HSS Financing plc

£200,000,000 6.75% Senior Secured Notes due 2019

Annual Report 2013

For the 52 weeks ended 28 December 2013

25 April 2014

Table of Contents

Forward-looking statements

This annual report contains “forward-looking statements” within the meaning of the securities laws of certain jurisdictions, including statements under the captions “Summary”, “Risk factors”, “Operating and financial review”, “Industry”, “Business” and in other sections of this annual report. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes”, “could”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “plans”, “continue”, “ongoing”, “potential”, “predict”, “project”, “target”, “seek”, “should” or “would” or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this annual report.

These factors include, among others:

- changes in the macroeconomic environment;
- competition in our industry;
- the availability of funds for capital expenditures;
- unexpected periods of decline owing to macroeconomic, industry and operational factors;
- our inability to collect on customer contracts;
- the loss of our key suppliers;
- increased costs of our rental fleet maintenance and replacement;
- depressed market value of our rental fleet;
- decline in our service levels;
- damage to our brands or our reputation;
- insufficient insurance and increases in insurance premiums;
- our inability to effectively maintain or manage our property leaseholds;
- the ability and cost to comply with current or future laws and regulations;
- volatility in fuel costs;
- changes in currency and interest rates;
- loss of our key personnel;

- complaints and litigation;
- tax risks;
- disruptions in our information technology systems;
- our acquisitions may prove unsuccessful or strain our resources;
- risks related to our substantial indebtedness, our structure and our ability to meet our debt service obligations; and
- other factors discussed under “Risk factors”.

These risks and others described under “Risk factors” are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this annual report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this annual report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this annual report. As a result, you should not place undue reliance on these forward-looking statements.

Certain definitions

Unless otherwise indicated or where the context otherwise requires, references to:

- "ABird" and "ABird Power Solutions" are to Abird Superior Limited and its wholly-owned subsidiary, Abird Limited, a provider of temporary power generation facilities and associated products and services, that we acquired on 31 October 2012;
- "Clearstream" are to Clearstream Banking, société anonyme;
- "Collateral" are to the security interests securing the obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees and the Revolving Credit Facility Agreement;
- "Company" are to Hero Acquisitions Limited, a private company limited by shares incorporated under the laws of England and Wales;
- "EU" are to the European Union;
- "Euroclear" are to Euroclear Bank SA/NV;
- "Exponent" are to the investment funds managed by Exponent Private Equity LLP or, when otherwise indicated or where the context otherwise requires, Exponent Private Equity LLP in its own right;
- "Guarantors" are to the entities guaranteeing the obligations of the Issuer under the Notes;
- "Havana Bidco" are to Havana Bidco Limited;
- "Hero Topco" are to Hero Topco Limited, our predecessor parent company;
- "HSS", "our", "us" and "we" are to the Company and its direct and indirect subsidiaries;
- "IFRS" are to the International Financial Reporting Standards as adopted by the EU;
- "Indenture" are to the indenture governing the terms of the Notes among, amongst others, the Issuer, the Guarantors and the trustee in respect of the Notes, dated the Issue Date;
- "Intercreditor Agreement" are to the intercreditor agreement amongst, inter alia, the Issuer, the Guarantors, the trustee in respect of the Notes, the security agent and the facility agent under the Revolving Credit Facility Agreement and the other parties named therein, dated on or about the Issue Date;
- "Ireland" are to the Republic of Ireland;
- "Issue Date" are to 6 February 2014, the date on which the Notes were issued;
- "Issuer" are to HSS Financing plc, a wholly-owned subsidiary of the Company incorporated under the laws of England and Wales as a public limited company;
- "Note Guarantees" are to the senior secured guarantees of the Notes to be provided by all the Guarantors pursuant to the Indenture;
- "Notes" are to the Senior Secured Notes due 2019;
- "Proceeds Loan" are to the loan agreement entered into between Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer on-lent the proceeds of the Notes to the Company on the Issue Date;

- “Revolving Credit Facility” are to the revolving credit facility made available pursuant to the Revolving Credit Facility Agreement;

- “Revolving Credit Facility Agreement” are to a revolving credit facility agreement governing a new £60.0 million super senior revolving credit facility to be dated on or about the Issue Date;

- “SEC” are to the U.S. Securities and Exchange Commission;

- “Subordinated Shareholder Loans” are to the intercompany loans described in “Description of other indebtedness—Subordinated shareholder loans”;

- “TecServ” are to TecServ Cleaning Equipment Services Limited (formerly, Premiere FCM Limited), a specialist provider of cleaning equipment services, that we acquired on 22 November 2013;

- “UK GAAP” are to accounting practices generally accepted in the United Kingdom;

- “United States”, “US” and “U.S.” are to the United States of America;

- “U.S. Exchange Act” are to the U.S. Securities Exchange Act of 1934, as amended;

- “U.S. GAAP” are to accounting principles generally accepted in the United States;

- “UK” are to the United Kingdom;

- “UK Platforms” are to UK Platforms Ltd and its subsidiary, Access Rentals (UK) Limited, a provider of electric and diesel powered access products, that we acquired on 28 June 2013; and

- “U.S. Securities Act” are to the U.S. Securities Act of 1933, as amended.

Presentation of financial and other information

UK GAAP financial information

The historical and other financial information presented in this annual report have primarily been derived from the historical consolidated financial statements of the Company, which are included elsewhere in this annual report. In certain limited circumstances, we have presented historical financial information derived from the historical consolidated financial statements of Hero Topco, our predecessor parent company, which are included elsewhere in this annual report. The Issuer was incorporated under the laws of England and Wales on 10 January 2014 and is a wholly-owned finance subsidiary of the Company. The Issuer has no material assets or liabilities other than those related to the Notes, the Proceeds Loan and the Revolving Credit Facility. Consequently, we have not provided herein financial statements for the Issuer.

We are permitted under the UK Companies Act of 2006 to prepare our financial statements up to a date that is seven days before or after the applicable accounting reference date for the period. Although our audited financial statements refer to fiscal years ended 31 December, our fiscal year is usually made up of a 52 week period and as a result does not always correspond to a calendar year ended 31 December. For the 52 week period in 2011, the period ran from 2 January 2011 to 31 December 2011, for the 52 week period in 2012, the period ran from 1 January 2012 to 29 December 2012 and for the 52 week period in 2013, the period ran from 30 December 2012 to 28 December 2013. From time to time, our fiscal year accounting period covers a 53 week period, which impacts the comparability of results. We do not present any 53 week periods in the historical financial information presented in this annual report.

Our consolidated financial statements as at and for the 52 week periods ended 31 December 2011, 29 December 2012 and 28 December 2013 are presented in accordance with UK GAAP. Our consolidated financial statements as at and for the 52 week periods ended 31 December 2011, 29 December 2012 and 28 December 2013 were audited by BDO LLP. The results of operations for prior years are not necessarily indicative of the results to be expected for the full year or any future period.

The Company did not prepare consolidated cash flow statements for the 52 week period ended 31 December 2011, benefiting from an exemption available under Financial Reporting Standard 1 (Revised) “Cash Flow Statements” issued by the UK Accounting Standards Board (“FRS 1”) that allows a subsidiary, at least 90% of whose voting rights are controlled within a group, to be exempt from producing a cash flow statement; provided that the consolidated financial statements in which the subsidiary undertaking is included, and which includes a consolidated cash flow statement, are publicly available. Accordingly, the historical consolidated cash flow statement data presented in this annual report for the 52 week period ended 31 December 2011 has been extracted from the audited consolidated financial statements of Hero Topco as at and for the 52 week period ended 31 December 2011, including the related notes thereto, which has been prepared in accordance with UK GAAP. The consolidated cash flow data of Hero Topco for the 52 week period ended 31 December 2011 did not vary materially from that of the Company, as Hero Topco was a holding and finance company with no trading activities. The principal differences between Hero Topco’s and the Company’s cash flow information relate to the impact of an employee benefit trust consolidated at the level of Hero Topco and certain cost recharges between the group companies.

The consolidated cash flow statement data presented in this annual report for the 52 week period ended 29 December 2012 and for the 52 week period ended 28 December 2013 has been derived from our audited consolidated financial statements for the 52 week period ended 28 December 2013. The Company intends to continue to include cash flow statements in its statutory annual consolidated financial statements in future periods and will not avail itself of the exemption permitted under FRS 1 to exclude a cash flow statement in future periods.

We have not included financial information prepared in accordance with IFRS or US GAAP in this annual report. UK GAAP differs in certain significant respects from IFRS and US GAAP. You should consult your own professional advisors for an understanding of the differences between UK GAAP, IFRS and US GAAP, and how those differences could affect the financial information contained in this annual report.

The annual financial statements of the Company, included in this annual report (starting on page F-1), have been reproduced from the financial statements required by statute in the United Kingdom to be prepared annually. Such statutory annual financial statements are also required to be audited by a registered auditor in the United Kingdom. In respect of the audit reports relating to the annual statutory financial statements which are also reproduced herein, BDO LLP, our independent auditor which conducted its statutory audits in accordance with statute in the United Kingdom, stated the following in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales: "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 auditor's 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".

These statements are intended to disclaim any liability to parties (such as investors in the Notes) other than to the members of the Company and Hero Topco with respect to those reports. For this reason, the SEC would not permit the language quoted above to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act, or in a report filed under the U.S. Exchange Act. It is not clear whether a U.S. court (or any other court) would give effect to the language quoted above, therefore the recourse that persons such as investors in the Notes may have against the independent auditors could be limited and the inclusion of the language referred to above may limit the ability of persons such as purchasers of the Notes to bring any action against our independent auditors.

References in this annual report to "pound", "pound sterling", "UK pound" or "£" are to the lawful currency of the United Kingdom. The financial information and financial statements included in this annual report are presented in pound sterling.

Certain numerical figures included in this annual report have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

The financial information set out in pages 1 to 62 of this document does not constitute the company's statutory accounts for 2013, 2012 or 2011.

Statutory accounts for the financial year ended 31 December 2013 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2013 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the financial year ended 31 December 2012 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2012 was unqualified, but included a statement drawing attention to the revision of the financial statements in respect of the categorisation between due in less than one year and amounts due in greater than one year of amounts due to group companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2012 did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the financial year ended 31 December 2011 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2011 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the financial year ended 31 December 2011 and 31 December 2012 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2013 will be delivered to the Registrar in due course.

Non-UK GAAP financial information

In addition to UK GAAP financial information, we have included certain non-UK GAAP financial measures and adjustments in this annual report, including pro forma turnover, Adjusted EBITA, EBITDA, Adjusted EBITDA, pro forma Adjusted EBITDA, third-party debt, net third-party debt, capital expenditure and certain other financial measures and ratios. Non-UK GAAP financial measures are not required by or presented in accordance with UK GAAP. We have defined below each of the non-UK GAAP earnings measures and earnings adjustments that we have used in this annual report.

EBITDA based measures:

- "*Adjusted EBITA*" represents our Adjusted EBITDA (as defined herein) less depreciation;
- "*Adjusted EBITDA*" represents EBITDA adjusted to remove the effects of certain exceptional costs, which we believe are not indicative of our underlying operating performance;
- "*EBITDA*" represents income or loss for the financial period before interest payable and similar charges, interest receivable and similar income, tax on ordinary activities, loss or profit on sale of fixed assets and depreciation and amortisation; and
- "*pro forma Adjusted EBITDA*" represents Adjusted EBITDA adjusted to give pro forma effect to the acquisitions of UK Platforms and TecServ as if they had occurred on 30 December 2012.

For reconciliations of these EBITDA-based measures, see "Summary consolidated financial and other data".

Other non-UK GAAP measures:

- "*capital expenditure*" represents additions to our tangible fixed assets during the applicable periods as set forth in the notes entitled "Tangible Fixed Assets" to our financial statements included in this annual report;
- "*net third-party debt*" means total third-party debt (as defined below) less cash;
- "*pro forma turnover*" represents consolidated turnover for the Company as adjusted to give effect to the acquisitions of UK Platforms and TecServ as if they had occurred on 30 December 2012;
- "*return on assets*" is calculated by dividing Adjusted EBITA by the aggregate of average total assets (excluding goodwill and intercompany debtors) for the period less average current liabilities (excluding intercompany creditors) for the period. Average total assets and average current liabilities have been calculated based on the arithmetical average of the opening and closing balance sheet positions of assets and liabilities, respectively, for the applicable period; and
- "*third-party debt*" consists of (i) bank loans and other borrowings excluding debt issue costs, (ii) bank overdrafts, (iii) obligations under our finance leases and (iv) accrued interest.

The unaudited pro forma adjustments to our historical consolidated turnover and our historical consolidated Adjusted EBITDA are based on available information and certain assumptions that we believe are reasonable. Our unaudited pro forma turnover and unaudited pro forma Adjusted EBITDA are presented for information purposes only and are not intended to represent or be indicative of the results of operations or financial condition that we would have reported had the acquisitions of UK Platforms and TecServ actually occurred on 30 December 2012, and do not purport to project our results of operations or financial condition for any future period. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. In addition, the unaudited pro forma turnover and the unaudited pro forma Adjusted EBITDA presented in this annual report have not been prepared in accordance with UK GAAP, and neither the pro forma adjustments to our historical consolidated turnover and historical consolidated Adjusted EBITDA nor the resulting unaudited pro forma turnover and the unaudited pro forma Adjusted EBITDA have been audited or reviewed in accordance with any applicable auditing standards.

We have presented these non-UK GAAP financial measures (1) as they are used by our management to monitor and report to our board members on our financial position for outstanding debt and available operating liquidity and (2) to represent similar measures that are widely used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity. We believe these measures enhance the investor's understanding of our indebtedness and our ability to fund our ongoing operations, make capital expenditure and our ability to meet and service our obligations. We have also presented adjusted third-party debt and pro forma cash interest expense measures, as we believe these measures more appropriately reflect to investors the financial position of and cost of debt to us in light of the present refinancing transactions.

However, these non-UK GAAP financial measures are not measures determined based on UK GAAP, IFRS, US GAAP or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial position or other indicators of our cash flow and forward position based on UK GAAP measures. The non-UK GAAP financial measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our non-UK GAAP financial measures are calculated. The non-UK GAAP financial information contained in this annual report is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. Even though the non-UK GAAP financial measures are used by management to assess our financial position and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our position or results as reported under UK GAAP.

Industry and market data

We operate in an industry for which it is difficult to obtain precise industry and market information. The market and competitive position data in the sections "Summary", "Risk factors", "Operating and financial review", "Industry" and "Business" of this annual report are estimates by management based on industry publications, and from surveys or studies conducted by third-party industry consultants that are generally believed to be reliable. However, the accuracy and completeness of such information is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. We have obtained certain of the market and industry data presented in this annual report from reports produced by third-party industry specialists such as the European Rental Association. We cannot assure you of the accuracy and completeness of such information, and we have not independently verified such market data. We do, however, accept responsibility for the correct reproduction of this information.

Some of the information herein has also been extrapolated from such market data or reports using our experience and internal estimates. Elsewhere in this annual report, statements regarding the industry in which we operate and our position in this industry are based solely on our experience, internal studies and estimates, and our own investigation of market conditions. We believe that the sources of such information in this annual report are reliable, but there can be no assurance that any of these assumptions is accurate or correctly reflects our position in our industry, and none of our internal surveys or information has been verified by any independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk factors" in this annual report. As a result, we do not make any representation as to the accuracy or completeness of any such information in this annual report.

Management’s introduction

The financial year 2013 was a strong year for the HSS Hire Group. We grew our revenue, EBITDA and return on assets organically and through the acquisition of specialist businesses which added to the breadth of service we provide for our customers.

We provide tools, equipment and related services in the United Kingdom and Ireland. We have a diverse customer base including large key accounts in the fit-out, maintain and operate segments; regional contractors; local trades; and consumers. The mix of our customers and the resilience of their end-user markets - such as facilities management, airports and retail and our lack of exposure to “ground-up” construction – we believe underpinned our performance in the financial year 2013.

We continued to invest in the size and quality of our rental fleet, network, infrastructure and systems with a total investment of £38 million compared to £26 million in 2012. This investment was made across all our businesses and included additional capital to grow our rental fleets as well as develop our brand, our operating network and IT infrastructure. A further £25.3m of tangible fixed assets was added through business acquisitions.

We strive to be number one or two in our key markets and deliver industry-leading return on assets through optimising our branch network, implementing operational efficiency, investing in people and systems and delivering added-value services. In 2013, we acquired three businesses: specialist powered access provider, UK Platforms; visual signboard company, MTS in Ireland and cleaning equipment technical services provider, TecServ. We also completed the integration of ABird, which we had acquired at the end of 2012.

