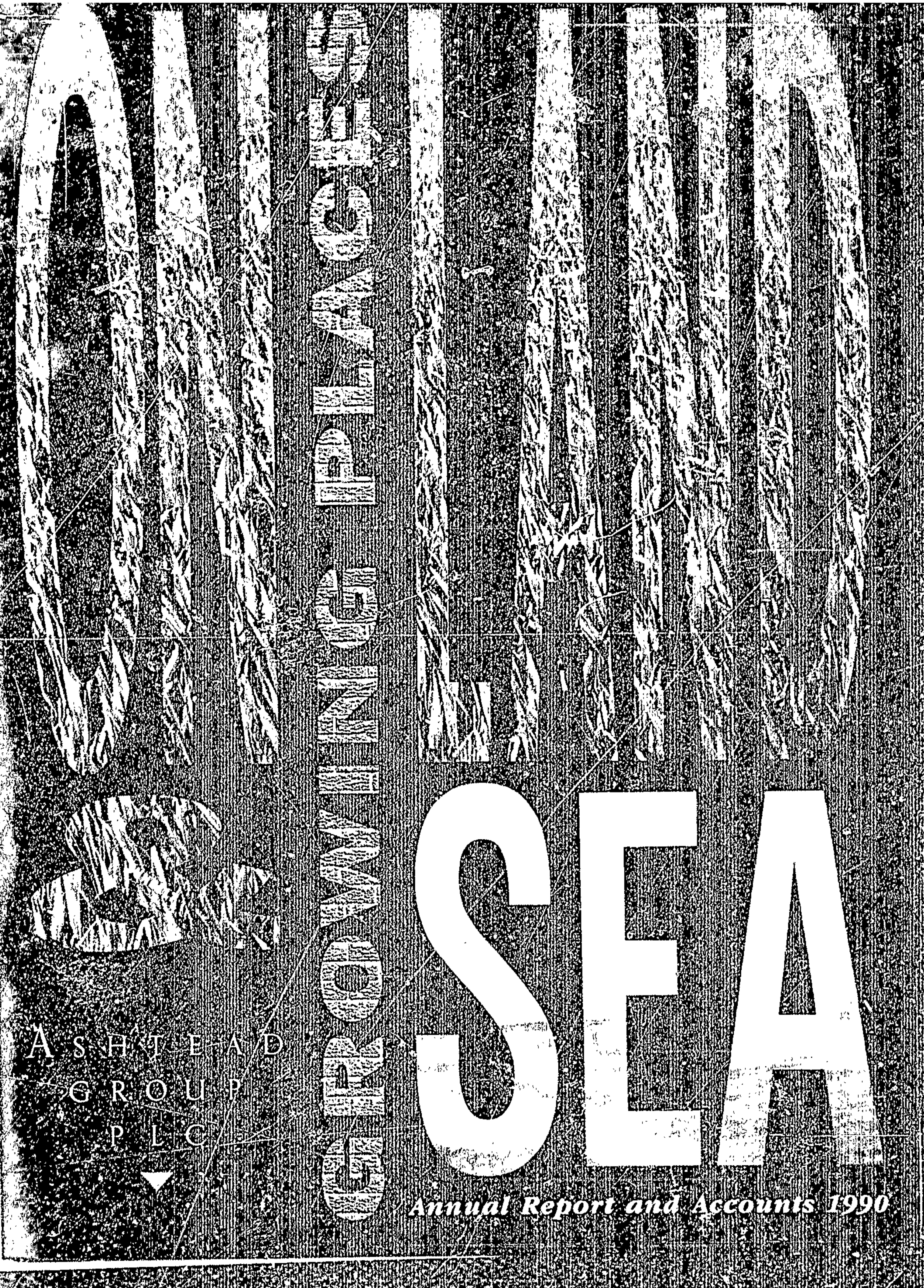


ASHTEAD
GROUP
PLC

Annual Report and Accounts 1990

THE YEAR IN BRIEF

ASHTEAD
GROUP
PLC

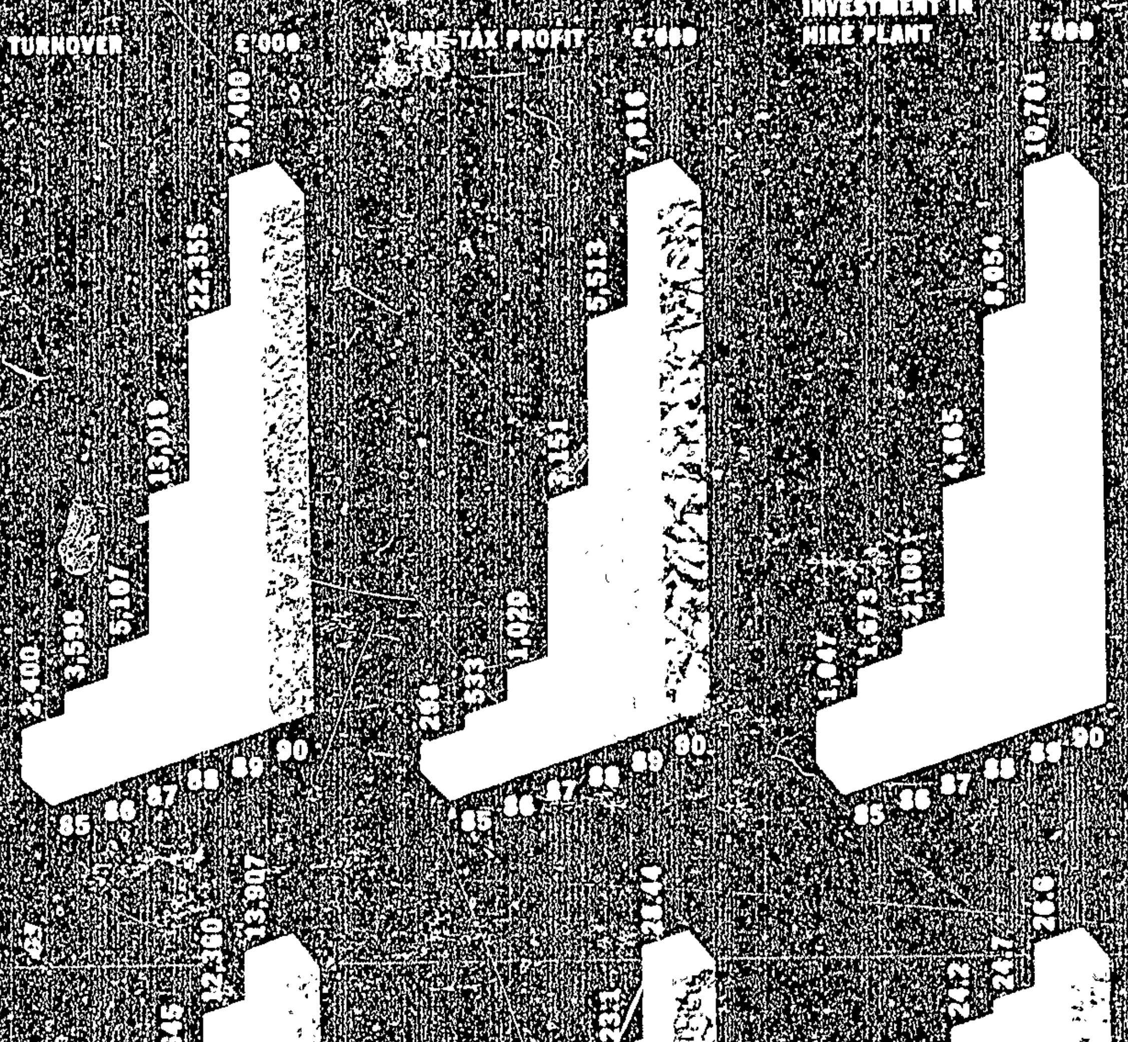
Corporate Objectives

- *To promote the hire of such a wide range of non-operated plant, that no customer need own any plant.*
- *To provide this service by means of a team effort in a "classless" company.*
- *To foster in every employee the desire to satisfy customers at a profit to their enterprise.*

	Year to 30 April 1990	Previous year	Increase %
Turnover	£29.4 Million	£22.4 Million	31.5
Operating Profits	£8.95 Million	£6.12 Million	46.3
Pre-tax Profits	£7.82 Million	£5.51 Million	41.8
Earnings per Share	28.44p	23.1p	23.1
Dividends per Share*	3.75p	2.5p	50.0
Pre-tax Profit Margins	26.6%	24.7%	

* Your Directors are recommending a final dividend of 2.75p net per share which will be payable on 10 October 1990 to shareholders on the register at [illegible] September 1990. The dividend for the year is 3.75p compared with 2.5p last year.

FINANCIAL HIGHLIGHTS



CHAIRMAN'S REPORT TO THE OWNERS

100 Fold profit growth in six years

Dear Owner

I am pleased to be able to report to you on a sixth consecutive record year.

Back to the future

Understandably, you will want to know about our prospects for this year as the year to April 1990 is now history. However, our results for the current year will derive from the good habits and practices established over time and, in particular, the major organisation changes completed last year.

Since the "Management Buy-In" in May 1984, your company has made twelve acquisitions. This expansion and the accompanying organic growth have required your management to review constantly practices and procedures so as to handle the 100 fold profit growth in the period. We seek not merely to "make deals" but to manage the growth opportunity provided by these deals.

Thus, last year was one of organic development and preparing for the future. Your management sought to optimise the benefits of the Reliant acquisition (January 1989), to improve operating efficiencies through enhanced management information systems and to infill with selected regional additions.

Reliant has been satisfactorily integrated, and in the year to April 1990 the former Reliant depots made a strong contribution to your company's growth. Further profit improvements from these "Profit Centres" are expected in the current and future years.

Highlights of the year to April 1990

A-PLANT

Pre-tax margins have improved to 26.6 % as your staff at all levels developed their talents and skills in the context of our devolved, profit orientated operating structure. Turnover increased by 31.5 % and pre-tax profits were up by 41.8 %. Capital expenditure on additions to the hire fleet rose to £10.8m (£8.1m). Your company's depreciation charge was £6.2m (£3.8m). At the year end gearing was 71 % compared with 52 % a year earlier.

