)	(207)
	<hr/>	<hr/>
At 31 March	3,422	2,644
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

23 Pension costs (continued)

Expense recognised in the profit and loss account

	Group and Company	
	2010	2009
	£000	£000
Current service cost	18	22
Interest on defined benefit pension plan obligation	234	224
Expected return on defined benefit pension plan assets	(178)	(227)
	<hr/>	<hr/>
Total	74	19
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account:

	Group and Company	
	2010	2009
	£000	£000
Cost of sales	18	22
Other finance charges/(income)	56	(3)
	<hr/>	<hr/>
	74	19
	<hr/> <hr/>	<hr/> <hr/>

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £192,000 (2009: £830,000).

Cumulative actuarial gains/losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £1,469,000 (2009: £1,277,000) for the Group and Company.

The fair value of the plan assets and the return on those assets were as follows:

	Group and Company	
	2010	2009
	£000	£000
Equities	1,945	1,426
Corporate bonds	209	298
Gilts	190	-
Insured pensioners	839	707
Cash/other	239	213
	<hr/>	<hr/>
	3,422	2,644
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	706	(355)
	<hr/> <hr/>	<hr/> <hr/>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Notes (continued)

23 Pension costs (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	Group and Company	
	2010	2009
	%	%
Price inflation	3.8	3.2
Discount rate	5.5	6.7
Expected rate of return on plan assets	6.6	6.9
Expected return on plan assets at beginning of the period	6.9	8.0
Future salary increases	-	-
Pension in payment increases, subject to Limited Price Indexation	3.8	3.2

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 23.8 years (male), 26.2 years (female).

Future retiree upon reaching 65: 27.7 years (male), 29.9 years (female).

History of plan

The history of the plan for the current and prior periods is as follows: The exemption allowed under FRS 17.95C not to restate the corresponding amounts for the first two of the previous four accounting periods for the effect of using the current bid-price rather than the mid-market price has been taken.

Group and Company

Balance sheet

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(4,448)	(3,559)	(3,294)	(3,257)	(4,184)
Fair value of scheme assets	3,422	2,644	3,072	2,332	3,550
Deficit	(1,026)	(915)	(222)	(925)	(634)

Experience adjustments

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Experience adjustments on scheme liabilities	163	(49)	(37)	(405)	127
Experience adjustments on scheme assets	441	(582)	(248)	45	427

The Group and expects to contribute approximately £155,000 to its defined benefit plans in the next financial year (Company: £155,000).

Notes (continued)

24 Related party transactions

The group paid rent at market value to the following company and partnerships, in which DG Anderson and IM Anderson have a material interest:

<i>Company</i>	<i>Amount charged in year</i>	<i>Balance at year end</i>
Blackridge Properties Limited	£ 723,000 (2009: £699,000)	£ 2,000 (2009: £Nil)
A&A Properties	£ 912,000 (2009: £895,000)	£ 48,000 (2009: £Nil)
A&G Properties	£ 30,000 (2009: £ 28,000)	£ nil (2009: £Nil)

During the year the company lent £1,140,000 to Blackridge Properties Limited. The amount was fully repaid by the year end. Interest was charged at 3.5%.

Ian Anderson and Douglas Anderson lent the company £369,000 in the year. No interest is charged on this loan.

The company has taken advantage of the exemption permitted by FRS 8: 'Related Party Disclosures' from disclosing transactions with other members of the group where 90% of the voting rights are controlled within the group.

25 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£000	£000
Operating profit	854	4,273
Depreciation charge	23,117	27,870
Impairment charges	720	-
Amortisation of goodwill	-	51
Gain on sale of fixed assets	(3,000)	(2,124)
Decrease in stocks	82	91
Decrease in debtors	4,943	5,555
Decrease in creditors	(1,006)	(2,197)
Difference between cash contributions paid and charge under FRS 17	(137)	(134)
	<hr/> 25,573 <hr/>	<hr/> 33,385 <hr/>

(b) Reconciliation of net cash flow to movement in net debt

	2010	2009
	£000	£000
Increase in cash	4,130	1,625
Decrease/(increase) in term loans	1,941	(164)
Finance leases repayments	18,711	24,081
New finance leases	(7,635)	(11,133)
	<hr/> 17,147 <hr/>	<hr/> 14,409 <hr/>
Reduction in net debt	17,147	14,409
Net debt at beginning of year	(40,271)	(54,680)
	<hr/> (23,124) <hr/>	<hr/> (40,271) <hr/>
Net debt at end of year	(23,124)	(40,271)