Net cash inflow from operating activities increased by £3 million to £42 million and we took advantage of our liquidity to remove potential property liabilities of £2 million from our non-trading properties.

In 2013, we achieved a return on assets of 27% (2012: 20%), revenue of £226 million (2012: £182 million) and Adjusted EBITDA of £55 million (2012: £40 million). This performance was achieved in challenging market conditions. Expected improvements in the economies in the United Kingdom and Ireland give us confidence in continuing to deliver growth.

We continue to ensure that we maintain stringent governance and control of all areas of our business. Strategically, we continue to follow the five consistent objectives of our business plan (optimise the network; build sustainable revenue; drive operational efficiency; invest in people and technology; and develop services) and ensure that all of our activities are driven by customer demand.

In October 2013, the European Rental Association, working with IHS Global Insight, estimated that the UK equipment hire market (without operators) would grow by 6.1% between 2012 and 2013. We believe that our results have demonstrated a significant outperformance of this market estimate.

Business overview, strengths and strategies

Overview

We are a leading provider of tool and equipment hire and related services in the United Kingdom and Ireland. We focus on the “maintain” and “operate” segments of the tool and equipment hire market, as opposed to providing large plant and other heavy machinery and equipment geared to heavy construction activities in the “new build” market segment. This is because we believe that the “maintain” and “operate” segments offer us greater opportunities to provide value added services and generate better and more stable returns. We believe that within our target segments of the market we are the second largest provider of tool and equipment hire and related services in the United Kingdom and Ireland based on revenues. We believe that we are also the second largest provider of powered access equipment in the United Kingdom based on fleet size.

We cater to a long standing, loyal and diversified customer base built over more than 50 years, comprising over 30,000 “live” accounts. Our customers range from large, blue chip companies to smaller, local businesses in, among others, the facilities management, retail and commercial fit out, property services and infrastructure customer segments throughout the United Kingdom and Ireland. We believe that in excess of 90% of our total turnover is generated from business to business or B2B customers. We operate from over 250 locations with a delivery fleet of over 375 commercial vehicles and have approximately 2,660 employees.

We complement our offering of tool and equipment hire with a range of value added services such as those that we provide under our HSS OneCall, HSS Outsource and HSS Training brands. We believe that these additional services help differentiate us from our competitors, embed us more deeply with our customers, capture more of our customers’ potential spending and establish a “one stop shop” for our customers. We also offer specialist rental equipment under our brands, ABird and UK Platforms, which are complementary to our core business. Our extensive offering enables us to cross sell our core and specialist products and services to our customers thereby enabling us, we believe, to meet their requirements to a greater extent than many of our competitors. The key products and services that we offer our customers across our HSS Hire, ABird and UK Platforms businesses are summarised below.

Our core business:

- HSS Hire: Under our HSS Hire business we offer an extensive range of tools and equipment to our customers, across approximately 1,600 product lines and 2,100 resale lines within 23 equipment categories, including access, powered access, lifting and handling, heating, cooling and drying, lighting and power, breaking and drilling and site works. Our core business also consists of the provision of certain value added services such as rehire under our HSS OneCall brand and services relating to the long term supply, maintenance and management of equipment under our HSS Outsource brand. HSS Hire, HSS OneCall and HSS Outsource together accounted for £204.2 million, or 86%, of our pro-forma turnover for the 52 week period ended 28 December 2013.

Our primary specialist businesses:

- ABird: In October 2012, we acquired ABird, a provider of temporary power generation facilities and associated products and services that complements our core offering, and is of strategic importance to our customers. ABird operates from 11 depots across the United Kingdom with a specialist sales force, sharing a common back office platform with our HSS Hire business. ABird accounted for £8.0 million, or 3%, of our pro-forma turnover for the 52 week period ended 28 December 2013.

- UK Platforms: In June 2013, we acquired UK Platforms, our specialist powered access business which, combined with the powered access operations of our HSS Hire business, has created the second largest provider of powered access equipment in the United Kingdom based on fleet size. UK Platforms operates through a network of 10 depots across the United Kingdom with a specialist sales force, sharing a common back office platform with our HSS Hire business. UK

Platforms accounted for £20.4 million, or 9%, of our pro forma turnover for the 52 week period ended 28 December 2013.

- HSS Training: We provide specialist training under our HSS Training brand. Our specialist training business is aimed at meeting the training requirements of our customers, offering over 240 industry recognised technical and safety courses at 26 training venues throughout the United Kingdom and Ireland. HSS Training accounted for £4.7 million, or 2%, of our pro-forma turnover for the 52 week period ended 28 December 2013.

With a geographical footprint comprising over 250 locations throughout the United Kingdom and Ireland, we believe that we have the ability to serve our customers "anytime, anywhere". Our core HSS Hire network comprises a national distribution centre, 10 regional distribution centres, 25 local distribution centres and over 200 selling branches and locations, all connected through our hub and spoke distribution model. In addition, our specialist businesses operate from 48 locations, some of which are shared with our other businesses.

We believe that our HSS brand has the strongest recognition in the markets in which we operate. The products and services that we provide are often critical to the business operations of our customers. As a result, our customers are selective about the suppliers with which they work and typically seek suppliers which have a well established reputation for trust and quality and the ability to meet their requirements at short notice. We believe we are also well regarded by our customers for our safety management standards, service levels and asset availability which, in our experience, are the most significant criteria based on which customers select their equipment rental provider.

We have a strong focus on optimising our deployment of capital. This has resulted in our being selective as to the areas of the equipment rental market that we enter, avoiding sectors which we believe will not have attractive returns. Our focus on capital efficiency has also driven us to implement important industry innovations in recent years. For example, we have focused on improving utilisation of our equipment fleet by overhauling our logistics and distribution network to develop our hub and spoke distribution model. This model is designed to ensure that we can increase the utilisation of our equipment fleet by providing overnight redistribution and next day availability to our customers, through each of our branches without requiring us to keep large stocks of equipment at each branch location.

We have also developed innovative technology aimed at enhancing productivity, customer retention and the return on our assets. For example, we have introduced remote fleet management technology into our ABird hire fleet, which allows the remote monitoring of our power generators through the use of SIM cards that transmit technical and performance data to our IT system and our customers in real time. We believe that this technology will result in operational savings for our customers and enhance the productivity of our engineers. We are also in the process of installing "Activ Shield Bar" technology in our powered access fleet, which is designed to provide users with additional operating safety features which, we believe, will improve demand and utilisation. In addition, we have developed a specialised refurbishment centre with the aim of extending the useful life of certain assets and therefore reducing the level of replacement purchases.

Our strengths

Leading market positions in attractive, resilient markets with a well invested asset base

We are a leading provider of tool and equipment hire and related services in the United Kingdom and Ireland. We focus on the "maintain" and "operate" segments of the tool and equipment hire market, as opposed to providing large plant and other heavy machinery and equipment geared to heavy construction activities in the "new build" market segment. This is because we believe that the "maintain" and "operate" segments offer us greater opportunities to provide value added services and generate better and more stable returns. We believe that within our target market segments we are the second largest provider of tool and equipment hire and related services in the United Kingdom and Ireland based on revenues. We believe that we are also the second largest provider of powered access equipment in the United Kingdom based on fleet size.

We provide an extensive in house range of high quality tools and equipment designed to meet the needs of our customers with a combined fleet net replacement value of approximately £186 million as at 28 December 2013. We are able to expand on this in house offering with minimal capital outlay by rehiring equipment to our customers from third-party hire providers through our HSS OneCall business.

Our leading market positions are underpinned by a number of competitive advantages. These include our size and scale, national reach and presence, broad service offering, innovation capabilities, long standing customer relationships and reputation for quality, reliability and consistency. As a market leader, we are a key partner to our large customers, who tend to work only with a few select suppliers and value our logistical and technological leadership as well as our ability to deliver fully customised services “anywhere, anytime” through our “one stop shop” set up. For example, we have collaborated with some of our customers to develop an innovative supply chain model whereby they promote us as a preferred supplier to their sub-contractor base on commercial terms and service levels that have been agreed in advance. As a result, these customers benefit from our consistently high service levels and competitive pricing while we, in turn, benefit from their continued loyalty and repeat business. We have successfully implemented this model with some of our leading customers including Sainsbury’s and Heathrow Airports Limited.

We have been recognised as the market leading brand for tool and equipment hire in the United Kingdom. For example, we were recognised as the European large rental company of the year at the 2011 European Rental Awards, for the most outstanding contribution to the industry by a large rental company. We were also recognised as the UK tool and equipment hire company of the year in 2012 by Hire Association Europe for a consistent record of delivery, high standards of service, clear systems and procedures for health and safety and the highest standards of professionalism in the industry. We also believe our leading market positions give us a strategic advantage in pursuing attractive acquisition opportunities, as equipment rental businesses which are contemplating a sale of their business are more likely to contact us rather than, or prior to, our smaller or lesser known competitors.

Diversified operations

Our business operations benefit from diversity at various levels including, among others, a broad and diverse customer base, a diverse service offering, various end markets and an extensive geographical network.

- Diverse customer base: We have over 30,000 “live” accounts, ranging from customers we classify as key accounts that offer the potential to contribute over £100,000 a year in revenues; regional customers who typically contribute between £20,000 and £100,000 a year in revenues; and our local customers who typically generate less than £20,000 a year in revenues. While our top 20 customers generated approximately 16% of our turnover for the 52 week period ended 28 December 2013, no single customer generated over 3% of our turnover during the period. We estimate that our key account customers typically generate approximately 30% of our annual turnover, our cash customers typically generate approximately 10% of our annual turnover and our regional and local customers typically generate our remaining annual turnover.

- Diverse product and service offering: With a strong presence in both the core equipment and specialist rental market coupled with our wide product range, we are able to offer a “one stop shop” to our existing and potential equipment hire customers. Our diverse offering, consisting of approximately 1,600 product lines and 2,100 resale lines across 23 equipment categories, has enabled us to satisfy our customers’ needs, often in a single customised package. Moreover, our expertise has enabled us to sell multiple add on services to our customers. Our broad offering and our growing presence in specialist rental markets also protects us against a decline in demand for any one of the product areas or businesses we operate.

- Diverse end markets: Our customers’ businesses range from facilities management (e.g., MITIE) to retail (e.g., Sainsbury’s) and commercial fit out (e.g., ISG), property (e.g., Otis), utilities and waste (e.g., Suez), infrastructure (e.g., Heathrow Airports Limited) and energy services markets (e.g., Vestas), which has helped us to withstand adverse conditions in any single market segment. A significant portion of our revenues are attributable to customers which undertake maintain and operate projects within the wider market, which has historically exhibited resilience and consequently more predictable revenues.

High customer loyalty driven by differentiated service model

Historically, we have won new customers and been successful in maintaining the loyalty of our existing customers by utilising our knowledge of their requirements together with our ability to offer higher value added services. To provide our customers with a “one stop shop”, we have developed a range of complementary, value added specialist services. For example, our HSS OneCall business has partnered with over 400 suppliers to make equipment we do not own available to our customers, which has enabled us to be a single source of supply to our customers. This enables us to focus our investment in the areas of highest demand and financial return while allowing us to offer our customers the broadest possible range of tools and equipment. Another value added service that we offer our customers is specialist training through HSS Training, including courses tailored to their requirements. Our HSS Outsource business offers customers long term equipment supply, maintenance and management services. HSS Outsource generates recurring revenues and helps us to grow our presence in new, non-traditional equipment rental markets. For example, our Reintec business, which specialises in the provision of cleaning equipment to the contract cleaning market, has helped us penetrate a new market for equipment rental.

We believe that our strong and stable base of suppliers has also been a significant factor in helping us serve our customers’ requirements. Our strong relationships with key equipment suppliers notably in the powered access, power generation and drilling and breaking categories have enabled us to benefit from favourable supply terms and to develop innovative solutions for our customers. For example, in collaboration with our suppliers, we have launched remote fleet management technology in our ABird generator fleet and “Activ Shield Bar” technology in our powered access fleet.

We believe that a combination of these factors has helped us establish long standing relationships with our customers, a number of which have been with us for over 15 years, particularly among our key and regional customer accounts.

Capital efficient business model

Many of the measures that we have implemented over the last several years have been motivated by our desire to maintain and promote capital efficiency, which is the cornerstone of our operational philosophy and we believe differentiates our operations from those of our industry peers. Our focus on capital efficiency has enabled us to deliver industry-leading returns on assets. Our returns on assets for the 52 week periods ended 28 December 2013, 29 December 2012 and 31 December 2011, were 27%, 20% and 21%, respectively.

We adopt a disciplined approach to capital expenditure, managing our equipment fleet through our centralised capital procurement team. We are demand led in planning our inventory and our capital expenditure decisions. In addition, through our refurbishment facilities in Manchester, we have been able to implement measures to extend equipment life, thereby reducing our equipment replacement costs. Since 2010, when we opened our refurbishment centre in Manchester, the unit has grown in size and scope and in 2013 we refurbished equipment with a replacement value of approximately £5.5 million for about 27% of the replacement cost, representing capital expenditure savings in excess of £4 million.

Our hub and spoke logistics and distribution network increases the use of our asset fleet. The network has enabled us to increase utilisation rates by allowing our branch networks to share a floating inventory of hire stock by efficiently moving equipment between our locations in the United Kingdom. As a result, our range of tools and equipment can be made available to our customers twenty four hours a day, seven days a week, throughout our network. The hub and spoke network has also enabled us to centralise our stock maintenance and repair, with the majority now undertaken in 10 specialist maintenance and repair depots. This has helped us to reduce offline inventory and enabled our local branches to operate with substantially lower staff and property overheads and to focus their activity on sales and customer services. In addition, we maintain a centralised IT system which tracks all customer, contract, equipment fleet, maintenance and stock data and enables us to improve our capital efficiency through demand forecasting, more efficient pricing and operational productivity.

Strong distribution network

We operate from over 250 locations throughout the United Kingdom and Ireland, which we believe gives us the ability to serve our customers “anytime, anywhere”. Our core HSS Hire network comprises a national distribution centre, 10 regional distribution centres, 25 local distribution centres and over 200 selling branches and locations including a number of on-site facilities, all connected through our hub and spoke distribution model. Our specialist businesses operate from 48 locations, some of which are shared with our other businesses.

We have designed our distribution network so that we can provide customers with consistent levels of service. Within our HSS Hire brand, we have centralised the majority of our transport to 35 locations and maintenance to 10 of our locations. We believe that our extensive network gives us a national reach with a widespread local presence, which allows us to better serve our customers wherever they operate. We believe that we are able to maintain and further develop these relationships, as well as attract new customers, by being able to offer greater expertise and a wider and more comprehensive range of tools and equipment for hire than those of smaller competitors whose operations are more limited in scope than ours. We also believe that this combination of local presence with access to customer support and a wide product range enables us to retain customers and, in turn, helps us drive our long term profitability. Our hub and spoke system also allows us to open branches with a lower investment level than if each branch was required to maintain a large, stand-alone fleet and to manage its own transport and distribution, making it possible to build our network, access new areas and expand our geographical footprint further than would be sustainable by a conventional model.

Strong and experienced management team and shareholder support

Our senior management team is led by our chief executive officer, John Christopher Davies, who has extensive experience in managing multi-site businesses across both the retail and trade sectors, integrating acquisitions and rationalising central costs. Our chief financial officer, John Gill, shares a similar breadth and depth of experience. The other members of our senior management team, including our business unit leaders and senior function leaders, provide us with a range of experience from within the hire industry as well as from other industries, embodying a breadth of capability and disciplines. We believe that it is owing to the business initiatives conceptualised and implemented by our senior management that we have been able to increase our turnover from £167.8 million for the 52 week period ended 1 January 2011 to £225.8 million for the 52 week period ended 28 December 2013 and our Adjusted EBITDA from £41.2 million for the 52 week period ended 1 January 2011 to £54.8 million for the 52 week period ended 28 December 2013. Our management incentives are aligned with our long term goals, with a broad base of senior management holding a sizeable equity stake of approximately 21% in the Company. We also benefit from the extensive market expertise, business relationships and ongoing strong support of our principal shareholder, Exponent.

Our strategies

Continue to promote organic growth driven by customer demand

We intend to continue to focus on organic growth and improved financial performance by expanding our business, primarily by utilising our national distribution network. Having accomplished a transformation of our logistics and distribution network, we believe that we are well positioned to benefit from the growth opportunities that it offers. We believe our distribution network will help us achieve higher fleet utilisation, increased productivity and better service levels. Supported by the local reach of our network, and its scalability, we also intend to introduce additional low cost branches in new locations, focused on London and the South East of England, to increase our market presence and challenge the market share of local, incumbent competitors.