The rise in gearing was due to the purchase of 6 freeholds or long leaseholds in Thatcham, Barrow, Astley (Manchester), Nuneaton, Ellesmere Port and Watford, and the cash payments for the acquisitions of Pannell Plant, Banson Tool Hire and Subspek totalling £3m. Excluding the cost of these asset additions, gearing would have been 41 %. The total capital expenditure, excluding properties and acquisitions, of £12.2m (£9.2m) was financed out of cash flow of £15.1m (£10.2m).

Your company is now a major force in the plant hire industry with 49 Profit Centres in aggregate negotiating a hire every 21 seconds. The enhanced speed and accuracy of our computerised information systems allied to the direct involvement of Profit Centre Managers have helped us to reduce debtor days by 30 % in a year made more difficult for debt collection by high interest rates. Indeed, your company's operating profit margin rose to 30.4 % (27.4 %) with interest costs covered 7.9 times.

Your Board has continued the policy of improving the quality of your trading assets with property improvements carried out or nearing completion at eleven profit centres and expenditure on parts and spares for the hire fleet at record levels. In accordance with our policy, all these plant repair and maintenance costs are charged to revenue in the year they are incurred.

CHAIRMAN'S REPORT TO THE OWNERS

Training and Staff Development have been given a very high priority by the Board. Your Training Department organised 37 courses for 419 staff (equal to 75% of the total) fully utilising the "in-house" training centre. Virtually everyone in the company is exposed on a continuous basis to new commercial and product knowledge. Apprentice training is also an established feature of your company's employment programme. Whilst, inevitably, a small number of apprentices do not complete the four year course, we are reassured by the commitment of our young people. Thirty - eight apprentices are currently undergoing training with your company.

THE "A TEAM"

Convention determines that your company's assets are defined in accounting terms. This mis-states the position. In a service business, and particularly one with our declared corporate aims, the role of the employee is pivotal. Your "A Team", all of whom are salaried staff, are, in your Board's opinion, the best in the industry. The monthly paid profit share scheme continues to be a key motivational factor. Your company's results and margins are special because of your staff's endeavours.

Acquisitions

A-PLANT

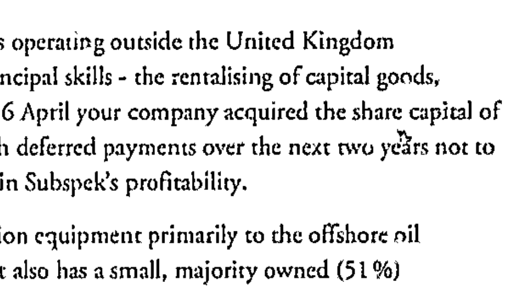
On 6 May 1990 we completed the purchase of Chapple Plant Hire and Sales Limited, Barnstaple for a cash sum, including the freehold premises, of about £250,000. This, together with the purchases for lesser sums of businesses in Plymouth and Hartlepool during last year, brought the total number of Profit Centres in A-Plant to 48. In July 1990 a Profit Centre was opened in Ellesmere Port in premises acquired last year in anticipation of the announcement of major industrial developments in the area which have now been confirmed.