Notes *(continued)*

25 Notes to the cash flow statement *(continued)*

(c) Analysis of changes in net debt

	At 1 April 2009 £000	Cash flows £000	Other non cash changes £000	At 31 March 2010 £000
Cash at bank and in hand	198	1,930	-	2,128
Overdrafts	(2,200)	2,200	-	-
	<u>(2,002)</u>	<u>4,130</u>	<u>-</u>	<u>2,128</u>
Loans due within 1 year	(4,832)	1,941	(2,405)	(5,296)
Loans due after more than 1 year	(7,158)	-	2,405	(4,753)
	<u>(11,990)</u>	<u>1,941</u>	<u>-</u>	<u>(10,049)</u>
Finance leases	(26,279)	18,711	(7,635)	(15,203)
	<u>(40,271)</u>	<u>24,782</u>	<u>(7,635)</u>	<u>(23,124)</u>

26 Ultimate holding company

The company's ultimate holding company is GAP Holdings Limited which is incorporated in Great Britain and registered in Scotland.

The largest group in which the results of the company are consolidated is that headed by GAP Holdings Limited. The consolidated accounts of GAP Holdings Limited are available to the public and may be obtained at Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.

Group depots

Depot	Address	Tel No.	Fax No.
Scottish depots			
Inverness	24 Longman Drive, Longman Industrial Estate, Inverness IV1 1SU	01463 234371	01463 234571
Elgin	14 Perimeter Road, Pinefield Industrial Estate, Elgin IV30 6AF	01343 550279	01343 550286
Aberdeen	Spires Business Units, Muggiemoss Road, Bucksburn, Aberdeen AB21 9NP	01224 687006	01224 685463
Dundee	135 Lorne Street, Lochee, Dundee DD2 3HE	01382 610217	01382 400512
Dunfermline	11 Dickson Street, Dunfermline KY12 7SL	01383 621212	01383 623450
Falkirk	24 Castle Road, Bankside Industrial Estate, Falkirk FK2 7UY	01324 612244	01324 631835
Leith	79 Salamander Street, Leith, Edinburgh EH6 7JZ	0131 554 0503	0131 554 0861
Sighthill	Bankhead Drive, Sighthill Industrial Estate, Edinburgh EH11 4EJ	0131 453 4531	0131 458 3577
Anniesland	Unit 39, Anniesland Village Business Park, Netherton Road, Glasgow G13 1EU	0141 954 5863	0141 954 0267
Kinning Park	119 Vermont Street, Kinning Park (South), Glasgow G41 1LU	0141 429 4255	0141 429 1940
Motherwell	361 Orbiston Street, Motherwell, Lanarkshire ML1 1QW	01698 276777	01698 275217
Kilmarnock	Plot 8, Moorfield North Industrial Estate, Kilmarnock KA2 0FE	01563 543543	01563 571555
Shotts	Edinburgh Road, Springhill, Shotts ML7 5DT	01501 825154	01501 825962
North East Depots			
Newcastle	50 Walker Road, Newcastle Upon Tyne NE6 1BG	0191 224 1222	0191 224 0233
Middlesbrough	Sotherby Road, Skippers Lane Ind Est, Middlesbrough TS3 8BT	01642 217000	01642 248955
York	Unit 1, Fryers Close, Murton Lane, Murton, York YO19 5UY	01904 489299	01904 489399
Hull	Unit 6, Venture Business Park, Witty Street, Hull HU3 4EL	01482 580580	01482 580505
Leeds	Beeston Royds Ind Est, Gelderd Road, Leeds LS12 6DL	0113 231 0200	0113 231 9419
Bradford	20 Parry Lane, Bradford BD4 8TJ	01274 394400	01274 739909
Doncaster	Doncaster Carr Industrial Estate, Middlebank, Doncaster DN4 5NG	01302 556222	01302 556220
Sheffield	Unit 6 Kingfield Works, Woodbourn Rd, Attercliffe, Sheffield S9 3LQ	0114 272 3220	0114 279 7504
Lincoln	Exchange Road, Lincoln, Lincolnshire, LN6 3JZ	01522 885521	01522 885520
North West Depots			
Carlisle	Unit 4, Brunthill Road, Kingston Industrial Estate, Carlisle CA3 0EH	01228 810810	01228 810820
Lancaster	Northgate, White Lund Ind Est, Lancaster LA3 3AY	01524 841901	01524 841906