In addition, we intend to continue our organic growth through a combination of customer acquisition and an increase in the share of spend from our existing customers. We intend to achieve these goals by continuing our investment in our rental fleet and growing the range of our additional services. For our newly acquired specialist businesses, ABird and UK Platforms, we plan to continue to expand their branch network and geographical footprint across the United Kingdom and Ireland to address a larger customer base. Simultaneously, we intend to utilise the broad product range of our HSS Hire brand to cross sell additional products and services to their growing customer base. We believe that our HSS Outsource business is particularly well positioned to increase its market share as we continue to grow our presence in a formerly untapped rental market. We also intend to grow our HSS OneCall and HSS Training businesses, which are asset light and provide the opportunity to increase our profit margins and capital returns by growing our offering of these higher value added businesses.

Continue to deliver strong capital returns and to improve productivity

We seek to deliver consistent returns on capital through increasing profitability, primarily by driving revenue growth based on our existing platform, which we believe is operationally scalable. We continually look to improve returns through cost efficiency and more attractive pricing terms (by managing discounts offered to customers) and through increased capacity utilisation (leveraging our hub and spoke distribution model). Other cost saving initiatives include seeking to control our variable costs (primarily labour costs, fuel costs and the cost of spare parts) through process improvements. We plan to continue to reduce fixed and semi fixed costs (primarily the costs associated with our branch network) through the relocation of some of our branches to lower cost properties as our leases expire. We also believe there is significant opportunity for us to leverage our existing operating capabilities across our group. We intend to continue to cross sell our products and services from all of our locations and, to that end, have established five ABird branches at our existing HSS Hire locations and intend to continue to broaden the reach of our specialist businesses by exploiting the extensive presence of our HSS Hire business. Further, we intend to effectively integrate the talent pool of our engineers, currently individually assigned to each of our three main brands, to improve the efficiency of our overall operations and our customer service. We believe that generating additional revenues from our existing platform will, when combined with our cost saving initiatives, result in improved margins and help us to maintain our industry leading return on assets, which was 27% for the 52 week period ended 28 December 2013.

Continue to focus on employee development programmes

We intend to extend the training and development offered by the HSS Academy that we launched in 2013, which we believe is the first of its kind in the United Kingdom equipment rental market. HSS Academy is a dedicated in house training centre providing residential courses for our sales employees. We intend to extend its scope and also to train our operational employees. We believe this provides us with the foundation for regular improvement in the skills and capabilities of our employees and the range of benefits that we can, as a result, offer our customers, all of which we believe will facilitate growth.

Increase cash flows and reduce financial leverage

We remain focused on increasing our cash flows by improving our capital efficiency, increasing the utilisation of our rental fleet and expanding our equipment refurbishment capabilities. We believe that growing our revenue and improving our operating efficiency will enable us to reduce our financial leverage over time by increasing our cash generation and EBITDA. Moreover, we intend for our acquisition strategy to support our organic growth plans and, as we expect to fund our future strategic acquisitions through our new debt agreements, we do not expect our acquisition strategy to prevent us from reducing our financial leverage.

Continue to complement and accelerate our growth through strategic acquisitions

The market for tool and equipment hire remains highly fragmented, presenting us with attractive acquisition opportunities. We regularly evaluate opportunities to acquire businesses in order to strengthen our competitive position. We make acquisition decisions centrally and pursue opportunities that complement our organic growth plans and strategic goals on terms acceptable to us. We believe that we have historically demonstrated a strong track record in identifying, executing and integrating acquisitions while remaining focused on our financial objectives. We intend to continue to capitalise on this experience to grow through select bolt on acquisitions, for example, through enhancing our geographical footprint within the United Kingdom and Ireland.

History

We were founded in 1957 as The Hire Service Company. We expanded to six shops by the late 1960s, when we were acquired by the scaffolding conglomerate, Scaffolding Great Britain, and merged with its eight tool rental shops to form Hire Service Shops Limited or HSS. We continued to grow organically and by acquisitions and were sold to the Mowlem Group ("Mowlem") in the 1980s. Mowlem continued the expansion of our operations until 1993 when we were sold to the Davis Service Group. In 2004, 3i completed a private equity backed management buy in of our business from Davis Service Group, following which we initiated a simplification of our corporate structure, an expansion of our business offering and the redesign of our geographic footprint.

In 2007, we were acquired by a consortium of investors including Och Ziff and Perry Capital, and continued our focus on implementing operational efficiencies and growing our key customer accounts. The Company was incorporated as a private company limited by shares under the laws of England and Wales in connection with this acquisition.

In October 2012, we were acquired by Exponent. Under the ownership of Exponent, we have continued to invest in our technology platforms and in strategic accretive acquisitions that support our organic growth plan, including the acquisitions of ABird and UK Platforms in October 2012 and June 2013, respectively.

Recent developments

At the end of the financial year 2013, we commenced work on our inaugural issue of the Notes, which was successfully completed on 6 February 2014. This enabled us to improve our capital structure by paying down our existing senior facilities and a portion of our shareholder loans.

Alongside the Notes offering, we secured a £60 million Revolving Credit Facility providing liquidity to meet our future investment and development needs.

On 31 March 2014, we acquired Apex Generators Ltd. Apex Generators is a specialist generator hire business operating primarily across Scotland with customers in the construction, house-building, event, industrial, marine and offshore sectors. The acquisition was undertaken to support our existing specialist power division, which includes the ABird business and to enable us to better service a wider geographical area. It will also give both ABird and Apex greater ability to fulfil national power solution contracts. We plan to retain the Apex brand whilst investing in the business, which will include installing remote fleet management technology where possible to the Apex fleet.

Summary consolidated financial and other data

The following tables present our summary historical consolidated financial information and other data for the periods ended and as at the dates indicated below.

The historical consolidated profit and loss and balance sheet data as at and for the 52 week periods ended 31 December 2011, 29 December 2012 and 28 December 2013 presented below have been extracted or derived from the audited consolidated financial statements of the Company as at and for the 52 week periods ended 31 December 2011, 29 December 2012 and 28 December 2013, respectively, including the related notes thereto, which are included elsewhere in this annual report.

The cash flow data presented below for the 52 week periods ended 29 December 2012 and 28 December 2013 respectively have been extracted from our audited consolidated financial statements as at and for the 52 week period ended 28 December 2013, which is included elsewhere in this report.

The historical consolidated cash flow data presented below for the 52 week period ended 31 December 2011 has been extracted or derived from the audited consolidated financial statements for the 52 week period ended 31 December 2011 of Hero Topco, which are included elsewhere in this annual report. For a description of the principal differences between Hero Topco's and the Company's cash flow information, see "Presentation of financial and other information". Each of these statements has been prepared in accordance with UK GAAP.

The results of operations and other financial and operating information for prior years are not necessarily indicative of the results to be expected for the full year or any future period. This financial information should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this annual report and discussed in "Presentation of financial and other information", and "Operating and financial review".

	52 week period ended		
	31 December 2011	**29 December 2012[1]**	**28 December 2013**
(in millions of £)			
Consolidated profit and loss data:			
Turnover	**177.2**	**181.8**	**225.8**
Cost of sales	(53.7)	(60.2)	(73.4)
Gross profit	**123.5**	**121.6**	**152.4**
Administrative expenses	(93.7)	(97.2)	**(109.9)**
Distribution expenses	(26.0)	(23.6)	**(28.7)**
Other operating income	1.1	1.2	1.0
Operating profit	**4.9**	**2.0**	**14.8**
Loss from share in associate undertaking	(0.0)	—	-
Total operating profit	**4.9**	**2.0**	**14.8**
(Loss)/profit on sale of fixed assets	0.1	(0.7)	(0.3)
Profit on ordinary activities before interest and taxation	**5.0**	**1.3**	**14.6**
Interest receivable and similar income	0.0	0.0	**0.0**
Interest payable and similar charges[2]	(23.9)	(18.4)	(14.3)
Profit/(Loss) on ordinary activities before taxation	**(18.9)**	**(17.0)**	**0.3**
Tax on loss on ordinary activities	(0.8)	0.5	(1.4)
Loss for the period	**(19.7)**	**(16.6)**	**(1.1)**

	As at 31 December 2011	**As at 29 December 2012[1]**	**As at 28 December 2013**
(in millions of £)			
Consolidated balance sheet data:			
Intangible fixed assets	117.2	112.9	**110.5**
Tangible fixed assets	56.1	65.7	101.0
of which: materials and equipment held for hire	*34.5*	*43.7*	*77.3*
Current assets	59.6	56.5	76.5
of which: trade debtors	*34.8*	*40.0*	*53.2*
Cash	*4.1*	*1.5*	*2.9*

	As at 31 December 2011	As at 29 December 2012[1]	As at 28 December 2013
Total assets[3]	**232.9**	**235.1**	**288.0**
Creditors: amounts falling due within one year[4]	(201.6)	(43.5)	(62.3)
of which: trade creditors	*(16.5)*	*(20.3)*	*(29.5)*
Creditors: amounts falling due after more than one year[4]	(204.0)	(215.6)	(249.7)
Provisions for liabilities and charges	(5.8)	(7.4)	(8.4)
Equity shareholders' deficit	**(178.5)**	**(31.3)**	**(32.4)**

	52 week period ended		
	31 December 2011[5]	29 December 2012	28 December 2013
	Hero Topco	Company	Company
(in millions of £)			
Consolidated cash flow data:			
Net cash inflow from operating activities	**37.4**	**38.7**	**41.8**
Net cash outflow from returns on investments and servicing of finance	(10.0)	(19.7)	(9.7)
Taxation (paid)/received	0.1	—	(1.5)
Net cash outflow from capital expenditure and financial investment	(26.3)	(25.3)	(28.7)
Net cash outflow from acquisitions and disposals	—	(7.3)	(26.4)
Net cash inflow/(outflow) before use of liquid resources and financing	**1.2**	**(13.6)**	**(24.5)**
Net cash inflow from management of liquid resources	0.4	—	-
Net cash inflow/(outflow) from financing	(3.1)	7.0	29.8
Increase/(decrease) in cash	**(1.5)**	**(6.6)**	**5.4**

	As at and for the 52 week period ended		
	31 December 2011	29 December 2012[1]	28 December 2013
(in millions of £, except for percentages and ratios or unless otherwise noted)			
Other operating metrics:			
Number of trading branches[6]	227	233	245
Average turnover per trading branch (in '000 of £)[7]	777	814	935
Return on assets[8]	21%	20%	27%
Other historical and pro forma financial data:			
Third-party debt[9]	212.2	139.9	173.0
Cash	4.1	1.5	2.9
Net third-party debt[10]	208.2	138.4	170.1
Capital expenditure[11]	25.8	26.3	38.0
EBITDA[12]	38.4	34.6	50.5
Adjusted EBITDA[13]	42.1	40.4	54.8
Pro forma Adjusted EBITDA[13]			5
Pro forma turnover[14]			23

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(1) The historical consolidated financial information for the 52 week period ended 29 December 2012 has been extracted or derived from the audited revised consolidated financial statements of the Company as at and for the 52 week period ended 29 December 2012. For a description of the revisions to the audited consolidated financial statements of the Company as at and for the 52 week period ended 29 December 2012, see footnote (4) below.

(2) Includes interest expense related to our Subordinated Shareholder Loans, as well as interest payable under our prior senior facilities agreements. This item also includes amortisation of issue costs (£1.1 million in 2013; £2.2 million in 2012 and £0.5 million in 2011).

(3) Represents the aggregate of our intangible fixed assets, tangible fixed assets, investments and current assets.

(4) Prior to our acquisition by Exponent in 2012, all shareholder loans were classified as short term debt. Following our acquisition by Exponent, our Subordinated Shareholder Loans were reclassified as long term debt to be accounted for under the line item "Creditors: amounts falling due after more than one year" rather than under the line item "Creditors: amounts falling due within one year". Our balance sheet as at 28 December 2013 reflects this reclassification and presents our Subordinated Shareholder Loans under "Creditors: amounts falling due after more than one year". Our balance sheet as at 29 December 2012 was recently restated to reflect this classification. For a description of our Subordinated Shareholder Loans, see "Description of other indebtedness—Subordinated Shareholder Loans".

(5) Prior to September 2013, the Company did not prepare audited cash flow statements, benefiting from an exemption available under the FRS 1. Accordingly, the historical consolidated cash flow data presented in this annual report for the 52 week period

ended 31 December 2011 has been extracted or derived from the audited consolidated financial statements of Hero Topco as at and for the 52 week period ended 31 December 2011, including the related notes thereto. For a description of the principal differences between Hero Topco's and the Company's cash flow information, see "Presentation of financial and other information". The historical cash flow data presented in this annual report for the 52 week periods ended 29 December 2012 and 28 December 2013 have been extracted or derived from our audited consolidated financial statements as at and for the 52 week period ended 28 December 2013.

(6) Number of trading branches is given at the end date of the period, and does not include our "dark" stores. As at 28 December 2013 we held leases to 95 "dark" stores, which are our closed branches awaiting disposal, of which approximately 52% are either fully or partially sublet.

(7) Average turnover per trading branch represents the turnover for the relevant period divided by the average number of trading branches in operation during that period.

(8) Return on assets is defined as Adjusted EBITA divided by the aggregate of average total assets (excluding goodwill and intercompany debtors) for the period less average current liabilities (excluding intercompany creditors) for the period. Average total assets and average current liabilities have been calculated based on the arithmetical average of the opening and closing balance sheet positions of assets and liabilities, respectively, for the applicable period. See "Presentation of financial and other information—Non-UK GAAP financial information".

(9) We define third-party debt as debt from our (i) bank loans and other borrowings excluding debt issue costs, (ii) bank overdrafts, (iii) obligations under our finance leases and (iv) accrued interest.

The following table presents the breakdown of our total third-party debt for the periods indicated.

	As at		
	31 December 2011	**29 December 2012**	**28 December 2013**
(in millions of £)			
Bank overdraft	—	4.0	—
Obligations under finance leases	0.4	5.1	8.4
Accrued interest	5.9	0.7	2.0
Bank and other borrowings	203.9	124.5	156.4
Debt issue costs	2.0	5.5	6.2
Total third-party debt	**212.2**	**139.9**	**173.0**

(10) We define net third-party debt as third-party debt less cash.

(11) Capital expenditure represents additions to our tangible fixed assets during the applicable periods as set forth in the notes entitled "Tangible Fixed Assets" to our financial statements included in this annual report.

(12) We define EBITDA as income or loss for the financial period before interest payable and similar charges, interest receivable and similar income, tax on ordinary activities, loss or profit on sale of fixed assets and depreciation and amortisation. In evaluating EBITDA, you should be aware that, as an analytical tool, EBITDA is subject to certain limitations. See "Presentation of financial and other information—Non-UK GAAP financial information". EBITDA is not a measure of performance under UK GAAP and you should not consider EBITDA as an alternative to (a) operating profit or net profit for the period as a measure of our operating performance, (b) net cash flows from operating activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under UK GAAP.

The following table provides a reconciliation of EBITDA to income (loss) for the periods indicated:

	52 week period ended		
	31 December 2011	**29 December 2012[1]**	**28 December 2013**
(in millions of £)			
Loss for the financial period	(19.7)	(16.6)	(1.1)
Tax on ordinary activities	0.8	(0.5)	1.4
Interest payable and similar charges	23.9	18.4	14.3
Interest receivable and similar income	(0.0)	(0.0)	(0.0)
Loss/(profit) on sale of fixed assets	(0.1)	0.7	0.3
Depreciation and amortisation	33.5[a]	32.6	35.7
EBITDA	**38.4**	**34.6**	**50.5**

(a) For the 52 week period ended 29 December 2012, we changed our calculation of EBITDA in respect of depreciation. The EBITDA that we present for the 52 week periods ended 1 January 2011 and 31 December 2011 reflect this change and have been adjusted to exclude depreciation of £2.2 million and £2.3 million, respectively, from our reported EBITDA for the 52 week periods ended 1 January 2011 and 31 December 2011, respectively.

(13) We define Adjusted EBITDA as EBITDA adjusted to remove the effects of certain exceptional costs, which we believe are not indicative of our underlying operating performance. Adjusted EBITDA is not a measure of performance under UK GAAP and you should not consider Adjusted EBITDA as an alternative to (a) operating profit or net profit for the period as a measure of our operating performance, (b) net cash flows from operating activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under UK GAAP.

In evaluating Adjusted EBITDA, you should be aware that, as an analytical tool, Adjusted EBITDA is subject to certain limitations. See "Presentation of financial and other information—Non-UK GAAP financial information". In addition, you should be aware that we are likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. For further information, see the discussions on exceptional items in our financial statements included elsewhere in this annual report.