SUBSPEK

For nearly two years your Board has been seeking a business operating outside the United Kingdom construction market, to which to apply your company's principal skills - the rentalising of capital goods, multi-location management and employee motivation. On 6 April your company acquired the share capital of Subspek Limited for an initial payment of £1.2 million with deferred payments over the next two years not to exceed a further £4.6 million dependent upon the increase in Subspek's profitability.

Subspek is a plant hire business offering survey and inspection equipment primarily to the offshore oil industry. Its main area of operations is the North Sea, but it also has a small, majority owned (51%) subsidiary in Dubai serving the Middle East markets and an expanding activity onshore in the United Kingdom. The latter provides non-destructive testing equipment to a range of onshore users including the engineering, water and electricity industries. Profit Centres have been established in Glasgow and the East Midlands and we expect more to follow. Subspek's operations mirror your company's existing skills to the extent that Ashtead's well established and well regarded computer system, which is one of the cornerstones of your company's high efficiency, has been installed virtually unaltered at Subspek since its acquisition.

Your Board has identified the hire of plant to the oil and allied industries as a major profit opportunity over the coming years. The number of active fields in the North Sea alone is forecast to double in the next five years, and your Board believes that Subspek has the potential to be a significant, internationally-based, profit contributor to your company in the nineties.



Chairman's Report to the Owners

SUNBELT

On 16 May we purchased the share capital of Sunbelt Equipment & Rentals Inc. with two locations in North and South Carolina. For some time your Board has been examining the potential for replicating our existing United Kingdom business in an overseas market. With the extensive publicity given to developments in Europe and, in particular, the changes scheduled to take place at the end of 1992, a review of opportunities in several European countries was undertaken. However, your Board concluded that greater profit potential existed in applying our "unique" method of operation to selected parts of the United States, where the equipment rental concept is better established than in Europe but still much less advanced than in the United Kingdom, which is by far the most developed and competitive market in the world for the rental of construction equipment.

The senior management at Sunbelt has been secured. The initial cost of $413,000 may be increased by deferred payment of up to $2.1 million on a basis related to profit in 1990 with a maximum exit p/e of approximately four. The Carolinas are, in you Board's view, an ideal area in which first to learn the craft of overseas management and then to provide a springboard for an important profit contributor utilising exactly the skills we have honed in the United Kingdom.

The current year

As part of the development of your company, your Board will shortly be applying to The International Stock Exchange for Ashtead's shares to be admitted to the Official List. Your company has benefited a great deal from its USM quotation. However, your Board considers that Ashtead is now of a size and has the financial record to merit the advantages of the Official List. Your Board hopes that this move will also encourage new investors into your company.

Your company enters the current year based on "Three Pillars of Profit", plant hire for the United Kingdom and the United States construction markets and plant hire for the oil and allied industries. It is an exciting prospect. Of course, in this year your company's fortunes are still dominated by the performance of A-Plant in the United Kingdom in an industry in which we continue to aim to be amongst the very largest in the land.

We recognise the inescapable fact that British industry faces another difficult year and the United Kingdom plant hire market will not be exempt. However, your Board is confident that the quality of your company's staff at all levels, the wide geographical and economic spread of our business and our flexible management systems, will enable your company to compete very effectively in this difficult trading climate. Indeed, we believe that A-Plant has the opportunity and ability to increase its present 5% market share. In addition, your Board is confident of first time profit contributions from Subspek and Sunbelt.

Your company has demonstrated by its results in the last financial year that a good performance can still be achieved despite a worsening business environment. Your Board believes the reasons for this are to be found in the successful implementation of your company's objectives set out at the beginning of this report.

Whilst prudence dictates that we take a cautious approach to this year's outcome, your Board is confident of a satisfactory result for shareholders.

Peter Lewis Chairman
30 July 1990

REPORT OF THE DIRECTORS

For the year ended 30 April 1990

1 TRADING RESULTS AND DIVIDENDS

The Group's consolidated profit before taxation for the financial year is £7,816,000

An interim dividend of 1p per ordinary share was paid on 6 April 1990.

The Directors recommend that a final dividend of 2.75p per ordinary share amounting to £494,000 be paid to the holders of the ordinary shares and that £4,436,000 be transferred to reserves. If approved this dividend will be paid on 10 October 1990 to the ordinary shareholders on record at 14 September 1990.

A review of the Group's business during the course of the year is included in the Chairman's Report on pages 3 to 5.

2 PRINCIPAL ACTIVITIES

The Company's activity is that of an investment holding and management company.
The principal activity of the Group is the hiring out of plant and machinery.

3 SHARE CAPITAL

Resolution 5 set out in the Notice of Meeting will be proposed at the Annual General Meeting to increase the Company's authorised share capital from £2,000,000 to £2,400,000 by the creation of an additional 4,000,000 Ordinary Shares and to authorise the Directors to allot shares pursuant to Section 80 of the Companies Act 1985. In addition a Special Resolution (Resolution 6) will be proposed to authorise the Directors to allot Ordinary Shares of the Company for cash otherwise than pro rata to existing share holdings up to a maximum not exceeding 5% of the issued share capital. The passing of these resolutions will give the Directors the "standard" allotment authorities. There is no present intention, other than pursuant to the Ashtead Group Employee Share Option Scheme, to issue further shares and, without the prior approval of the Shareholders in General Meeting, no issue will be made which would effectively alter the control of the Company.

The following investors, in addition to P D Lewis and G B Burnett, have notified the Directors that they hold or are beneficially interested in the Company's ordinary share capital as set out below:

	At 30 April 1990 (5 % or more)	At 30 July 1990 (3 % or more)
Prudential Assurance Company Limited	N/A	6.45 %
Standard Life Assurance Company Limited	N/A	4.97 %
British Airways Pensions Trustees	N/A	4.56 %
Baillie Gifford and Company	N/A	4.43 %
British Gas Pension Scheme	N/A	3.48 %

4 SHARE OPTION SCHEME

At 30 April 1990, the following shares were subject to option:

	Number of shares	Option price per share
Exercisable between 30 August 1991 and 30 August 1998	120,000	262.5p
Exercisable between 31 August 1992 and 31 August 1999	44,076	325p

5 DIRECTORS

The Directors of the Company are set out below, together with their beneficial interests in the share capital of the Company.