Preston	Alexander House, Walton Summit Centre, Bamber Bridge, Preston PR5 8AQ	01772 339715	01772 620565
Liverpool	8 Berry Street, Bootle, Liverpool L20 8AT	0151 944 1221	0151 944 1222
Wallasey	Cashell Road, Birkenhead, Merseyside L41 1DY	0151 630 1616	0151 691 2433
Manchester	29 Longwood Road, Trafford Park, Manchester M17 1PZ	0161 877 2700	0161 877 2800
Bangor	Unit 38, Llandegai Ind Est, Bangor, Gwynedd LL57 4YH	01248 364364	01248 345909
Stoke-on-Trent	Peacock View, Fenton Ind Est, Stoke on Trent ST4 2TE	01782 264040	01782 265050
Midlands Depots			
Nottingham	Unit 15, Easter Park, Lenton Lane, Nottingham NG7 2PX	0115 979 1915	0115 979 1916
Telford	Fletcher House, Stafford Park 17, Telford, Shropshire TF3 3DG	01952 200202	01952 200212
Birmingham	Windsor Ind Est, Unit 9, Rupert Street, Nechells, Birmingham B7 4PR	0121 359 6359	0121 359 5993
Coventry	6 Herald Way, Binley, Coventry CV3 2NY	02476 650888	02476 650800
Leicester	86 Barkby Road, Leicester LE4 9LF	0116 276 9000	0116 276 9333
Northampton	64 St James Mill Road, Northampton NN5 5JP	01604 587999	01604 587222
Peterborough	Padholme Road, Peterborough PE1 5XL	01733 555516	01733 555536
Norwich	Norwich Livestock Market, Hall Road, Norwich NR4 6DW	01603 456055	01603 453139
Oxford	Unit 2, Stationfield Industrial Estate, Rowles Way, Kidlington, Oxford OX5 1LA	01865 848055	01865 375501
Colchester	12 Grange Way, Whitehill Industrial Estate, Colchester CO2 8HF	01206 866222	01206 865497
South East			
Milton Keynes	3 Dane Road, Denbigh East, Bletchley, Milton Keynes MK1 1JQ	01908 646691	01908 646692
Watford	17 Greycaine Road, Watford WD24 7GP	01923 223333	01923 224466
Heathrow	Unit 2, Shield Road, Ashford, Middlesex TW15 1BL	01784 421020	01784 423941
Thurrock	Unit A1, Frogmore Industrial Estate, Motherwell Way, Grays, Essex RM20 3LB	01708 866690	01708 891090
Maidstone	GAP House, Forstal Road, Aylesford, Maidstone ME20 7ST	01622 716312	01522 716315
Tower Bridge	4 Back Church Lane, London E11 1LX	0207 481 9195	0207 481 9827
Kentish Town	Unit 2, Station Works, Station Road, London, N19 5UW	0207 272 0307	0207 272 0324
Croydon	Unit 3, Therapia Trading Estate, Therapia Lane, Off Beddington Lane, Croydon CR0 3DH	0208 3944810	0208 3944811
Reading	11 Bennet Road, Reading, RG2 0QZ	0118 9212111	0118 9212110
Portsmouth	Unit 2, North Harbour Spur, Portsmouth, Hampshire PO6 3TU	02392 215730	02392 215740
South West			
Cardiff	Unit 6, Pacific Business Park, Pacific Road off Ocean Way, Splott, Cardiff	0292 0472088	0292 0472089
Bristol	Unit 19, Avonbridge Trading Estate, Atlantic Road, Avonmouth, Bristol BS11 9ZH	0117 9821666	0117 9825666
Exeter	Unit 10-12 Kestrel Business Park, Kestrel Way, Sowton Industrial Estate, Exeter	01392 361198	01392 361999
Plymouth	Estover Close, Estover Industrial Estate, Plymouth PL6 7PL	01752 696857	01752 696638
Swansea	Jubilee Way, Swansea West Industrial Park, Fforestfach, Swansea SA5 4HB	01792 587405	01792 582615
Isle of Man – ACE Hire & Sales			
Ramsey	Unit 2, The Shipyard, Ramsey, Isle of Man IM8 3DT	01624 816040	01624 816154
Castletown	Unit 2, The Claddaghs, Hope Street, Castletown, Isle of Man IM9 1DL	01624 822763	01624 822763
Douglas	Unit 10, South Quay Ind Est, Douglas, Isle of Man IM1 5AT	01624 629372	01624 616151
Corporate Head Office	Carrick House, 40 Carrick Street, Glasgow G2 8DA	0141 225 4600	0141 243 2540