We also present pro forma Adjusted EBITDA in this annual report. Pro forma Adjusted EBITDA represents Adjusted EBITDA after giving pro forma effect to the acquisitions of UK Platforms and TecServ as if they had occurred on 30 December 2012 in order to reflect the impact of the operations of UK Platforms and TecServ for the full 52 week period ended 28 December 2013. Our pro forma Adjusted EBITDA represents an arithmetical addition of UK Platforms' EBITDA for the 26 week period prior to its acquisition on 28 June 2013 and TecServ's EBITDA for the 47 week period prior to its acquisition on 22 November 2013 to our consolidated Adjusted EBITDA for the 52 week period ended 28 December 2013. Our historical consolidated Adjusted EBITDA for the 52 week period ended 28 December 2013 includes the results of operation of UK Platforms for the 26 week period following its acquisition and of TecServ for the 5 week period following its acquisition. We have derived UK Platforms' EBITDA for the 26 week period prior to its acquisition from its unaudited internal management accounts for that period. We have derived TecServ's EBITDA for the 47 week period prior to its acquisition from its unaudited internal management accounts for that period. For a description of our recent acquisitions, see "Operating and financial review—Key factors affecting our results of operations—Acquisitions".

The following table provides a reconciliation of pro forma Adjusted EBITDA and Adjusted EBITDA to EBITDA for the periods indicated:

	52 week period ended		
	31 December 2011	**29 December 2012[1]**	**28 December 2013**
(in millions of £)			
EBITDA	**38.4**	**34.6**	50.5
Exceptional costs[a]	3.7	5.8	4.3
Adjusted EBITDA	**42.1**	**40.4**	**54.8**
UK Platforms EBITDA for the period prior to its acquisition[b]			3.1
TecServ EBITDA for the period prior to its acquisition[c]			0.1
Pro forma Adjusted EBITDA			**57.9**

(a) Our exceptional costs include certain transaction, restructuring and redundancy costs. Transaction costs consist of fees and expenses relating to our acquisitions of UK Platforms and TecServ in 2013. Restructuring costs consist of the cost of "dark" stores which are closed branches awaiting disposal. These branches were mainly closed as part of restructuring and efficiency improvement programmes undertaken between 2004 and 2008. These costs are primarily made up of lease expenses, as well as upfront costs of lease surrenders where we have chosen to reduce the ongoing exposure under leases in exchange for an upfront termination payment. For more information on operating lease commitments related to our "dark" stores, see "Operating and financial review—Contractual obligations". Redundancy costs consist of severance and related costs associated with the rationalisation of our operations. EBITDA and exceptional costs above do not include exceptional costs relating to our interest payable. For more information on our exceptional costs, see footnote (2) of our financial statements included elsewhere in this annual report.

(b) Represents UK Platforms' EBITDA for the 26 week period prior to its acquisition on 28 June 2013, which has been derived from UK Platforms' unaudited internal management accounts for that period.

(c) Represents TecServ's EBITDA for the 47 week period prior to its acquisition on 22 November 2013, which has been derived from TecServ's unaudited internal management accounts for that period.

The unaudited pro forma adjustments to our historical consolidated Adjusted EBITDA are based on available information and certain assumptions that we believe are reasonable. The unaudited pro forma Adjusted EBITDA is presented for information purposes only and is not intended to represent or be indicative of the results of operations or financial condition that we would have reported had the acquisitions of UK Platforms and TecServ actually occurred on 30 December 2012, and does not purport to project our results of operations or financial condition for any future period. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S X of the U.S. Securities Act, the EU Prospectus Directive or any generally accepted accounting standards. In addition, the unaudited pro forma Adjusted EBITDA presented in this annual report has not been prepared in accordance with UK GAAP, and neither the pro forma adjustments to our historical consolidated Adjusted EBITDA nor the resulting unaudited pro forma Adjusted EBITDA has been audited or reviewed in accordance with applicable auditing standards.

(14) Pro forma turnover gives pro forma effect to our acquisitions of UK Platforms and TecServ as if they had occurred on 30 December 2012 in order to reflect the impact of the operations of UK Platforms and TecServ for the full 52 week period ended 28 December 2013. Our pro forma turnover represents the arithmetical addition of UK Platforms' turnover for the 26 week period prior to its acquisition on 28 June 2013 and TecServ's turnover for the 47 week period prior to its acquisition on 22 November 2013 to our consolidated turnover for the 52 week period ended 28 December 2013. Our historical consolidated turnover for the 52 week period ended 28 September 2013 includes the results of operation of UK Platforms for the 26 week period following its acquisition and the results of the operation of TecServ for the 5 week period following its acquisition. We have derived UK Platform's turnover for the 26 week period prior to its acquisition from its unaudited internal management accounts for that period. We have derived TecServ's turnover for the 47 week period prior to its acquisition from its unaudited internal management accounts for that period. For a description of our recent acquisitions, see "Operating and financial review—Key factors affecting our results of operations—Acquisitions".

The following table provides a reconciliation of our pro forma turnover to turnover:

	52 week period ended 28 December 2013
(in millions of £)	
Turnover	**225.8**
UK Platforms turnover for the period prior to its acquisition[(a)]	9.9
TecServ turnover for the period prior to its acquisition[(b)]	1.6
Pro forma turnover	**237.3**

(a) Represents UK Platforms' turnover for the 26 week period prior to its acquisition on 28 June 2013, which has been derived from UK Platforms' unaudited internal management accounts for that period.

(b) Represents TecServ's turnover for the 47 week period prior to its acquisition on 22 November 2013, which has been derived from TecServ's unaudited internal management accounts for that period.

The unaudited pro forma adjustments to our historical consolidated turnover are based on available information and certain assumptions that we believe are reasonable. The unaudited pro forma turnover is presented for information purposes only and is not intended to represent or be indicative of the results of operations or financial condition that we would have reported had the acquisitions of UK Platforms and TecServ actually occurred on 30 December 2012, and does not purport to project our results of operations or financial condition for any future period. The pro forma financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the EU Prospectus Directive or any generally accepted accounting standards. In addition, the unaudited pro forma turnover presented in this annual report has not been prepared in accordance with UK GAAP, and neither the pro forma adjustments to our historical consolidated turnover nor the resulting unaudited pro forma turnover has been audited or reviewed in accordance with any applicable auditing standards.

Risk factors

An investment or continued investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information provided to you in this annual report, in deciding whether to invest in or continue to invest in the Notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or which are presently deemed immaterial may also harm our business and affect your investment.

This annual report contains "*forward-looking*" *statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See* "*Forward-looking statements*"*.*

Risks related to our business

An economic downturn, and resulting decreases in demand in end user markets, may adversely affect our turnover and operating results by decreasing the demand for our rental equipment and the prices we could charge.

Over the past several years, in connection with the global economic downturn and resultant decline in construction and other industrial activities, the tool and equipment hire market experienced a corresponding decline in activity and demand. Like most participants in the industry, we experienced weakness in our end markets and a decreased demand for our equipment. Although we primarily cater to the "maintain" and "operate" segments rather than the "new build construction" segment of the equipment hire market, in the event of a slowdown in the construction industry which tends to be cyclical in nature, we may experience heightened price competition from our competitors seeking to utilise their excess or idle rental equipment. Reactions such as these from our competitors could negatively affect our operating results from both a volume and margin perspective and, because many of our costs are fixed, may negatively impact our cash flow. Adverse macroeconomic conditions may impact our operations in other ways as well. For example, during the last economic downturn, we incurred costs in managing our business which in some cases, such as the ongoing costs of leases on closed down branches, continues to affect us.

We operate almost exclusively in the United Kingdom and Ireland and difficult conditions in the UK and Irish economies may have a material adverse effect on our business, financial condition and results of operations.

As we operate almost exclusively in the United Kingdom and Ireland, our success is closely tied to general economic developments in the United Kingdom and Ireland and cannot be offset by developments in other markets. Negative developments in, or the general weakness of, the UK and Irish economies and, in particular, higher unemployment, lower household income and lower consumer spending may have a direct negative impact on the spending patterns of both retail and B2B customers.

While many areas of the UK and Irish economies are improving, a slowdown in the economic recovery or worsening of economic conditions could cause further weakness in our end markets and adversely affect our revenues and operating results.

The following factors, among others, may cause weakness in our end markets, either temporarily or long term:

- a decrease in expected levels of infrastructure spending, including lower than expected government funding for economic stimulus projects;
- a decrease in the maintenance budgets of corporations or government entities;

- uncertainty regarding global, national or regional economic conditions;
- a lack of availability of credit; or
- an increase in interest rates.

A downturn in the commercial construction and industrial sectors caused by these or other factors could have a material adverse effect on our business, financial conditions, results of operations and cash flows.

Furthermore, Moody's Investor Services and Fitch Ratings Ltd. downgraded the UK's domestic and foreign currency governmental bond ratings in February and April 2013, respectively, as a result of a weaker economic and fiscal outlook. The UK government is undertaking a substantial austerity programme, with significant reductions in public service spending. The implications of the recent downgrade and the governmental austerity programme on consumer spending patterns is unknown. However, this or any other negative economic developments in the United Kingdom or Ireland could reduce consumer confidence, and thereby could negatively affect earnings and have a material adverse effect on our results. Ireland's economy too has been negatively impacted in recent years. A failure to maintain growth in the Irish economy could result in Irish public debt not falling to sustainable levels and to further downgrades in Ireland's governmental bond ratings.

In addition, any deterioration in the UK economic and financial market conditions may:

- cause financial difficulties for our suppliers, which may result in their failure to perform as planned and, consequently, create delays in the delivery of our products and services;
- result in inefficiencies due to our deteriorated ability to forecast developments in the markets in which we operate and failure to adjust our costs appropriately;
- cause reductions in the future valuations of our investments and assets and result in impairment charges related to goodwill or other assets due to any significant underperformance relative to our historical or projected future results or any significant changes in our use of assets or our business strategy;
- result in increased or more volatile taxes, which could negatively impact our effective tax rate, including the possibility of new tax regulations, interpretations of regulations that are stricter or increased effort by governmental bodies seeking to collect taxes more aggressively; or
- result in increased customer requests for reduced pricing.

Our industry is highly competitive and competition may increase.

The equipment rental industry is highly competitive and highly fragmented. Many of the markets in which we operate are served by numerous competitors, ranging from national equipment rental companies, like ourselves, to smaller multi regional companies and small, independent businesses with a limited number of locations. Competitiveness in the UK equipment rental market has led to frequent excess capacity and resultant pricing pressure. Price is a significant consideration for many customers and, as a result, we are still vulnerable to aggressive price competition. Some of our principal competitors may have greater financial resources, may be more geographically diversified and may be better able to withstand adverse market conditions within the industry. Moreover, consolidation within our industry could also intensify competition by resulting in the formation of industry participants with substantially greater financial, management or marketing resources than we have, and such competitors could utilise their substantially greater resources and economies of scale in a manner that affects our ability to compete effectively in the market. As a result of consolidation, our competitors may be able to adapt more quickly to new technologies and customer needs, devote greater resources to promoting or selling their products and services, initiate and withstand substantial price competition, expand into new markets, hire away our key employees, change or limit access to key information and systems, take advantage of acquisition or other strategic opportunities more readily and develop and expand their product and service offerings more quickly than we are able to.

In addition, our competitors may form strategic or exclusive relationships with each other and with other companies in attempts to compete more successfully against us, all of which could have a material adverse effect on our business, financial condition and results of operations.

Our operations require substantial capital expenditures, and if funds for capital expenditures are not available when needed, this could affect our service to customers and our growth opportunities.

In addition to price, we generally compete on the basis of, among other things, quality and breadth of service (including equipment availability), expertise, reliability and the size, mix and relative attractiveness of our rental equipment fleet, which is significantly affected by the level of our capital expenditure. If we are required to reduce or delay capital expenditure for any reason, the resultant decline in availability of our rental fleet may put us at a disadvantage compared to our competitors and impact our ability, in the medium term, to adequately meet customer demand. Furthermore, an inability to adequately meet customer demand may result in the loss of our customers to our competitors as well as negatively impact our brand and reputation.

Our revenue and operating results have varied historically from period to period and any unexpected periods of decline could result in an overall decline in our available cash flows, make it more difficult for us to make payments on the Notes, or could affect the trading value of the Notes.

Our revenue and operating results have varied historically from period to period and may continue to do so. We have identified below certain of the factors which may cause our revenue and operating results to vary:

- seasonal rental patterns, with rental activity tending to be lowest in the winter;
- the timing of expenditure for new equipment and the disposal of used equipment;
- changes in demand for our equipment or the prices we charge due to changes in economic conditions, competition or other factors;
- changes in the interest rates applicable to our variable rate debt, and the overall level of our debt;
- fluctuations in exchange rates or fuel costs;
- general economic conditions in the markets where we operate;
- the cyclical nature of our customers' businesses, particularly those operating in the commercial construction and industrial sectors;
- price changes in response to competitive factors;
- commodity price pressures and the resultant increase in the cost of fuel and steel to our equipment suppliers, which can result in increased equipment costs for us that we may not be able to pass through to our customers as price increases;
- other cost fluctuations, such as costs for employee related compensation and healthcare benefits;
- labour shortages, work stoppages or other labour difficulties;
- potential enactment of new legislation affecting our operations or labour relations,
- timing of acquisitions and new location openings and related costs;
- possible unrecorded liabilities of acquired companies and difficulties associated with integrating acquired companies into our existing operations; and

- possible write offs or exceptional costs due to changes in applicable accounting standards, store reorganisations, obsolete or damaged equipment or the refinancing of our existing debt.

One or a number of these factors, in addition to the factors discussed above under "*Forward-looking statements*", could cause a decrease in the amount of our available cash flows, which would make it more difficult for us to make payments on the Notes, or could affect the trading value of the Notes.

If we are unable to collect on amounts owed to us by customers, our operating results would be adversely affected.

One of the reasons some of our customers find it more attractive to rent equipment than own that equipment is the need to deploy their capital elsewhere. However, some of our customers may have liquidity issues and ultimately may not be able to fulfil the terms of their rental agreements with us. If we are unable to manage credit risk issues adequately, or if a large number of customers should have financial difficulties at the same time, our credit losses could increase above historical levels and our operating results would be adversely affected. Further, delinquencies and credit losses generally are likely to increase during economic slowdowns or recessions.

We are dependent on our relationships with key suppliers to obtain equipment and other supplies for our business on acceptable terms.

We seek to achieve cost savings through our centralisation of equipment and non-equipment purchases. However, as a result, we depend on a group of key suppliers. While we make every effort to evaluate our counterparties prior to entering into significant procurement contracts, we cannot predict the impact on our suppliers of the economic environment and other developments in their respective businesses. Insolvency, financial difficulties or other factors may result in our suppliers not being able to fulfil the terms of their agreements with us. Further, such factors may render suppliers unwilling to extend contracts that provide favourable terms to us, or may force them to seek to renegotiate existing contracts with us. Although we believe we have alternative sources of supply for the equipment and other supplies used in our business, termination of our relationship with any of our key suppliers could have a material adverse effect on our business, financial condition or results of operations in the event that we were unable to obtain adequate equipment or supplies from other sources in a timely manner or at all.

If the average age of our rental fleet increases, our operating costs may increase and we may be unable to pass along such costs to customers, impacting our results of operations.

If our rental equipment ages without a corresponding decrease in fleet utilisation, the costs of maintaining such equipment, if not replaced within a certain period of time, will likely increase. The costs of maintenance may materially increase in the future and could have a material adverse effect on our results of operations.

The costs of new equipment we use in our fleet may increase, requiring us to spend more for replacement equipment or preventing us from procuring equipment on a timely basis.

The cost of new equipment for use in our rental fleet could increase due to increased material costs to our suppliers or other factors beyond our control. Such increases could have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in customer demand could cause certain of our existing equipment to become obsolete and require us to purchase new equipment at increased costs.

Our rental fleet is subject to residual value risk upon disposition, and may not sell at the prices or in the quantities we expect.

The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- the market price for comparable new equipment;

- wear and tear on the equipment relative to its age and the effectiveness of preventive maintenance;
- the time of year when it is sold;
- the supply of similar used equipment on the market;
- the existence and capacities of different sales outlets;
- the age of the equipment, and the amount of usage of such equipment relative to its age, at the time it is sold;
- demand for used equipment;
- the effect of advances and changes in technology in new equipment models; and
- general economic conditions.

A decline in our service levels could result in a loss of customers and market share, which could harm our revenues and operating results.