REPORT OF THE DIRECTORS

	30 April 1990 Number of ordinary shares of 10p each		30 April 1989 Number of ordinary shares of 10p each	
	Beneficial	**Non-Beneficial**	Beneficial	Non-Beneficial
P D Lewis	**2,412,000**	**340,000**	2,412,000	351,000
G B Burnett	**2,482,000**	**320,000**	2,482,000	320,000
A Anderson	**1,000**	-	1,000	-
P A Lovegrove	-	-	-	-

73,500 shares out of Mr P D Lewis' Non-Beneficial interests were sold on 5 May 1990. No further changes in Directors share holdings have been notified to the Company since the end of the financial year.

In addition Mr A Anderson holds share options over 60,000 shares at a price of 262.5p per share granted on 30 August 1988 and 13,076 shares at a price of 325p per share granted on 31 August 1989. These options are exercisable between 3 and 10 years from the date of grant.

The re-election of Mr P A Lovegrove, who retires by rotation in accordance with the articles of association of the Company, as a Director of the Company will be proposed at the Annual General Meeting. Mr Lovegrove is a non-executive Director and does not have a service contract with the Company.

Mr Lovegrove is a Director of Grahams Rintoul and Company Limited. He is Chairman of V.T.R. Plc, West Trust Plc and Associated British Engineering Plc. He is also a Director of English & Caledonian Investments Plc and Royal Trust Bank.

6 FUTURE DEVELOPMENTS

The Group intends to develop by expanding operations of the United Kingdom plant hire construction market, and through the acquisition of Sunbelt Equipment & Rentals Inc. and Subspek Limited, expand operations in the United States plant hire construction market and plant hire to the oil and allied industries respectively. Details of acquisitions completed after the year end are given in note 23 to the financial statements.

7 CLOSE COMPANY

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

8 FIXED ASSETS

Significant movements in fixed assets are detailed in Note 9 to the financial statements.

9 EMPLOYEES

The Company makes every reasonable effort to give disabled applicants, and existing employees becoming disabled, opportunities for work, training and career development in keeping within their individual aptitudes and abilities.

The Company has taken action consistently through the year to introduce, maintain and develop arrangements aimed at involving employees in the Company's affairs.

10 APPOINTMENT OF AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Alan Anderson

Alan Anderson

A.Anderson Secretary
30 July 1990

DIRECTORS, MANAGERS AND ADVISERS

DIRECTORS

Peter Lewis Chairman
George Burnett MA LLB CA Managing Director
Alan Anderson BSc CA Finance Director
Philip Lovegrove LLM*

all of Ashtead House, Crouch Industrial Estate, Barnett Wood Lane, Leatherhead, Surrey KT22 7DG

*Non-executive

SECRETARY AND REGISTERED OFFICE

Alan Anderson BSc CA
Ashtead House, Crouch Industrial Estate, Barnett Wood Lane, Leatherhead, Surrey KT22 7DG

AUDITORS

Price Waterhouse, Chartered Accountants, Southwark Towers, 32 London Bridge Street, London SE1 9SY

PRINCIPAL BANKER

Lloyds Bank Plc, 147 High Street, Guildford, Surrey GU1 3AG

MERCHANT BANK

Barclays de Zoete Wedd Limited, Ebbgate House, 2 Swan Lane, London EC4R 3TS

SOLICITORS

Baileys Shaw & Gillett, 17 Queen Square, London WC1N 3RH

STOCKBROKER

de Zoete & Bevan Limited, Ebbgate House, 2 Swan Lane, London EC4R 3TS

REGISTRARS AND TRANSFER OFFICE

Lloyds Bank Plc, Registrar's Department, Goring-by-sea, Worthing, West Sussex BN12 6DA

Directors, Managers and Advisers

A-PLANT

Activities - The hire of plant and machinery to the UK construction and allied industries

Profit Centre Managers

Nigel Albon
Jim Bagguley
Barry Barnes
David Bell
Andy Benham*
Keith Biggs
Stephen Bradshaw
Bill Brotheridge
Austin Burns*
Ian Chambers
Tracey Cormack*
Malcolm Crickmore
Jack Cumming*
Daren Cummings
John Devonport*
Bob Dixon
Mike Edwards
Clive Gilbert
James Grant
Keith Hardey
John Holdridge
David Jones
Ivor Keightley
Brian Kellaher
Alan Laverick
Paul Lewis
Mary Martin
Tim Martin
Dick May
Alex McGuffie*
Kevin Miles
Mel Moore*
Ken Morgan
David Nichols
Dennis O'Donnell
Carol Parsons
Ken Purnell
Stewart Rawsterne
Aidan Richardson*
Patrick Richardson
Keith Robertson BSc*
Brian Starbuck
Bob Stewart
Tim Tait •
John Todd
Bob Watts
George Winker
Steve Woodburn
Tony Wootton

Support Services

Ted Forshaw• *Marketing Director*
Joe Gardiner• *Training & Staff Development Director*
Robin Kirk* *Training & Staff Development General Manager*

Financial Controllers:

Iain Guthrie CA *Scottish Support Office*
Tony Durant BSc ACA *Northern Support Office*
Derrick Adamson *Midlands Support Office*
Brian Key FCCA *Southern Support Office*

*General Manager
•Director - Ashtead Plant Hire Company Limited

SUBSPEK

Activities - The hire of survey and inspection equipment primarily to the offshore oil industry

Subspek Limited

Neil Smith BSc *Director*
Howard Kelsall *Director*

Mertec Systems (Middle East) Limited

Harry Gandhi *Managing Director*

SUNBELT

Activities - The hire and sales of plant and machinery to the US construction and allied industries

Tom Smart *Vice President*
Earnest Gurley *Vice President*

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 April 1990

	Notes	1990 £'000	1989 £'000
Turnover	1	29,400	22,355
Cost of sales		(18,786)	(14,341)
Gross profit		10,614	8,014
Administrative expenses		(1,666)	(1,898)
Operating profit	2,3	8,948	6,116
Interest payable and similar charges	4	(1,132)	(603)
Profit on ordinary activities before taxation		7,816	5,513
Taxation on profit on ordinary activities			
Current taxation	5	(1,990)	(1,577)
Deferred taxation	5	(616)	(247)
Profit for the financial year		5,210	3,689
Minority interest		(100)	(37)
Profit attributable to the shareholders of Ashtead Group PLC		5,110	3,652
Dividends	7	(674)	(429)
Retained profits transferred to reserves	19	4,436	3,223
Earnings per share	8	28.44p	23.1p