Our success depends to a great degree upon retaining our customers. Our customers recognise us, among others, for our high levels of service and strong customer support. If our service levels decline, we could, as a result, experience the loss of a significant number of our customer accounts. If a large group of customers should choose to terminate or not renew their contracts with us, this could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand could have a material adverse effect on our ability to grow our business.

We employ a business model that could allow competitors to duplicate our products and services. We cannot assure you that our competitors will not attempt to copy our business model and that this will not erode our brand recognition and impair our ability to generate significant turnover.

If we do not succeed in maintaining a strong brand, our business could be materially harmed. Maintaining and enhancing the quality of our brand may require us to make substantial investments in areas such as marketing, community relations and employee training. We actively engage in print and online advertisements, targeted promotional mailings and email communications, and engage on a regular basis in public relations and sponsorship activities to promote our brand and our business. Nevertheless, factors affecting brand recognition are often outside our control, and these investments may not ultimately have their desired effects. Brand value can be severely damaged even by isolated incidents, involving us directly or involving our customers or business partners, particularly if the incidents receive considerable negative publicity, whether or not founded, or result in litigation such as claims relating to health, safety, welfare or other such matters. Our brand value could diminish significantly if any such incidents or other events erode the confidence of our customers, which could have a material adverse effect on our business, financial condition and results of operations.

The nature of our business exposes us to various liability claims which may exceed the level of our insurance.

Our business exposes us to claims for personal injury, death or property damage resulting from the use of the equipment we rent and from injuries caused in motor vehicle accidents in which our vehicles are involved. We carry insurance covering a wide range of potential claims at levels we believe are sufficient to cover existing and future claims.

In the United Kingdom and Ireland, our self-insured excess per claim for our major lines of cover, being motor and liability insurance, is nil. Our liability insurance coverage is limited to a maximum of £20 million per claim. Although we have not experienced any material losses that were not covered by insurance, our future claims may exceed the level of our insurance, and such insurance may not continue to be available at the same levels or on economically reasonable terms, or at all.

We are subject to risks associated with leasing property under long term leases.

We currently lease substantially all of our branches. The leases for our branches generally have initial terms of 5-25 years, and typically provide for renewal options in five year increments as well as for rent escalations. As a result, we are susceptible to changes in the property rental market and increases in our rent costs. The majority of our leases are “net” leases, which require us to pay all of the costs of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases early without incurring surrender charges. We extensively rationalised our branch network between 2004 and 2008 and as at 28 December 2013 we held leases to 95 “dark” stores, which are our closed branches awaiting disposal, of which approximately 52% are fully or partially sublet. We closed these branches mainly as part of restructuring and efficiency improvement programmes. While these stores remain out of use, we are responsible for their costs, which are mainly made up of lease expenses, as well as upfront costs of lease surrenders where we have chosen to reduce the ongoing exposure under leases in exchange for an upfront termination payment. If we are unable to terminate the leasehold of our “dark” stores without incurring significant additional costs or if we fail to negotiate the lease renewal of the properties that we currently have in use either on commercially acceptable terms or at all, that could have a material adverse effect our business, financial condition and results of operations.

We could be adversely affected by environmental and safety requirements, which could force us to incur significant capital and other operational costs.

Our operations, like those of other companies engaged in similar businesses, require the handling, use, storage and disposal of certain regulated materials. As a result, we are subject to the requirements of UK and Irish environmental and occupational health and safety laws and regulations. These laws regulate such issues as waste water, solid and hazardous wastes and materials, and air quality. Under these laws, we may be liable for, among other things, the costs of investigating and remediating contamination at our sites as well as sites to which we sent hazardous wastes for disposal or treatment regardless of fault, and fines and penalties for non-compliance. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and waste water from equipment washing, and store and dispense petroleum products from storage tanks located at certain of our locations.

We may not be at all times in complete compliance with all such requirements. We could be subject to potentially significant fines or penalties, as well as reputational damage, if we fail to comply with any of these requirements. We have made and will continue to make capital and other expenditures in order to comply with these laws and regulations and we have purchased insurance to cover certain environmental liabilities. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities that are not covered by our insurance coverage will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

Based on the conditions currently known to us, we do not believe that any pending or likely remediation and compliance costs will have a material adverse effect on our business. We cannot be certain, however, as to the potential financial impact on our business if new adverse environmental conditions are discovered or environmental and safety requirements become more stringent. If we are required to incur environmental compliance or remediation costs that are not currently anticipated by us, our business could be adversely affected depending on the magnitude of the cost.

We have operations throughout the United Kingdom and Ireland, which exposes us to the regulations of the United Kingdom, Ireland and the European Union. Changes in applicable laws, regulations or requirements, or our material failure to comply with any of them, can increase our costs and have other negative impacts on our business.

Our branches located across the United Kingdom and Ireland expose us to a host of different local regulations and regional regulations. These laws and requirements address multiple aspects of our operations, such as worker safety, consumer rights, privacy, employee benefits and may also impact other areas of our business, such as pricing. There are often different requirements in different jurisdictions. Changes in these requirements, or any material failure by our branches to comply with them, may increase our costs, negatively affect our reputation, reduce our business, require significant management time and attention and generally otherwise impact our operations in materially adverse ways.

Fuel costs could adversely affect our operating results.

We have a large fleet of vehicles and equipment that primarily use diesel fuel. Fuel costs have been very volatile over the last several years. Fuel prices and supplies are influenced by a variety of international, political and economic circumstances. In addition, weather and other unpredictable events may significantly affect fuel prices and supplies. We do not have hedging arrangements in place for our fuel costs and do not hedge our fuel costs annually and, as a result, an increase in fuel prices would increase our costs of doing business and lower our gross profit. Further, if we are unable to effectively pass through these price increases to our customers, that may have an adverse effect on our business, financial condition and results of operations.

Currency and interest rate fluctuations may have an impact on our business, financial condition and results of operations.

We are a UK headquartered business with our reporting currency as the pound sterling, but derived approximately 9% of our turnover in euros from branches located in the Republic of Ireland in the 52 week period ended 28 December 2013, and certain of our assets, liabilities, revenue and costs are denominated in euros. In order to include the results of operations of our Irish businesses in our consolidated financial statements, we must translate those results of operations into pounds sterling at the applicable exchange rate, which fluctuates continuously. Fluctuations in the euro pound exchange rate have had, and may continue to have, an impact on our financial condition and results of operations as reported in pounds sterling. Currency fluctuations can also have an impact on our consolidated balance sheet, particularly total equity shareholders' funds, when we translate the financial position of our Irish businesses into pounds sterling.

For a further discussion of these matters and the measures we have taken to seek to protect our business against these risks, see "Operating and financial review—Financial risk management".

Turnover of members of our management and staff and our ability to attract and retain key personnel may affect our ability to efficiently manage our business and execute our strategy.

Our business depends on the quality of, and ability to retain, our senior management and staff, and competition in our industry and the business world for top management talent is generally significant. Although we believe we generally have competitive pay packages, we can provide no assurance that our efforts to attract and retain senior management staff will be successful. The loss of services of certain members of our senior management could adversely affect our business until suitable replacements can be found. There may be a limited number of persons with the requisite skills to serve in these positions and we cannot assure you that we would be able to locate or employ such qualified personnel on terms acceptable to us or at all. In addition, we depend upon the quality of our staff personnel, including skilled engineering staff in our refurbishment and maintenance functions. Although we believe we have established competitive pay and benefit packages, as well as the right working environment for our staff, there is no assurance we can effectively limit staff turnover. A significant increase in such turnover could negatively affect our results of operations and financial performance.

Our business could be hurt if we are unable to obtain capital as required, resulting in a decrease in our revenue and cash flows.

We require capital for, among other purposes, purchasing rental equipment to replace existing equipment that has reached the end of its useful life and for growth resulting from establishing new rental locations or branches, completing acquisitions and refinancing existing debt. If the cash that we generate from our business, together with cash that we may borrow under our Revolving Credit Facility, is not sufficient to fund our capital requirements, we will require additional debt and/or equity financing. If such additional financing is not available to fund our capital requirements, we could suffer a decrease in our revenue and cash flows that could have a material adverse effect on our business. Furthermore, our ability to incur additional debt will be limited by, among other things, the covenants contained in the Indenture and the Revolving Credit Facility Agreement. We cannot be certain that any additional financing that we require will be available or, if available, will be available on terms that are satisfactory to us. If we are unable to obtain sufficient additional capital in the future, our business, results of operations and financial condition could be adversely affected.

Disruptions in our information technology systems could limit our ability to effectively monitor and control our operations and adversely affect our operating results.

Our information technology systems, including our point of sale information technology platforms, facilitate our ability to monitor and control our assets and operations and adjust to changing market conditions and customer needs. Any disruptions in these systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our assets and operations, including our delivery capabilities, in a timely manner. In addition, because our systems sometimes contain information about individuals and businesses, our failure to appropriately safeguard the security of the data we hold, whether as a result of our own error or the malfeasance or errors of others, could harm our reputation or give rise to legal liabilities, leading to lower revenues, increased costs and other material adverse effects on our results of operations.

We must continually make capital expenditure in our information technology infrastructure in order to remain competitive. We cannot assure you that in the future we will be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of our information technology infrastructure. Any failure to effectively improve or upgrade our information technology infrastructure and management information systems in a timely manner could have a material adverse effect on our results of operations.

We may make acquisitions that prove unsuccessful or strain or divert our resources.

We may seek to grow our business by acquiring other businesses. For example, we acquired ABird (a specialist provider of generator hire and ancillary services) in October 2012 and UK Platforms Limited (a specialist provider of powered access hire) in June 2013. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired business into our group.

If we make acquisitions, there can be no assurance that we will be able to generate expected margins or cash flows, or to realise the anticipated benefits of such acquisitions, including growth or expected synergies. There can be no assurance that our assessments of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. We may not be able to integrate acquisitions successfully into our business or such integration may require more investment than we expect, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or to other parties, which may impact our results of operations. The process of integrating businesses may be disruptive to our operations and may cause an interruption of, or a loss of momentum in, such businesses or a decrease in our results of operations as a result of difficulties or risks, including:

- unforeseen legal, regulatory, contractual and other issues;
- difficulty in standardising information and other systems;
- difficulty in realising operating synergies;
- diversion of management's attention from our day to day business; and
- failure to maintain the quality of services that we have historically provided.

Moreover, any acquisition may result in the incurrence of additional debt, which could reduce our profitability and harm our business.

We have not included any IFRS or US GAAP financial information in this* annual report*.

We prepare our financial statements on the basis of UK GAAP, which differs in certain significant respects from IFRS and US GAAP. We have not presented a reconciliation of our consolidated financial statements to IFRS or US GAAP in this annual report. As there are significant differences between UK GAAP, IFRS and US GAAP, there may be substantial differences in our results of operations, cash flows and financial condition if we were to prepare our financial statements in accordance with IFRS or US GAAP.

Risks related to our financial profile and structure

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Note Guarantees.

The high level of our indebtedness could have important consequences to holders of the Notes, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of interest on indebtedness, thereby reducing the availability of such cash flow for, and limiting the ability to obtain additional financing to fund, working capital, capital expenditure, acquisitions, joint ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors, to the extent that they may not be as highly leveraged; and
- increasing our cost of borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

In addition, our debt under the Revolving Credit Facility Agreement bears interest at a variable rate which is based on LIBOR plus an agreed margin. Fluctuations in LIBOR, or the occurrence of certain market disruption events may increase our overall interest burden and could have a material adverse effect on our ability to service our debt obligations.

We may be able to incur substantial additional indebtedness in the future. Although the Indenture and the Revolving Credit Facility Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement do not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture and the Revolving Credit Facility Agreement restricts, among other things, our ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or purchase or redeem our stock;
- make investments or other restricted payments;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends;
- transfer or sell assets;
- engage in transactions with affiliates;
- create liens on assets to secure indebtedness;
- impair security interests; and
- merge or consolidate with or into another company.

These covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

Our failure to comply with the covenants under the Revolving Credit Facility Agreement or the Indenture, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our financial condition, financial returns and results of operations.

The Revolving Credit Facility Agreement requires us to maintain certain minimum EBITDA levels. Our ability to meet this financial requirement could be affected by deterioration in our operating results, as well as by events beyond our control, including decreases in collections and unfavourable economic conditions, and we cannot assure you that we will be able to meet this test.

Moreover, the Revolving Credit Facility Agreement includes certain events of default (such as breach of representations and warranties and cross-payment defaults) that are in addition to the events of default set forth in the Indenture. If an event of default occurs under the Revolving Credit Facility Agreement or any other of our debt instruments and is not cured or waived, borrowings under any other debt instruments that we have outstanding, including the Notes, that contain cross acceleration or cross-default provisions may also be accelerated or become payable on demand, together with accrued and unpaid interest and other fees payable thereunder. In these circumstances, our assets and cash flow may not be sufficient to repay in full all of our indebtedness that has been accelerated, including the Notes then outstanding, which could force us into bankruptcy or liquidation. We might not be able to repay our obligations under the Notes in such an event.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, to fund working capital, and to make capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these "*Risk factors*", many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that turnover growth, cost savings and operating improvements will be realised or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. See "Operating and financial review".

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility Agreement) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and any capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes and the Revolving Credit Facility Agreement, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realised from such sale will be acceptable.

Derivative transactions may expose us to unexpected risk and potential losses.

From time to time, we may be party to certain derivative transactions, such as interest rate swap contracts, with financial institutions to hedge against certain financial risks. Changes in the fair value of these derivative financial instruments that are not cash flow hedges are reported in income, and accordingly could materially affect our reported income in any period. Moreover, economic uncertainty and the potential for financial institution failures, may expose us to the risk that our counterparty in a derivative transaction may be unable to perform its obligations as a result of being placed in receivership or otherwise. In the event that a counterparty to a material derivative transaction is unable to perform its obligations thereunder, we may experience losses that could materially adversely affect our financial condition, financial returns and results of operations.

The Issuer is a special purpose finance subsidiary that has no turnover generating operations of its own and will depend on cash from our operating companies to be able to make payments on the Notes.

The Issuer is a wholly-owned special purpose finance subsidiary of the Company with no business operations. The only significant asset of the Issuer is the Proceeds Loan made by it to Hero Acquisitions Limited in connection with the offering of the Notes. The Issuer's material liabilities include the Notes, the guarantee of obligations under the Revolving Credit Facility Agreement and any additional debt it may incur in the future. As such, the Issuer is dependent upon payments from Hero Acquisitions Limited to make any payments due on the Notes. If Hero Acquisitions Limited fail to make scheduled payments on the Proceeds Loan, the Issuer will not have any other sources of funds that would allow it to make payments on its indebtedness. In addition, Hero Acquisitions Limited is a holding company that conducts no independent business operations. The Company will be dependent upon payments from other members of the group to meet its obligations, including its obligations under the Proceeds Loan and the Notes.

The amounts available to the Company and the Issuer from the other relevant members of the group will depend on the profitability and cash flows of such members of the group and the ability of such members to make payments to it under applicable law or the terms of any financing agreements or other contracts that may limit or restrict their ability to pay such amounts. The terms of the Intercreditor Agreement also restrict certain intra group payments. In addition, the members of the group that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The interests of our controlling shareholders may differ from the interests of the holders of the Notes.

Exponent and certain co-investors indirectly beneficially own approximately 79% of the outstanding ordinary shares of the Company. As our controlling shareholder, Exponent is able to control matters requiring shareholder approval, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. The interests of Exponent may differ from yours in material respects. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Exponent, as ultimate majority shareholder, may be in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you as a holder of Notes. Exponent has no contractual obligations to fund our business and may not have sufficient liquidity to fund our business if we require additional funding. Additionally, the Indenture permits us to pay advisory fees, dividends or make other restricted payments under certain circumstances, and Exponent may have an interest in our doing so.

Additionally, Exponent and its affiliates are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly and indirectly with us, or with which we conduct business. Exponent and its affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. You should consider that the interests of these holders may differ from yours in material respects. See “Principal shareholder” and “Certain relationships and related party transactions”.

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The Indenture contains provisions relating to certain events constituting a “change of control”. Upon the occurrence of certain change of control events (subject to certain exceptions), we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control event were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Intercreditor Agreement or our other then existing contractual obligations would allow us to make such required repurchases. A change of control is a mandatory prepayment event under our Revolving Credit Facility Agreement, and a change of control may result in an event of default under, or acceleration of our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit Facility Agreement, under certain circumstances, we are required to repay a proportionate amount of debt under our Revolving Credit Facility Agreement if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control event occurs at a time when the group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that the group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, and to the extent the trustee in respect of the Notes becomes entitled to declare the Notes as being due and payable would constitute an event of default under the Revolving Credit Facility Agreement.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a re-organisation, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. In addition, in certain circumstances a change of control would be deemed not to have occurred if a certain pro forma leverage test is met. Subject to a few exceptions, the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the relevant Notes in the event of a re-organisation, restructuring, merger, recapitalisation or similar transaction.