CONSOLIDATED BALANCE SHEET

At 30 April 1990

	Notes	1990 £'000	1989 £'000
Fixed assets			
Tangible fixed assets			
-plant for hire	9	24,912	19,065
-other fixed assets	9	8,339	6,311
		33,251	25,376
Current assets			
Stocks	11	1,714	761
Debtors	12	7,437	6,059
Cash at bank and in hand		21	21
		9,172	6,841
Creditors - amounts falling due within one year			
Loans and overdrafts	13	9,062	3,644
Trade and other creditors	14	15,152	13,022
Hire purchase liabilities	15	427	719
		24,641	17,385
Net current liabilities		(15,469)	(10,544)
Total assets less current liabilities		17,782	14,832
Creditors - amounts falling due after more than one year			
Hire purchase liabilities	15	(86)	(77)
Loans	16	(1,075)	(1,750)
Deferred taxation	17	(1,622)	(1,132)
		14,999	11,873
Capital and reserves			
Called up share capital	18	1,797	1,797
Share premium account	19	3,536	3,536
Revaluation reserve	19	535	545
Reserve for the elimination of goodwill	19	(2,379)	(894)
Profit and loss account	19	10,350	5,856
Shareholders' funds		13,839	10,840
Minority interest		1,160	1,033
		14,999	11,873

COMPANY BALANCE SHEET

At 30 April 1990

	Notes	1990 £'000	1989 £'000
Fixed assets			
Tangible fixed assets	9	**1,784**	676
Investments	10	**5,240**	3,319
		7,024	3,995
Current assets			
Debtors	12	**2,616**	3,924
Creditors - amounts falling due within one year			
Loans and overdrafts	13	**625**	7
Trade and other creditors	14	**835**	1,100
		1,460	1.107
Net current assets		**1,156**	2,817
Total assets less current liabilities		**5,868**	6,812
Creditors - amounts falling due after more than one year			
Loans	16	**(625)**	(1,250)
Deferred taxation		**4**	4
		7,559	5,566
Capital and reserves			
Called up share capital	18	**1,797**	1,797
Share premium account	19	**3,536**	3,536
Revaluation reserve	19	**475**	441
Reserve for the elimination of goodwill	19	**(266)**	(211)
Profit and loss account	19	**2,017**	3
		7,559	5,566

The accounts were approved by the Board on 30 July 1990.

P D Lewis
G B Burnett

Directors

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 30 April 1990

	1990 £'000	1989 £'000
Funds flow from operations		
Profit before taxation	7,816	5,513
Depreciation	6,177	3,785
Profit on disposal of fixed assets	(1,022)	(403)
Proceeds from sale of fixed assets	2,096	1,327
	15,067	10,222
(Increase)/decrease in working capital	(1,048)	2,678
Purchase of fixed assets	(15,126)	(17,818)
Net cash flow from operations	(1,107)	(4,918)
Other sources and uses of funds		
Net proceeds from the issue of shares	-	7,132
Goodwill on acquisition	(1,485)	(5,423)
Tax paid	(1,623)	(554)
Dividends paid (including minority)	(612)	(301)
Other	367	1,401
Net cash (utilised)/generated	(4,460)	(2,663)
Comprising:		
Cash at bank and in hand	-	13
Bank overdrafts	(4,668)	(561)
Loans and hire purchase liabilities	208	(2,115)
	(4,460)	(2,663)
Analysis of (increase)/decrease in working capital		
Stocks	(953)	(339)
Debtors	(1,378)	(1,725)
Creditors	1,283	4,742
	(1,048)	2,678

The table below summarises the effects of acquisitions during the year ended 30 April 1990 :

Net assets acquired after adjustments to reflect their fair value to the Group:	£'000
Tangible fixed assets	
-plant for hire	1,215
-other assets	307
Net current liabilities	(952)
Defered taxation	44
Minority interest	(127)
	487

Financed by:	£'000
Acquisition costs and consideration	1,972
Goodwill arising on acquisition	(1,485)
	487

NOTES TO THE ACCOUNTS

For the year ended 30 April 1990

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the re-valuation of certain freehold properties.

Basis of consolidation

The financial statements include the results of the Company and all of its subsidiaries. The statutory accounts of Subspek Limited and its subsidiaries are made up to 31 December each year. Under the terms of the Subspek acquisition agreement the deferred consideration is to be based on calendar year profits. In accordance with the provisions of the Companies Act 1985, the consolidated accounts of the Group include the results of Subspek Limited and its subsidiaries on the basis of its management accounts at 30 April.

Turnover

Turnover represents the total amount receivable for the provision of goods and services to customers net of returns and value added tax. All of the Group's turnover arose in the United Kingdom.

Fixed assets

Fixed assets are stated at historical cost or valuation less accumulated depreciation.

Leasehold properties are amortised over the life of each lease. Other fixed assets are depreciated on a straight line basis applied to the opening cost to write-off each asset over its useful life.

The annual rates in use are as follows:

Freehold property	4%
Motor vehicles	25%
Plant for hire	12 ½% to 33 ⅓%
Office and workshop equipment	20%

Acquisitions and Goodwill

Acquisitions during the financial year have been accounted for on an acquisition basis and the results of companies acquired are therefore dealt with from the effective date of acquisition.

The net tangible assets of companies acquired are incorporated in the consolidated accounts at their fair values to the Group, after making adjustments to reflect the alignment of accounting policies where the accounting policies of acquired companies would otherwise be inconsistent with those of the Group.

Goodwill arising on acquisition is eliminated from the Group balance sheet either directly against reserves or by amortisation through the profit and loss account. The goodwill on acquisitions arising during the year ended 30 April 1990 has been charged to reserves.

Deferred taxation

Deferred taxation in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts is provided only to the extent that there is a reasonable probability that a liability will crystallise in the forseeable future.

Stocks

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

Repairs and maintenance

In addition to charging against revenue costs incurred in the period in respect of the repair and maintenance of plant, provisions are made at the year end to take account of any impending repairs.

Leases

Leases are accounted for as operating leases. Rentals due in each accounting period are charged to the profit and loss account.

Pensions

The cost of pensions is charged against operating profit so as to spread the cost over the service lives of the employees.