The definition of "Change of Control" in the Indenture includes a disposition of all or substantially all the assets of the Company and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no established precise definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their respective subsidiaries are organised outside the United States, and their business is conducted entirely outside the United States. The directors and executive officers of the Issuer and the Guarantors are not residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, because all the assets of the Issuer and the Guarantors and their respective subsidiaries and all or a majority of the assets of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts.

The United States and the United Kingdom currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognised or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated in England. In such an action, to enforce the U.S. judgment the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court and it would usually be possible to obtain summary judgment on such a claim provided that:

- the U.S. court was of competent jurisdiction;
- it was a final and conclusive U.S. judgment on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment was not for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a U.S. law that an English court considers to relate to penal or revenue law;
- the U.S. judgment does not contravene English public policy;
- the U.S. judgment has not been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained, is otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 or is based on measures designated by the Secretary of State under Section 1 of the Act;
- the U.S. judgment has not been obtained by fraud or in breach of English principles of natural justice;

- the U.S. judgment is not a judgment on a matter previously determined by an English court or another court whose judgment is entitled to recognition in England or conflicts with an earlier judgment of such court;

- the English enforcement proceedings were commenced within the relevant limitation period; and

- the U.S. judgment was not obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a U.S. court (to whose jurisdiction the judgment debtor did not submit).

There is doubt as to the enforceability in England of U.S. judgments in respect of civil judgments predicated purely on U.S. securities laws.

Subject to the foregoing investors may be able to enforce in England judgments that have been obtained from U.S. federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognised or enforceable in England. Further an English court is unlikely to accept jurisdiction if the original action (an action based on U.S. securities law violations) was commenced in England, instead of the United States, and even if it did it is unlikely to impose civil liability if the action was predicated solely upon U.S. federal securities laws.

English insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The Issuer and other members of the group, including the Guarantors, are incorporated under the laws of England and Wales. Accordingly, insolvency proceedings with respect to any of those entities would be likely, although not necessarily to proceed under, and be governed by, English insolvency law. English insolvency law may not be as favourable to investors as the laws of the United States or other jurisdictions with which investors are familiar. In the event that any one or more of the Issuer or Guarantors experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of a company in certain circumstances. An administrator can also be appointed out of court by the company itself, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against such company, or security enforced over such company's property, except with leave of the court or the consent of the administrator. The moratorium does not, however, apply to a "security financial collateral arrangement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. Regardless of how the administration procedure is commenced, during the administration process, a creditor would not be able to enforce any security interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court. In addition, a secured creditor cannot appoint an administrative receiver.

There are circumstances under English insolvency law in which the granting of security and guarantees can be challenged. In general terms, in such circumstances, the courts of England and Wales have the power to make void such transactions, or restore the position to what it would have been if such company had not entered into the transaction. If a court voided any grant of security or giving of any Note Guarantee as a result of it being considered to be a transaction at an undervalue or a preference, or held it unenforceable for any other reason, you would cease to have any security over the grantor or a claim against the Guarantor giving such Note Guarantee.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfers, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Note Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive.

The Notes and the Note Guarantees will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.

Generally, a court could subordinate or void the Notes or the Note Guarantees under various corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalisation, capital maintenance or similar laws or regulations affecting the rights of creditors generally if, at the time the Notes were issued or one of the Guarantors entered into a Note Guarantee:

- we incurred the debt under the Notes or any of the Guarantors incurred a Note Guarantee with the intent to hinder, delay or defraud any present or future creditor, favoured one or more creditors to the detriment of others in the event of insolvency or we or a Guarantor subsequently entered an insolvency process (a "preference") and we or a Guarantor were insolvent or became insolvent as a result of issuing the Notes or such Note Guarantee;

- we or a Guarantor did not receive fair consideration or reasonably equivalent value in money or money's worth for issuing the Notes or the Note Guarantee and we or a Guarantor subsequently entered an insolvency process (an "undervalue") and we or a Guarantor were insolvent or became insolvent as a result of issuing the Notes or such Note Guarantee; or

- we or a Guarantor incurred debts beyond our or its ability to pay those debts as they matured.

Jurisdictions may have different "hardening" or "claw-back" periods, during which the issue of the Notes and the Note Guarantees can be challenged. Under English law, the relevant periods would be six months, in the case of a preference to an unconnected person, or two years, in the case of an undervalue or a preference to a connected person.

In any such case, the court could void the payment obligations under the Notes or such Note Guarantees or subordinate the Notes or such Note Guarantees to presently existing and future indebtedness of ours or such Guarantor, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Note Guarantees. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Notes. Furthermore, the voidance of the Notes could result in an event of default with respect to our other debts and that of our Guarantors that could result in acceleration of such debts.

Generally, an entity would be considered insolvent under English law if at the time it incurred indebtedness (i) the sum of its debts, including all contingent liabilities, was greater than the value of all its present assets, (ii) the present value of its assets was less than the amount that would be required to pay its liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature, or (iii) it could not pay its debts as they become due. If the Note Guarantees were legally challenged, any Note Guarantee could also be subject to the claim that, since the Note Guarantee was incurred for our benefit, and only indirectly for the benefit of the Guarantor, the obligations of the applicable Guarantor were incurred for less than fair consideration. A court could thus void the obligations under the Note Guarantees, subordinate them to the applicable Guarantor's other debt or take other action detrimental to the holders of the Notes.

Investors may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in pounds sterling. If investors measure their investment returns by reference to a currency other than pounds sterling, an investment in or continued investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of pounds sterling relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of pounds sterling against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the relevant Notes, as applicable, in the secondary market.

In addition, the Indenture will allow us to issue additional Notes in the future, which could adversely impact the liquidity of the Notes.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The transferability of the Notes may be limited under applicable securities laws.

The Notes and the Note Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

Investors in the Notes may have limited recourse against our independent auditors.

The annual financial statements of the Company and Hero Topco, included in this annual report, have been reproduced from the financial statements required by statute in the United Kingdom to be prepared annually. Such statutory annual financial statements are also required to be audited by a registered auditor in the United Kingdom. In respect of the audit reports relating to the annual statutory financial statements which are also reproduced herein, BDO LLP, our independent auditor which conducted its statutory audits in accordance with statute in the United Kingdom, stated the following in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales: “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 auditor’s 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”.

These statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than to the members of the Company and Hero Topco with respect to those reports. For this reason, the SEC would not permit the language quoted above to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act, or in a report filed under the U.S. Exchange Act. It is not clear whether a U.S. court (or any other court) would give effect to the language quoted above, therefore the recourse that persons such as purchasers of the Notes may have against the independent auditors could be limited and the inclusion of the language referred to above may limit the ability of persons such as purchasers of the Notes to bring any action against our independent auditors.

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants’ accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Payments under the Notes may be subject to withholding tax under the EU Directive on the taxation of savings income.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. A number of non EU countries have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will undertake to the extent possible to use reasonable efforts to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Operating and financial review

The historical consolidated profit and loss account data presented in this discussion and analysis for the 52 week periods ended 31 December 2011, 29 December 2012 and 28 December 2013 has been extracted or derived from the audited consolidated financial statements of the Company as at and for the 52 week periods ended 29 December 2012 and 28 December 2013, respectively, including the related notes thereto, which are included elsewhere in this annual report.

The Company did not prepare consolidated cash flow statements for the 52 week period ended 31 December 2011, benefiting from an exemption available under Financial Reporting Standard 1 (Revised) "Cash Flow Statements" issued by the UK Accounting Standards Board ("FRS 1") that allows a subsidiary, at least 90% of whose voting rights are controlled within a group, to be exempt from producing a cash flow statement; provided that the consolidated financial statements in which the subsidiary undertaking is included, and which includes a consolidated cash flow statement, are publicly available. Accordingly, the historical consolidated cash flow statement data presented in this discussion and analysis for the 52 week period ended 31 December 2011 has been extracted from the audited consolidated financial statements of Hero Topco as at and for the 52 week period ended 31 December 2011, including the related notes thereto, which has been prepared in accordance with UK GAAP and is included elsewhere in this annual report. The consolidated cash flow data of Hero Topco for the 52 week period ended 31 December 2011 did not vary materially from that of the Company, as Hero Topco was a holding and finance company with no trading activities. The principal differences between Hero Topco's and the Company's cash flow information relate to the impact of an employee benefit trust consolidated at the level of Hero Topco and certain cost recharges between the group companies.

The cash flow data presented in this discussion and analysis for the 52 week periods ended 29 December 2012 and 28 December 2013 have been derived from our audited consolidated financial statements as at and for the 52 week period ended 28 December 2013. The Company intends to continue to include cash flow statements in its statutory annual consolidated financial statements in future periods and will not avail itself of the exemption permitted under FRS 1 to exclude a cash flow statement in future periods.

The following discussion should be read together with, and is qualified by reference to, our financial statements, and the related notes thereto, included in this annual report. The following discussion should also be read in conjunction with the sections entitled "Summary consolidated financial data". Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this annual report, particularly in "Forward-looking statements" and "Risk factors".

Some of the measures used in this discussion and analysis are not measurements of financial performance under UK GAAP, but have been prepared on the basis of UK GAAP amounts, and should not be considered an alternative to cash flow from operating activities, as a measure of liquidity or an alternative to operating profit/(loss) or profit/(loss) for the period as indicators of our operating performance or any other measures of performance derived in accordance with UK GAAP.

Key factors affecting our results of operations

We consider the following factors to be the key factors affecting our results of operation:

Customers

Our revenue and cash flows are affected by our ability to retain existing business and generate new business from existing and new customers, and the terms at which we are able to retain or generate business. We have developed a strong reputation as a leading service provider in the United Kingdom and Ireland and this visibility and reputation, combined with our existing customer base, gives us a strong platform from which to win new business. Additionally, our extensive offering enables us to cross sell our core and specialist products and services to our customers allowing us, we believe, to meet their requirements to a greater extent.

We believe that a strong relationship with customers can lead to increased revenue and account profitability. Because of the generally flexible nature of our business arrangements with our customers, the factors that influence the terms on which we retain business from our existing customers are the same factors that influence the terms on which we win new business. We have won new customers and been successful in maintaining the loyalty of our existing customers by capitalising on our knowledge of our customers' requirements and processes together with our ability to offer value added services. These include equipment maintenance and management and the integration of our IT systems with the internal ordering and billing systems of certain of our large customers, thereby also enabling them to reduce their administrative costs. Due to our size and scale combined with our reputation for consistency and high levels of service, we have also been able to collaborate with some of our customers to develop an innovative supply chain model whereby our customers promote us as a preferred supplier to their sub-contractor base. We have successfully implemented this model with some of our leading customers including Sainsbury's and Heathrow Airports Limited.

In any period, the mix of our customers also impacts our results of operation. Our customers range from our key accounts, who typically represent our higher volume customers with recurring hire needs, to our local cash customers, who typically represent our higher margin customers. Our strategy over the last several years has been to increase the proportion of our revenue derived from our key accounts, which has helped us achieve higher sales volumes although at slightly lower margins. A number of our key account customers have been with us for over 15 years. By continuing to increase our key account customer base, we have been able to achieve repeat business as these customers tend to remain loyal to providers, like us, which provide consistently high levels of service.

Trends in customer demand also impact our financial results. Our largest revenue source is hire revenue, which represents payments received from our customers in return for their use of our equipment. We also generate revenues from our rehire activities primarily through our HSS OneCall operations. Unlike under our hire operations, under our rehire operations, we incur third-party supplier costs in connection with the procurement of tool and equipment for rehire. As a result, our rehire operations typically deliver lower EBITDA margins than our hire operations. On the other hand, we do not incur capital expenditure in respect of supply of equipment under our rehire operations which, in comparison to our hire operations, typically generate higher cash flows. As a result, if customer demand for our hire products increases in a particular period, we would typically generate higher EBITDA margins. On the other hand, if customer demand for our rehire products increases in a particular period, we would generate lower EBITDA margins during that period, although we may benefit from higher cash flows during that period. We have also grown our market share and customer base by penetrating new and attractive market segments with no or low levels of penetration by equipment hire companies (for example, the cleaning and ground care segments).

Availability

We believe that the availability of our hire tools and equipment is a key driver of our sales. We have focused on increasing availability in terms of the range of products that we offer and in terms of speed of delivery. In terms of the range of products that we offer, we seek to ensure that our hire fleet comprises equipment in sufficient quantities to meet demand. We manage this through ongoing assessment of the quantity of equipment on hire, future orders placed by customers, quantity of our offline equipment (i.e., equipment awaiting test or repair), prevailing levels of equipment write off and customer loss, and any rehire opportunities. If we identify a shortfall in our hire fleet, we procure additional equipment to add to our hire fleet. Our broad product range has historically enabled us to attract repeat business from our existing customers and maintain customer loyalty. In terms of delivery, we increase the availability of our hire fleet through our ability to respond promptly to customer orders. We constantly monitor stock levels to ensure that our equipment is well distributed throughout our branch network to meet customer demand. Where we identify a potential shortfall, our hub and spoke distribution model allows us to move equipment efficiently within twenty four hours across our network. As a result, our branch network allows us to share a floating inventory of hire stock between our locations and, in turn, drives increases in availability. We have also continued to complement the internal sourcing of the tools and equipment required by our customers with the external sourcing of products from third parties through our HSS OneCall business.

Availability of our hire stock also impacts our utilisation rates. We measure utilisation as the percentage of available time that an item of hire stock is out on hire. As demand for our products approaches available supply, our utilisation rates rise, which favourably impacts our revenues, profitability and return on assets. We are led by trends in customer demand in planning our hire fleet and in organising the supply and delivery of equipment to our customers. Our approach to expenditure on hire fleet has centred on retaining sufficient flexibility in response to customer demand. This approach has enabled us to deliver an industry-leading return on assets. Our return on assets for the 52 week periods ended 28 December 2013, 29 December 2012 and 31 December 2011, was 27%, 20% and 21%, respectively.

Pricing

We devote considerable attention to the pricing of our products and services. We typically set prices for our products as a discount to list prices as is standard in our industry. While offering lower discounts to our customers can result in higher margins for us, it can also prompt some of our customers to move their business to a competitor. In order to find a balance between optimising our margins and retaining our customer base, we have developed a structured and disciplined approach to pricing. In the first instance, we agree a set of prices with our customers which are recorded in our operating system. In general, longer term contracts are offered lower prices and higher discounts than short term contracts. As a result, our key and regional customers typically benefit from better pricing terms owing to volume discounts and the longer term nature of their contracts. We maintain a strict scrutiny of and closely track the discounts that we offer. We have also developed a clear hierarchy of authority within our company for the approval of discounts based on the importance and revenue contribution of the customer. All of these measures have helped us to maintain a strong pricing discipline, which we believe enables us to maximise our margins. While price remains a key factor, we believe that the availability and quality of our hire fleet and our high service levels are stronger drivers of our financial performance.

Operational productivity and efficiency

Our competitiveness and long term profitability depend, to a significant degree, on our ability to control costs (including costs of rehire and resale, distribution, labour and stock maintenance), capital expenditures and working capital, and maintain efficient operations. We implement various initiatives designed to reduce costs and working capital needs on a continual basis in order to optimise our profitability and cash flow generation.

This strategy to achieve operational excellence is supported by our investment in processes and technologies that enable us to operate our business in a more efficient manner. For example, we have recently introduced a workplace management system to plan and monitor employee rotas and work shift assignments, to maximise the efficiency of our employees. We have continued to improve our distribution network, constantly adjusting delivery vehicle capacity at each of our distribution centres to increase the number of deliveries and collections achieved per vehicle. We have also recently implemented a new management process for the spare parts that we require to maintain our tools and equipment, which is expected to significantly shorten the lead time required for obtaining these spare parts. We expect that this process will continue to improve the productivity of our maintenance personnel, while also increasing the speed at which equipment can be made available, thereby reducing the amount of capital tied up in equipment that is awaiting test or repair.

In addition to these initiatives, we are focused on inventory management and capacity utilisation, while continuing to control levels of capital expenditure and working capital.