2 Operating profit

For the year ended 30 April 1990

Operating profit is stated after charging/(crediting) the following amounts:

	1990 £'000	1989 £'000
Staff costs:		
-salaries	6,251	4,724
-social security costs	574	448
-other pension costs	141	168
Depreciation	6,155	3,785
Profit on disposal of assets	(722)	(403)
Premium on surrender of lease	(300)	-
Hire of plant and machinery	309	343
Auditors' remuneration	60	55

The average number of employees during the period was 562 (1989-446).
The number of employees with gross emoluments within the bands stated were:

	1990 £'000	1989 £'000
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	-	-
£60,001 - £65,000	-	1

3 Directors' emoluments

The emoluments of the directors, which are included in staff costs in Note 2 above, were as follows:

	1990 £'000	1989 £'000
Fees	8	6
Other emoluments (including company pension contributions)	285	260
Chairman	89	56
Highest paid director	89	66
	Number	Number
Other directors:		
£5,001 - £10,000	1	1
£55,001 - £60,000	-	1
£60,001 - £65,001	1	-

4 Interest payable and similar charges

	1990 £'000	1989 £'000
Interest on loans and overdrafts repayable within five years	1,064	490
Hire purchase interest	68	113
	1,132	603

NOTES TO THE ACCOUNTS

For the year ended 30 April 1990

5 Taxation

	1990 £'000	1989 £'000
UK Corporation tax at 35% (1989 - 35%)	1,990	1,577
Deferred tax	616	247
	2,606	1,824

6 Profit and loss account

Ashtead Group PLC has not presented its own profit and loss account as permitted by section 228(7) of the Companies Act 1985. The amount of the profit for the financial year dealt with in the accounts of Ashtead Group PLC is £2,674,000 (1989 - £429,000).

7 Dividends

	1990 £'000	1989 £'000
Interim dividend at 1p net per share (1989-0.65p)	180	97
Proposed final dividend of 2.75p net per share (1989-1.85p)	494	332
	674	429

8 Earnings per share

Earnings per share for the year ended 30 April 1990 have been calculated based on the profit attributable to the shareholders of Ashtead Group PLC and 17,965,250 ordinary shares being the weighted average number of ordinary shares in issue during the year.

9 Tangible fixed assets

	Freehold property £'000	Leasehold property £'000	Plant for hire £'000	Office and workshop equipment £'000	Motor vehicles £'000	Total £'000
Group						
Cost or valuation						
At 30 April 1989	2,804	1,592	28,438	750	2,486	36,070
Acquisitions	195	-	1,959	88	85	2,327
Additions	1,228	154	10,781	400	1,041	13,604
Disposals	-	-	(2,124)	(9)	(343)	(2,476)
At 30 April 1990	4,227	1,746	39,054	1,229	3,269	49,525
Depreciation						
At 30 April 1989	-	142	9,373	335	844	10,694
Acquisitions	-	-	744	34	27	805
Charge for the period	91	51	5,183	182	670	6,177
Disposals	-	-	(1,158)	(6)	(238)	(1 402)
At 30 April 1990	91	193	14,142	545	1,303	16,274
Net book value						
At 30 April 1990	4,136	1,553	24,912	684	1,966	33,251
At 30 April 1989	2,804	1,450	19,065	415	1,642	25,376
Company						
Cost or valuation						
At 30 April 1989	472	204	-	-	-	676
Additions	1,120	12	-	-	-	1,132
At 30 April 1989	1,592	216	-	-	-	1,808
Depreciation						
At 30 April 1989	-	-	-	-	-	-
Charge for the period	20	4	-	-	-	24
At 30 April 1990	20	4	-	-	-	24
Net book value						
At 30 April 1990	1,572	212	-	-	-	1,784
At 30 April 1989	472	204	-	-	-	676

The net book amount of leasehold property is comprised of:

	The Group 1990 £'000	The Group 1989 £'000	**The Company 1990 £'000**	The Company 1989 £'000
Long leasehold	**1,301**	1,244	**212**	204
Short leasehold	**252**	206	-	-
	1,553	1,450	**212**	204

The closing net book value of property stated at cost or valuation may be analysed as follows:	**Freehold £'000**	**Leasehold £'000**
Stated at cost	**2,244**	**334**
Stated at valuation performed at 30 April 1989	**1,892**	**1,219**
	4,136	**1,553**

The net book value at which assets stated at valuation would have been shown if they had not been revalued is as follows:	**Freehold £'000**	**Leasehold £'000**
At 30 April 1990	**1,544**	**1,032**

NOTES TO THE ACCOUNTS

For the year ended 30 April 1990

10 Investments

	Shares in Group companies £'000
At 30 April 1989	3,319
Acquired in the year	1,921
At 30 April 1990	5,240

The Company's principal subsidiaries are Ashtead Plant Hire Company Limited, Reliant Plant Limited and Subspek Limited and its 51% owned subsidiary Mertec Systems (Middle East) Limited. The Company owns directly, or through a subsidiary, all of the issued share capital of these companies, with the exception of Reliant Plant Limited. The share capital of Reliant Plant Limited is held as follows:

	Ashtead Group PLC	Other shareholders
Ordinary shares of £1 each	827,500	-
10% 'A' Preference shares of £1 each	-	1,000,000

The 'A' Preference shares are non-voting, have a fixed annual dividend and are entitled to repayment of no more than their nominal value in the event of liquidation or winding up. Under the terms of their issue they are to be redeemed by Reliant Plant Limited on or before 31 December 1990 at par.

With the exception of Subspek Limited, all of the above companies are registered in England, Subspek Limited being registered in Scotland. The business of all the companies is the hiring out of plant and machinery.

11 Stocks

	The Group 1990 £'000	The Group 1989 £'000	**The Company 1990 £'000**	The Company 1989 £'000
Goods for resale	**668**	215	-	-
Raw materials, consumables and spares	**340**	240	-	-
Hire stocks	**706**	306	-	-
	1,714	761	-	-

12 Debtors

	The Group 1990 £'000	The Group 1989 £'000	**The Company 1990 £'000**	The Company 1989 £'000
Trade debtors	**7,104**	5,913	-	-
Amounts due from group companies	-	-	**2,616**	3,918
Prepayments and accrued income	**333**	140	-	-
Other debtors	-	6	-	6
	7,437	6,059	**2,616**	3,924

For the year ended 30 April 1990

13 Loans and overdrafts

	The Group 1990 £'000	The Group 1989 £'000	The Company 1990 £'000	The Company 1989 £'000
Bank overdrafts	7,937	3,269	-	7
Short term portion of secured loans	1,125	375	625	-
	9,062	3,644	625	7

At the year end the bank overdrafts were secured by fixed and floating charges over the Group's assets.