Acquisitions

From time to time, we acquire providers of hire fleets and specialist services that complement our current offering to broaden the range of our hire products and services and increase our presence in existing and new markets, which impacts our financial performance. Through our strategic acquisitions, we believe we have historically been able to increase our capacity and make available to our customers a more expansive and comprehensive range of hire products and services. Our recent acquisitions include:

- ABird: On 31 October 2012, we acquired Abird Superior Limited and its wholly-owned subsidiary, Abird Limited, a provider of temporary power generation and associated products and services. This acquisition has enabled us to offer a wider range of large capacity and specialist generators and to provide more comprehensive services to our customers who operate in the temporary power market. We have consolidated ABird's results of operations from 1 November 2012 and ABird accounted for £8.0 million, or 4%, of our consolidated turnover for the 52 week period ended 28 December 2013.

- UK Platforms: On 28 June 2013, we acquired UK Platforms Limited and its subsidiary, Access Rentals (UK) Limited, a provider of electric and diesel powered access products, including scissor lifts, boom lifts and telehandlers. UK Platforms' fleet of powered access equipment has enabled us to offer our customers a wider range of powered access equipment and more comprehensive services. We have consolidated UK Platforms' results of operations from 1 July 2013 and UK Platforms accounted for £10.5 million, or 5%, of our consolidated turnover for the 52 week period ended 28 December 2013.

- MTS and TecServ: We acquired two smaller businesses which are the Irish division of Mobile Traffic Solutions ("MTS") in August 2013 and TecServ in the United Kingdom in November 2013. MTS is a specialist provider of traffic management equipment, supplying traffic and crowd management solutions for hire or purchase to major road contractors, local authorities and event companies throughout Ireland. We have combined the operations of the Irish division of MTS with that of our Irish subsidiary to grow our offering in Ireland. TecServ is a specialist provider of maintenance services for cleaning services, and complements our Reintec business, which we launched in 2011, to provide fully outsourced cleaning equipment.

Seasonality and cyclicality

The seasonality and cyclicality of the equipment rental industry results in variable demand for our products. We typically experience higher demand between July and November of each year and, as a result, we tend to generate slightly higher revenues during the second half of each fiscal year as compared to the first half of the year. We typically experience a slowdown in demand during Christmas, which partially offsets the increase in our revenues during the second half of the year. We also experience seasonality impacts as a result of the nature of our hire fleet and the distribution of our product categories. A small proportion of our product categories are in demand during different times of the year. Lighting and heating equipment, for instance, typically experience higher levels of demand during the winter season, while gardening and landscaping products experience higher levels of demand in the spring and summer seasons. Weather patterns can exacerbate these trends with particularly cold, hot or wet periods driving higher or lower demand among our product categories.

Due to our focus on the "maintain" and "operate" markets as opposed to the "new build construction" market, our revenue and operating results are not significantly dependent on activity in the commercial construction industry in the United Kingdom. As a result, our operations are not materially impacted by cyclical trends experienced in the "new build construction" market.

Currency translation

Our reporting currency is the pound sterling. However, a small proportion of our assets, liabilities, revenues and costs are denominated in euros. For the 52 week period ended 28 December 2013, we generated 9% of our turnover in euros. Fluctuations in the value of the euro with respect to the pound therefore have had, and may continue to have, an impact on our financial condition and results of operations as reported in pounds.

Description of key profit and loss account items

Turnover

Turnover represents our amounts receivable in respect of goods and services supplied, reduced by trade discounts that we offer and excluding value added tax. Where turnover relates to hire activities, revenue is recognised on a straight line basis over the period of hire. Revenue in respect of other items is recognised at the point of sale when a right to consideration arises. Turnover also includes revenue from customers in compensation for damage to and loss of our hire stock assets, payments received for the delivery of equipment and revenue from the training courses that we provide.

Cost of sales

Cost of sales represents direct costs incurred in the provision of our services including, among others, costs of:

- hiring equipment from third parties, which is then rehired to our customers;
- resale, representing the purchase cost of diesel and gas supplied to our customers, other hire related consumables and any other items purchased and subsequently resold to our customers;
- customer training courses operated by third parties on our behalf;
- depreciation of our hire fleet; and
- stock maintenance, representing the costs associated with the testing and repair of our hire fleet.

Administrative expenses

Administrative expenses represent the overhead costs of the business, including:

- branch based costs such as costs associated with our sales employees, rent and business rates, depreciation (other than of hire fleet) and utilities;
- costs associated with our field based sales employees;
- costs associated with our customer contact centre including the cost of salaries, rent and utilities;
- the cost of our head office functions including those of our IT, finance, human resource functions; and
- amortisation of goodwill arising from acquisitions.

Exceptional items classified as administrative expenses relate primarily to the costs of our “dark” stores (unoccupied properties), which we do not use and which do not generate rental income through sublet or otherwise. They also relate to certain of our restructuring costs.

Distribution expenses

Distribution expenses represent the costs associated with the operation of our delivery vehicle fleet such as the cost of lease, fuel and insurance, and the payment of salaries to the drivers that we employ. It also represents the costs associated with third-party haulage and freight.

Exceptional items classified as distribution expenses relate primarily to certain of our restructuring costs.

Other operating income

This represents rental income earned through the sublet of properties that are surplus to our requirements. The operating costs associated with these sublet properties are treated as an ongoing item (not an exceptional item) under our administrative expenses.

(Loss)/profit from share in associate undertaking

Until April 2011, we owned a 25% stake in Rentecnika Iberia S.A. and our share of any profits or losses related to this undertaking until that period were reported under this line item.

(Loss)/profit on sale of fixed assets

Profit or loss on sale of fixed assets represents the accelerated write off of previously capitalised expenditure, such as of fixtures and fittings, at properties that we no longer occupy. This line item does not represent the profit or loss resulting from the sale of our hire stock assets.

Interest receivable and similar income

Interest receivable and similar income represents interest earned on our deposits with financial institutions.

Interest payable and similar charges

Interest payable and similar charges represent the charges (accrued or paid) associated with our bank loans and overdrafts, loans from our parent companies and finance leases. This line item also represents the amortisation of any costs associated with the raising of finance that have been capitalised and spread over the life of the facility. Costs classified as exceptional relate to costs incurred in the early termination of our financing instruments such as our interest rate swaps.

Tax on loss on ordinary activities

Tax is based on the results for the accounting period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting periods. For the financial year 2013, we expect to start paying corporation tax on a recurring basis.

Results of operations

The 52 week period ended 28 December 2013 compared to the 52 week period ended 29 December 2012

The table below sets out our results for the 52 week period ended 28 December 2013 compared to the 52 week period ended 29 December 2012:

	52 week period ended		
	29 December 2012	**28 December 2013**	**Percentage change**
(in millions of £)			
Turnover	**181.8**	**225.8**	**24.2%**
Cost of sales	(60.2)	(73.4)	21.9%
Gross profit	**121.6**	**152.4**	**25.3%**
Administrative expenses	(97.2)	(109.9)	13.1%
Distribution expenses	(23.6)	(28.7)	21.6%
Other operating income	1.2	1.0	(16.7)%
Total operating profit	**2.0**	**14.8**	**NM(1)**
Profit/(loss) on sale of fixed assets	(0.7)	(0.3)	(57.1)%
Profit on ordinary activities before interest and taxation	**1.3**	**14.6**	**NM(1)**
Interest receivable and similar income	0.0	0.0	NM(1)

	52 week period ended		
	29 December 2012	28 December 2013	Percentage change
(in millions of £)			
Interest payable and similar charges	(18.4)	(14.3)	(22.3)%
Profit/(loss) on ordinary activities before taxation	**(17.0)**	**0.3**	**NM(1)**
Tax on profit/(loss) on ordinary activities	0.5	(1.4)	NM(1)
(Loss) for the financial year	**(16.6)**	**(1.1)**	**(93.4)%**

(1) Not meaningful

Turnover

Our turnover for the 52 week period ended 28 December 2013 increased by £44.0 million, or 24.2%, from £181.8 million in the 52 week period ended 29 December 2012 to £225.8 million in the 52 week period ended 28 December 2013. This increase was primarily due to growth in our organic revenue driven by an increase in demand from our existing customers and by our newly acquired customers. Our key and regional account customers, in particular accounted for much of the growth. Our HSS OneCall business and our HSS Training business were our fastest growing businesses during the period, representing an increase in turnover of 31.7% and 27.0%, respectively, for the 52 week period ended 28 December 2013 compared to the 52 week period ended 29 December 2012, primarily due to our efforts to promote these rehire and non-hire offerings to our customers. Turnover from our hire business increased by 13.4%, driven by a greater demand from our key account customers and our investment in the depth of our hire fleet to support this demand. We also benefitted from growth through the acquisitions of UK Platforms and TecServ during this period which resulted in revenue growth of 6.3% for the 52 week period ended 28 December 2013 compared to the period 29 December 2012.

Cost of sales

Our cost of sales for the 52 week period ended 28 December 2013 increased by £13.2 million, or 21.9%, from £60.2 million in the 52 week period ended 29 December 2012 to £73.4 million in the 52 week period ended 28 December 2013. This increase was mainly due to the strong growth in our HSS OneCall (rehire) revenue, with the associated third-party supplier costs accounting for £4.9 million of the increase. Resale costs increased by £1.5 million during the period, primarily due to the cost of diesel resold to our customers under our Abird business. We also experienced an increase in our stock maintenance costs during the period mainly due to the increased size of our hire fleet following our acquisition of ABird and UK Platforms.

Gross profit

Our gross profit for the 52 week period ended 28 December 2013 increased by £30.8 million, or 25.3%, from £121.6 million in the 52 week period ended 29 December 2012 to £152.4 million in the 52 week period ended 28 December 2013.

Administrative expenses

Our administrative expenses increased by £12.7 million, or 13.1%, to £109.9 million in the 52 week period ended 28 December 2013 from £97.2 million in the 52 week period ended 29 December 2012. This was principally due to £6.0 million in additional administrative expenses relating to the acquisitions of ABird in October 2012 and UK Platforms in June 2013 for the 52 week period ended 28 December 2013, representing expenses associated with rent, depot staff, central support and the rationalisation of back office activities. Administrative expenses also grew due to increased levels of business activity and inflationary pressures on our costs related to salaries (driven by an increase in our total number of employees and cost per employee) and utilities. We also made additional investment during the period in marketing initiatives to promote further growth. In addition, to support the increase in demand for training programmes from our customers, we incurred additional cost related to the salaries of training professionals and administration overhead.

Distribution expenses

Our distribution expenses for the 52 week period ended 28 December 2013 increased by £5.1 million, or 21.6%, from £23.6 million in the 52 week period ended 29 December 2012 to £28.7 million in the 52 week period ended 28 December 2013. This was principally due to the acquisitions of Abird and UK Platforms which increased distribution expenses by £3.5 million. The remaining increase represented increased expenses of £1.6 million to support the growth in volume of our hire business.

Other operating income

Our other operating income decreased by £0.2 million, or 16.7%, to £1.0 million in the 52 week period ended 28 December 2013 from £1.2 million in the 52 week period ended 29 December 2012, primarily due to a decrease in the number of our "dark" stores (non-trading properties) that were being sublet.

Total operating profit

Our total operating profit for the 52 week period ended 28 December 2013 increased by £12.8 million, from £2.0 million in the 52 week period ended 29 December 2012 to £14.8 million in the 52 week period ended 28 December 2013.

(Loss)/profit on sale of fixed assets

We incurred a loss of £0.3 million on the sale of fixed assets for the 52 week period ended 28 December 2013, representing previously capitalised costs relating to leasehold properties that were written off during the period, compared to a loss of £0.7 million on the sale of fixed assets in the 52 week period ended 29 December 2012 associated with a similar write off.

Profit on ordinary activities before interest and taxation

Our profit on ordinary activities before interest and taxation for the 52 week period ended 28 December 2013 increased by £13.3 million, from £1.3 million in the 52 week period ended 29 December 2012 to £14.6 million in the 52 week period ended 28 December 2013.

Interest receivable and similar income

As in the 52 week period ended 29 December 2012, we received negligible interest income on our cash balances in the 52 week period ended 28 December 2013.

Interest payable and similar charges

Our interest payable and similar charges for the 52 week period ended 28 December 2013 decreased by £4.1 million, or 22.3%, from £18.4 million in the 52 week period ended 29 December 2012 to £14.3 million in the 52 week period ended 28 December 2013, primarily due to our acquisition by Exponent in the year 2012 and the cessation of interest charges relating to our former senior facility agreement and other indebtedness. Even though our acquisition of UK Platforms in June 2013 increased our borrowing under our former senior facility by an aggregate principal amount of £30 million, this increase accounted for only £1.4 million of interest payable in the 52 week period ended 28 December 2013.

Profit/(loss) on ordinary activities before taxation

We reported a profit of £0.3 million on ordinary activities before taxation for the 52 week period ended 28 December 2013 compared to a loss of £17.0 million for the 52 week period ended 29 December 2012.

Tax on profit/(loss) on ordinary activities

Our tax on loss on ordinary activities for the 52 week period ended 28 December 2013 increased by £1.9 million from a tax benefit of £0.5 million in the 52 week period ended 29 December 2012 to a tax charge of £1.4 million in the 52 week period ended 28 December 2013, primarily due to our increased operating profits and lower interest charges.

Loss for the financial year

We reported a loss of £1.1 million for the 52 week period ended 28 December 2013 compared to a loss of £16.6 million for the 52 week period ended 29 December 2012.

The 52 week period ended 29 December 2012 compared to the 52 week period ended 31 December 2011

The table below sets out our results for the 52 week period ended 29 December 2012 compared to the 52 week period ended 31 December 2011:

	52 week period ended		
	31 December 2011	**29 December 2012**	**Percentage change**
(in millions of £)			
Turnover	**177.2**	**181.8**	**2.6%**
Cost of sales	(53.7)	(60.2)	12.1%
Gross profit	**123.5**	**121.6**	**(1.5)%**
Administrative expenses	(93.7)	(97.2)	3.7%
Distribution expenses	(26.0)	(23.6)	(9.2)%
Other operating income	1.1	1.2	9.1%
Operating profit	**4.9**	**2.0**	**(59.2)%**
Loss from share in associate undertaking	(0.0)	—	NM(1)
Total operating profit	**4.9**	**2.0**	**(59.2)%**
Profit/loss on sale of fixed assets	0.1	(0.7)	NM(1)
Profit on ordinary activities before interest and taxation	**5.0**	**1.3**	**(74.0)%**
Interest receivable and similar income	0.0	0.0	NM(1)
Interest payable and similar charges	(23.9)	(18.4)	(23.0)%
Loss on ordinary activities before taxation	**(18.9)**	**(17.0)**	**(10.1)%**
Tax on loss on ordinary activities	(0.8)	0.5	NM(1)
Loss for the financial year	**(19.7)**	**(16.6)**	**(15.7)%**

(1) Not meaningful

Turnover

Our turnover for the 52 week period ended 29 December 2012 increased by £4.6 million, or 2.6%, from £177.2 million in the 52 week period ended 31 December 2011 to £181.8 million in the 52 week period ended 29 December 2012. This increase was primarily due to an increase in spend from our existing key customers and an increase in the number of our newly acquired key account customers. Our HSS OneCall business and our HSS Training business experienced an increase in turnover of 24.7% and 22.1%, respectively, for the 52 week period ended 29 December 2012 compared to the 52 week period ended 31 December 2011, as a result of greater awareness among our customers of the availability of these services owing to our increased marketing efforts and, in the case of HSS Training, owing to our new website that facilitated on line booking. This was offset by a small decrease in turnover from our hire business.

Cost of sales

Our cost of sales for the 52 week period ended 29 December 2012 increased by £6.5 million, or 12.1%, from £53.7 million in the 52 week period ended 31 December 2011 to £60.2 million in the 52 week period ended 29 December 2012, primarily due to an increase of 21.7% in costs associated with our HSS OneCall (rehire) business, which grew in the 52 week period ended 29 December 2012 to address customer demand. In addition, the first full year of operation of our contract with a newly acquired key account customer (which we acquired at the end of 2011), resulted in higher stock maintenance costs (as a result of certain maintenance services outsourced to us by this customer) in the 52 week period ended 29 December 2012 compared to the 52 week period ended 31 December 2011. Productivity gains resulting from the consolidation of our maintenance facilities pursuant to the development of our hub and spoke operating model in the second half of 2011 partly offset our increase in cost of sales during the 52 week period ended 29 December 2012.

Gross profit

Our gross profit for the 52 week period ended 29 December 2012 decreased by £1.9 million, or 1.5%, from £123.5 million in the 52 week period ended 31 December 2011 to £121.6 million in the 52 week period ended 29 December 2012.

Administrative expenses

Our administrative expenses increased by £3.5 million, or 3.7%, to £97.2 million in the 52 week period ended 29 December 2012 from £93.7 million in the 52 week period ended 31 December 2011, primarily due to inflationary pressures on our costs related to salaries, rent and business rates. At the end of 2011, we took on a number of employees from a new key account customer that we acquired, which also increased our administrative expenses in the 52 week period ended 29 December 2012.