14 Trade and other creditors

	The Group 1990 £'000	The Group 1989 £'000	The Company 1990 £'000	The Company 1989 £'000
Trade creditors	7,378	5,894	-	-
Bills payable	2,109	1,111	-	-
Accruals and deferred income	1,244	2,035	330	758
Taxation	3,250	2,565	2	3
Proposed dividend	494	332	494	332
Other taxes and social security	398	459	9	1
Other creditors	279	626	-	6
	15,152	13,022	835	1,100

15 Hire purchase liabilities

Hire purchase liabilities are disclosed in the balance sheet as follows:

	The Group 1990 £'000	The Group 1989 £'000
Amounts due in less than one year	427	719
Amounts due in more than one year:		
Payable between one and two years	17	77
Payable between two and five years	69	-
	86	77
	513	796

NOTES TO THE ACCOUNTS

For the year ended 30 April 1990

16 Creditors amounts falling due after more than one year

	The Group 1990 £'000	The Group 1989 £'000	The Company 1990 £'000	The Company 1989 £'000
Secured loans	**1,075**	1,750	**625**	1,250
Secured loans are payable as follows:				
Between one and two years	**625**	1,125	**625**	625
Between two and five years	**113**	625	**-**	625
Over five years:				
Repayable by instalments part of which fall due in more than five years	**337**	-	**-**	-
	1,075	1,750	**625**	1,250
Amount of loans any of which are repayable in more than five years	**450**	-	**-**	-

Interest is payable on the secured loans at rates varying between 10.25%, 1.75% under Lloyds Bank plc base rate and 1.75% over Barclays Bank plc base rate. The secured loans are secured either by floating charge over certain of the Group's assets or by guarantee from the Group's bankers who in turn hold fixed and floating charges over the Group's assets.

17 Deferred taxation

Deferred taxation at 30 April 1990 may be analysed as follows:

	Provided in the accounts		Full potential liability	
	1990 £'000	1989 £'000	**1990 £'000**	1989 £'000
Short term timing differences	**(90)**	(172)	**(90)**	(172)
Accelerated capital allowances	**1,937**	1,447	**2,237**	1,790
Advance corporation taxation	**(225)**	(143)	**(225)**	[illegible]
	1,622	1,132	**1,922**	1,475

The movement in the year is as follows:	£'000
At 30 April 1989	1,132
New subsidiaries	(44)
Charged in year	616
Advance corporation taxation (net)	(82)
At 30 April 1990	1,622

18 Called up share capital

	1990 Number	1989 Number	**1990 £'000**	1989 £'000
Authorised				
Ordinary shares of 10p each	**20,000,000**	20,000,000	**2,000**	2,000
Allotted, issued and fully paid				
Ordinary shares of 10p each	**17,965,250**	17,965,250	**1,797**	1,797

Details of options granted over the Company's share capital are given in the Directors' Report.

For the year ended 30 April 1990

19 Reserves

Group

	Share premium account £'000	Revaluation reserve £'000	Reserve for the elimination of goodwill £'000	Profit and loss account £'000	Total £'000
At 30 April 1989	3,536	545	(894)	5,856	9,043
Elimination of goodwill on acquisition	-	-	(1,485)	-	(1,485)
Revaluation of properties	-	48	-	-	48
Transfer to distributable reserves	-	(58)	-	58	-
Retained profit for the year	-	-	-	4,436	4,436
At 30 April 1990	3,536	535	(2,379)	10,350	12,042

Company

	Share premium account £'000	Revaluation reserve £'000	Reserve for the elimination of goodwill £'000	Profit and loss account £'000	Total £'000
At 30 April 1989	3,536	441	(211)	3	3,769
Elimination of goodwill on acquisition	-	-	(55)	-	(55)
Revaluation of properties	-	48	-	-	48
Transfer to distributable reserves	-	(14)	-	14	-
Retained profit for the year	-	-	-	2,000	2,000
At 30 April 1990	3,536	475	(266)	2,017	5,762

20 Acquisitions

Subspek Limited

On 6 April 1990 the Company acquired all the issued share capital of Subspek Limited ("Subspek") for an initial consideration of £1,200,000 satisfied in cash. The assets acquired and adjustments made are set out in the table below:

	Book value on acquisition £'000	Alignment of accounting policies and other fair value adjustments £'000	Fair value £'000
Tangible fixed assets			
-plant for hire	962	-	962
-other	76	-	76
Net current liabilities	(468)	93	(375)
Deferred taxation	(57)	1	(56)
Minority interest	(127)	-	(127)
	386	94	480
Consideration including costs			1,206
Goodwill acquired			726

The fair value of the assets acquired in the table above has been determined on an estimated basis as a comprehensive assessment is still being undertaken.

NOTES TO THE ACCOUNTS

For the year ended 30 April 1990

Other acquisitions

On 31 July 1989 the Company acquired all the issued share capital of Pannell (Plant) Limited for an initial consideration of £50,000. The balance of the consideration of £39,000 was paid on 21 May 1990 following the preparation and audit of the completion balance sheet.

On 29 December 1989 the business and trading assets of Banson Tool Hire was acquired for a consideration of £66,000.

The assets acquired and adjustments made are set out in the table below:

	Book value on acquisition £'000	Alignment of accounting policies and other fair value adjustments £'000	Fair value £'000
Tangible fixed assets			
-plant for hire	253	-	253
-other	231	-	231
Net current liabilities	(259)	(318)	(577)
Deferred taxation	(1)	101	100
	224	(217)	7
Consideration including costs			196
Goodwill acquired			189

Additional further consideration totalling £570,000 has become payable under the terms of the agreement for the acquisition of Wimpole Hire Limited. This further consideration was based on the level of Qualifying Turnover (as defined in the Acquisition Deed) between the Group and subsidiaries of the vendor, Wilmott Dixon (Holdings) Limited. The further consideration due on the basis of Qualifying Turnover for the year has been written off to the reserve for the elimination of goodwill.

Further consideration

Further consideration is payable under the terms of the agreements for the acquisition of the business and assets of Keyplant Limited, Wimpole Hire Limited, Reliant Plant Limited and Subspek Limited. This further consideration is in each case dependent upon levels of future turnover or profits and cannot therefore yet be determined. The relevant provisions of each agreement are summarised below:

Business and assets of Keyplant Limited

The consideration payable was to be adjusted under the terms of the Acquisition Agreement, dependent upon the levels of Turnover (as defined in the Agreement) between the Group and the Norwest Holst Group in the two year period to 31 March 1989. Under the terms of subsequent amendments to the Agreement final settlement under this provision of the Agreement is not now due to take place until June 1991 and will be based on the level of Turnover in the four year period to 31 March 1991.

Wimpole Hire Limited

Under the terms of a supplemental deed dated 13 February 1990 the Group is committed to make further payments to the vendors of Wimpole Hire Limited relating to the turnover (as defined in the original Wimpole Acquisition Deed) between the Group and subsidiaries of Wilmott Dixon Holdings Limited at the rate of 20 per cent of such turnover in the year to 30 April 1991. Calculations are to be performed on a four monthly basis and any amounts due are to be paid within seven days of the relevant period end.

Reliant Plant Limited ("Reliant")

On completion of an audited statement of Reliant's profits for the 13 months ended 31 December 1988 and of its net assets at that date ("the completion accounts") the initial consideration of £5,792,000 is to be reduced by an adjustment calculated as follows:

(a) a sum of equivalent to that percentage of £5,792,500 which any shortfall in the profit before tax for the 13 month period to 31 December 1988 below the warranted pre-tax profits of £1,060,000 bears to £1,060,000 plus;

(b) a sum equivalent to any amount by which the net asset value (as defined in the Acquisition Agreement) of Reliant as at 31 December 1988 is less than a stated minimum, which minimum is calculated by deducting from the warranted net assets of £2,505,649 the shortfall in the profits before tax for the 13 month period to 31 December 1988 below £1,060,000.

In October 1989 the vendors initiated a reference to an independent firm of Chartered Accountants, under the terms of the Agreement, following the failure of the vendors' and purchasers' accountants to reach agreement on the completion accounts. The independent firm has not yet issued its decision and accordingly the amount of any reduction to the initial consideration has not yet been determined.

Further consideration is payable under the terms of the acquisition agreement if the qualifying turnover of the business of Reliant for the two years ending 31 December 1990 exceeds twice the qualifying turnover of the business for the 12 month period to 31 December 1988. The Company is required to pay deferred consideration equal to 40 per cent of that excess up to an excess of £10,343, 750. Further consideration is also payable at a rate of 1 per cent of any excess over £10,343,750.

On this basis the maximum amount of deferred consideration payable is approximately £4,137,500 plus an amount equal to 1 per cent of the amount by which the excess turnover is greater than £10,343,750. Any deferred consideration payable is to be satisfied as to 58.91 per cent in cash and the balance by the allotment of ordinary shares or loan notes.

Subspek Limited

Further consideration is payable under the terms of the Acquisition Agreement dependent on the net profit (as defined in the Agreement) of the Subspek Group for the years ending 31 December 1990 and 31 December 1991.

The further consideration is linked to target profits (as defined) of £600,000 in each year at which level further consideration of £550,000 is payable in respect of both 1990 and 1991. This initial further consideration may be increased or reduced based on a formula linked to the amount by which profits exceed or fall short of the target in each year. 50% of the further consideration based on the profits for the year ending 31 December 1990 is payable 30 days after agreement of the 1990 accounts and is to be satisfied in part in cash and in part by the issue of loan notes. The balance of the further consideration based on 1990 profits and the whole of the further consideration based on 1991 profits is payable 30 days after agreement of the 1991 accounts and is also to be satisfied in part in cash and in part by the issue of loan notes. The effective maximum further consideration is £4.6 million.

Summary

The consideration paid to date and the effective maximum further consideration payable for each acquisition not yet finally settled are as follows:

	Initial consideration £'000	Further consideration £'000	Maximum further consideration £'000
Keyplant Limited	1,356	399	Not limited
Wimpole Hire Limited	178	673	Not limited
Reliant Plant Limited	5,792	-	4,138
Subspek Limited	1,200	-	4,600

NOTES TO THE ACCOUNTS

21 Leases

Minimum annual commitments under existing operating leases may be analysed by date of termination of the lease as follows:

	1990 £'000	1988 £'000
Land and buildings		
Terminating in one year	41	43
Terminating between two and five years	97	94
Terminating in more than five years	325	160
	463	297
Other		
Terminating in one year	16	13
Terminating between two and five years	68	105
	84	118

22 Pensions

The Group operates defined pension plans for the benefit of qualifying employees. The Group's principal pension scheme was subject to an actuarial valuation as at 30 April 1989 by Scottish Mutual Assurance Group using the projected unit method. The principal assumptions used in the valuation were that pensionable salaries would grow at 7% per annum and that the fund's investments would yield 7·5% per annum. On the basis of actuarial advice the contribution rates to the scheme are at a rate of 12.6% of pensionable salaries of which 5% is paid by the employees and the balance by the employer.

The market value of the assets in the Group's pension schemes was £423,900 at 1 May 1989, which was not materially different from the actuarial value of the schemes' liabilities.

23 Post balance sheet events

On 4 May 1990 the Company acquired all the issued share capital of Chapple Plant Hire and Sales Limited together with the freehold of the premises used by that company for an initial consideration of £160,000.

On 16 1990 May the Company acquired all the issued share capital of Sunbelt Equipment and Rentals Inc. in the United States, for an initial cash consideration of US $413,000. Further consideration of up to US $2,100,000 in cash may become payable dependant upon the audited profits for the year to 31 December 1990.

AUDITORS' REPORT

To the Members of Ashtead Group PLC.

We have audited the financial statements on pages 10 to 24 in accordance with Auditing Standards.
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 April 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Chartered Accountants
London
30 July 1990

PROFIT CENTRES

A-PLANT

Abergavenny
Axley
Aylesbury
Ayr
Barnstaple
Barrow in Furness
Biggleswade
Bridgwater
Bristol
Carlisle
Coventry
Cumbernauld
Derby
Earlston
Egremont
Ellesmere Port
Epping
Ford
Hartlepool
Hemel Hempstead
Kendal
Kilmarnock
Kingswinford
Ladybank
Lancing
Leatherhead (2)
Littlehampton
Liverpool (3)
London
Long Stratton
Loughborough
Northampton
Nuneaton
Plymouth
Romsey
Salford
Southampton (2)
Stevenston
Stockport
Stoke on Trent
Telford
Thatcham
Walsall Wood
Watford
Whitehaven

SUBSPEK

Aberdeen
Dubai, United Arab Emirates

SUNBELT

Charlotte, North Carolina
Greenville, South Carolina