Distribution expenses

Our distribution expenses for the 52 week period ended 29 December 2012 declined by £2.4 million, or 9.2%, from £26.0 million in the 52 week period ended 31 December 2011 to £23.6 million in the 52 week period ended 29 December 2012, primarily due to the benefits resulting from the development of our hub and spoke operating model in the second half of 2011, which delivered a first full year of efficiencies in 2012. For example, as a result of the implementation of our new operating model, by the end of the 52 week period ended 29 December 2012, the numbers of our front line vehicles across England, Scotland and Wales declined by over 20% compared to the beginning of 2011, which resulted in a decline in our vehicle lease costs, thereby offsetting inflationary pressures in relation to fuel and driver salaries.

Other operating income

Our other operating income remained relatively stable in the 52 week period ended 29 December 2012 as compared to the 52 week period ended 31 December 2011, as our sublet property portfolio remained broadly stable.

Operating profit

Our operating profit for the 52 week period ended 29 December 2012 decreased by £2.9 million, or 59.2%, from £4.9 million in the 52 week period ended 31 December 2011 to £2.0 million in the 52 week period ended 29 December 2012.

Loss from share in associate undertaking

We sold our share in our only associate undertaking, Rentecnika Iberia S.A, in April 2011 and, as a result, did not recognise a profit or loss from our share in associate undertaking in the 52 week period ended 29 December 2012.

Total operating profit

Our total operating profit for the 52 week period ended 29 December 2012 decreased by £2.9 million, or 59.2%, from £4.9 million in the 52 week period ended 31 December 2011 to £2.0 million in the 52 week period ended 29 December 2012.

(Loss)/profit on sale of fixed assets

We incurred a loss of £0.7 million on the sale of fixed assets for the 52 week period ended 29 December 2012, representing previously capitalised costs relating to leasehold properties that were written off in the 52 week period ended 29 December 2012, ahead of lease expirations or planned property surrenders, compared to a negligible profit on the sale of fixed assets in the 52 week period ended 31 December 2011.

Profit on ordinary activities before interest and taxation

Our profit on ordinary activities before interest and taxation for the 52 week period ended 29 December 2012 decreased by £3.7 million, or 74%, from £5.0 million in the 52 week period ended 31 December 2011 to £1.3 million in the 52 week period ended 29 December 2012.

Interest receivable and similar income

As in the 52 week period ended 31 December 2011, we received negligible interest income on our cash balances in the 52 week period ended 29 December 2012.

Interest payable and similar charges

Our interest payable and similar charges for the 52 week period ended 29 December 2012 decreased by £5.5 million, or 23.0%, from £23.9 million in the 52 week period ended 31 December 2011 to £18.4 million in the 52 week period ended 29 December 2012, primarily due to the change in our capital structure following our acquisition by Exponent in the year 2012 and the cessation of interest charges relating to our former senior facility agreement and other indebtedness. During the 52 week period ended 29 December 2012, we also incurred exceptional costs in amount of £1.7 million associated with the termination of an interest rate swap agreement in November 2012.

Loss on ordinary activities before taxation

Our loss on ordinary activities before taxation for the 52 week period ended 29 December 2012 decreased by £1.9 million, or 10.1%, from £18.9 million loss in the 52 week period ended 31 December 2011 to a £17.0 million loss in the 52 week period ended 29 December 2012.

Tax on loss on ordinary activities

Our tax on loss on ordinary activities for the 52 week period ended 29 December 2012 decreased by £1.3 million from a tax charge of £0.8 million in the 52 week period ended 31 December 2011 to a tax benefit of £0.5 million in the 52 week period ended 29 December 2012, primarily due to deferred tax credits recorded in the 52 week period ended 29 December 2012.

Loss for the financial year

Our loss for the financial year decreased by £3.1 million, or 15.7%, from a £19.7 million loss in the 52 week period ended 31 December 2011 to a £16.6 million loss in the 52 week period ended 29 December 2012.

Cash flows

The following table presents, for the periods indicated, our consolidated cash flows:

	52 week period ended		
	31 December 2011	**29 December 2012**	**28 December 2013**
	Hero Topco	**Company**	**Company**
(in millions of £)			
Net cash inflow from operating activities	**37.4**	**38.7**	**41.8**
Net cash outflow from returns on investments and servicing of finance	(10.0)	(19.7)	(9.7)
Taxation (paid)/received	0.1	—	(1.5)
Net cash outflow from capital expenditure and financial investment	(26.3)	(25.3)	(28.7)
Net cash outflow from acquisitions and disposals	—	(7.3)	(26.4)
Net cash inflow/(outflow) before use of liquid resources and financing	**1.2**	**(13.6)**	**(24.5)**
Net cash inflow from management of liquid resources	0.4	—	-
Net cash inflow/(outflow) from financing	(3.1)	7.0	29.8
Increase/(decrease) in cash	**(1.5)**	**(6.6)**	**5.4**

Net cash flow from operating activities

Our net cash inflow from operating activities increased by £3.1 million, or 8.0%, to £41.8 million for the 52 week period ended 28 December 2013 from £38.7 million for the 52 week period ended 29 December 2012. This increase resulted from an increase of £12.8 million in operating profit, which was substantially offset by an investment in working capital due largely to an unfavourable trade debtor movement as a result of strong revenue growth during the period.

Our net cash inflow from operating activities was £38.7 million for the 52 week period ended 29 December 2012. This compares to £37.4 million of net cash inflow from operating activities for the 52 week period ended 31 December 2011 for Hero Topco. The increase resulted primarily due to a decrease of £2.9 million in our operating profit, which was offset by a reduction in our working capital.

Net cash flow from return on investments and servicing of finance

Our net cash outflow from return on investments and servicing of finance decreased by £10.0 million, or 50.8%, to £9.7 million for the 52 week period ended 28 December 2013 from £19.7 million for the 52 week period ended 29 December 2012. This decrease resulted from a decline in our senior indebtedness following our acquisition by Exponent in October 2012, combined with £5.4 million reduction in issue costs incurred in the renegotiation of bank financing.

Our net cash outflow from return on investments and servicing of finance was £19.7 million for the 52 week period ended 29 December 2012. This compares to £10.0 million of net cash outflow from returns on investments and servicing of finance for the 52 week period ended 31 December 2011 for Hero Topco. This increase relates to £7.3 million of debt issue costs resulting from the implementation of our new capital structure.

Net cash flow from capital expenditure and financial investment

Our net cash outflow from capital expenditure and financial investment increased by £3.4 million, or 13.4%, to £28.7 million for the 52 week period ended 28 December 2013 from £25.3 million for the 52 week period ended 29 December 2012. This increase resulted from our investment in additional power generation hire fleet following our acquisition of ABird in October 2012, combined with the expansion of our core HSS Hire fleet to meet growing customer demand and to support our new branch openings. We made limited purchases of hire fleet for our UK Platforms business following its acquisition in June 2013 as the company had completed most of its annual fleet investment in the six months prior to the acquisition.

Our net cash outflow from capital expenditure and financial investment was £25.3 million for the 52 week period ended 29 December 2012. This compares to £26.3 million of net cash outflow from capital expenditure and financial investment for the 52 week period ended 31 December 2011 in Hero Topco. This change reflects a marginal increase in hire tool and equipment stock purchases to address growing demand from our customers and our continuing expenditure on the replacement of equipment lost or damaged by our customers.

Net cash flow from financing

Our net cash inflow from financing increased to £29.8 million for the 52 week period ended 28 December 2013 from a £7.0 million inflow for the 52 week period ended 29 December 2012. This increase reflects additional borrowings to fund the acquisition of UK Platforms in June 2013 and movements in finance leases, mainly within our ABird business.

Our net cash inflow from financing was £7.0 million for the 52 week period ended 29 December 2012. Our net cash outflow from financing for the 52 week period ended 31 December 2011 for Hero Topco was £3.1 million, reflecting the difference in funds flows (loans raised versus loans repaid) resulting from our acquisition by Exponent in 2012, combined with finance lease movements within our HSS Hire business. The movement in the 52 week period ended 31 December 2011 reflects the partial repayment of bank loans, combined with finance lease movements within our HSS Hire business.

Capital expenditures

Our capital expenditure incurred during the 52 week periods ended 28 December 2013, 29 December 2012 and 31 December 2011 are set out below:

	52 week period ended		
	31 December 2011	**29 December 2012**	**28 December 2013**
	Hero Topco	**Company**	**Company**
(in millions of £)			
Hire stock capital expenditure	20.0	20.7	30.9
Non hire stock capital expenditure	5.8	5.6	7.2
Total capital expenditures	**25.8**	**26.3**	**38.0**

We categorise our capital expenditures as hire stock and non-hire stock capital expenditures. Hire stock capital expenditures relate to purchases of hire stock assets whereas non hire stock capital expenditures relate to expenditures on, for example, the development of IT systems, vehicle trackers, signage, equipment racking and leasehold property improvements. We believe that approximately three quarters of our hire stock capital expenditure relates to the replacement of equipment that has either been lost by our customers or reached the end of its useful life and approximately two fifths of our non-hire capital expenditure relates to ongoing maintenance of our property and IT infrastructure.

Working Capital

The main components of our working capital are trade debtors balances, representing amounts owed by our account customers, and trade creditor balances, representing amounts owed to our suppliers in respect of our hire stock purchases, third-party equipment hire and other expenses, where we obtain deferred payment terms. Other than in respect of timing effects on the payment of hire stock purchases, we do not typically experience significant movements in our working capital between accounting periods. In addition, within working capital, we account for stocks of consumables and fuel held for resale, and stocks of spare parts used to repair our equipment. We do not typically experience material movements in these stock balances between accounting periods. Other working capital balances include amounts owed or due in respect of taxes, prepayments and accruals. A large proportion of our leasehold properties require quarterly rental payments (treated as prepayments). Value added tax and corporation tax also require quarterly payments. These payments may impact our working capital movements between accounting periods.

Off balance sheet arrangements

From time to time, we undertake forward purchases in support of our electricity requirements. As at 13 January 2014, we had made forward purchases of 75% of our estimated February 2014 requirements and 50% of our estimated March to September 2014 requirements. No purchases have been made for periods beyond this date.

Financial risk management

Market risk is the potential loss arising from adverse changes in market rates and consists of risks relating to foreign exchange rates, interest rates and market prices. We are not exposed to market price risk as we do not own assets the value of which is determined by market prices. We have been exposed to limited foreign exchange risk, as we have historically entered into limited foreign currency transactions and as we do not own extensive trading subsidiaries outside the United Kingdom.

We have been and, following the offering and the use of proceeds therefrom, will continue to be exposed to interest rate risk primarily in relation to our debt service obligations under our Revolving Credit Facility. The drawings under our Revolving Credit Facility will expose us to interest rate risks relating to fluctuations in LIBOR. We may seek to enter into an interest rate swap to hedge our exposure under the Revolving Credit Facility but no assurances can be made that we will be able to enter into a new interest rate swap on acceptable terms, or at all.

Selected critical judgments and estimates

The preparation of financial information in conformity with UK GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of turnover and expenses during the years then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances.

Actual results may differ from these estimates. The judgments, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of this revision and future periods if the revision affects both current and future periods.

The following are the key areas of our accounting policies in which management made judgments or key assumptions concerning the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Goodwill impairment

Our purchased goodwill represents the difference between the cost of an acquired entity and the aggregate of the fair value of acquired entity's identifiable assets and liabilities. It is stated at cost less accumulated amortisation and, where appropriate, impairment in value. In accordance with FRS 10, we capitalise goodwill arising on acquisition as an intangible asset.

Where such goodwill is regarded as having a limited estimated useful economic life, we amortise it through our profit and loss account on a straight line basis over its life. Currently, we are amortising goodwill over management's estimate of its life, over periods of 20 years. An impairment review is required in the financial year following the financial year in which the acquisition is made, and thereafter only where there is an indication or triggering event that the goodwill may be impaired. When required, we assess the need for any impairment write down by comparing the carrying value of the asset against the higher of realisable value and the value in use. Value in use is determined by an assessment of the realisable value of future net cash flows expected to be generated by the asset, as determined by our operating budget for future periods.

Such calculations require assumptions relating to the appropriate discount factors and long term growth prevalent in particular markets as well as short term business performance. Our Directors draw upon experience as well as external resources in making these assumptions.

Tangible fixed assets and depreciation

We state tangible fixed assets, excluding materials and equipment held for hire, at cost or fair value (when we acquire such assets as part of a business acquisition) less depreciation and, when appropriate, provision for impairment. We provide depreciation at rates calculated to write off the cost of fixed assets on a straight line basis over the expected useful economic life of the assets concerned.

Useful economic lives of assets have been established using historical experience and an assessment of the nature of the assets involved. Useful economic lives are reviewed on a regular basis. When required, we assess the need for any impairment write down by comparing the carrying value of the asset against the higher of realisable value and the value in use, in a similar manner to that set out above for goodwill.

Business Combinations

FRS 7 'Fair values in acquisition accounting' requires the identifiable assets and liabilities of the acquired entity to be included in the consolidated financial statements of the acquirer at their fair value at the date of acquisition. The judgments made in determining the estimated fair value assigned to each identifiable asset and liability acquired, as well as the estimated life of the goodwill arising, can materially impact the net income of the periods subsequent to the acquisition through goodwill amortization, and in certain instances through impairment charges, if the goodwill becomes impaired in the future. These judgments also impact on the carrying value of the assets acquired and the related goodwill arising on acquisition.

Provisions

In relation to leasehold properties, we make provision for known and anticipated dilapidations and wear and tear obligations where (i) we have a present obligation as a result of past events, (ii) it is probable that a transfer of economic benefits will be required to settle the obligations and (iii) a reliable estimate can be made of the amount of the obligation. In addition, where unavoidable costs of a lease exceed the economic benefit expected to be received from it, we make a provision for the expected obligation under the lease, after taking into account actions taken by the directors to minimize the future cash outflow.

In determining the level of provision required, the Group assesses the likelihood of mitigating future lease costs as a result of break clauses in leases, or the likelihood of subletting the property to third parties.

Bad debt provision

The Group monitors the risk profile of debtors regularly and makes a provision for amounts that may not be recoverable. When a trade receivable is not collectable it is written off against the bad debt provision.

Business

For a discussion of our business strengths and strategies see "Business overview, strengths and strategies".

Our operations

We are a leading supplier of tools and equipment for hire in the United Kingdom and Ireland and have provided our equipment hire services in the United Kingdom and Ireland for over 50 years, primarily focusing on the business to business or B2B market. Focused on safety, availability, value and support, we work with our customers to help keep their businesses operating safely and efficiently whilst assisting them in driving down their costs. Alongside traditional equipment hire, we offer a range of complementary, value added services through our various businesses including, HSS OneCall, HSS Outsource and HSS Training. We also offer specialist rental equipment under our brands ABird and UK Platforms.

We have a well invested hire fleet comprising a broad range of tools and equipment and through our HSS OneCall business we also have the ability to procure products from third parties that we choose not to hold in our own fleet. This allows us to focus our investment on what we see as our core fleet range where we experience the greatest demand and most attractive financial returns.

A core part of our operating process is the testing of all equipment that is returned to us by customers. The testing process, which we refer to as "test and run", is carried out at the receiving branch, with the exception of our non-standard range of products which is collected at local branches by the local distribution centres or regional distribution centres for testing purposes. Maintenance of our equipment is carried out at our regional distribution centres or at our specialist depots, by our team of specially trained fitters and engineers, ensuring that the product is made available for hire if it has been repaired to its full working condition.

Our businesses and services

We offer our customers tool and equipment rental and related services with our principal focus on customers that operate in the "maintain" and "operate" segments of the market. Our strategy of offering value added services to complement our primary equipment rental business has increased our addressable market and reinforced customer loyalty.

We perform our core services under our HSS Hire, HSS OneCall and HSS Outsource brands.

HSS Hire	Under our HSS Hire business we offer an extensive range of tools and equipment across approximately 1,600 product lines and 2,100 resale lines within 23 equipment categories. We ensure that our equipment is well maintained, fully compliant with health and safety requirements and ready to use. Customers have the option to order our products and services through our branches, our customer service centre, online or through our dedicated account managers.
HSS OneCall......................	Under our HSS OneCall business, in response to our customer's demand, we work with a network of partners to source equipment that we do not typically hold as a part of our hire fleet. A dedicated in house team provides advice and manages orders through our branches or through our contact centre, under a single contract and single invoice. All of our OneCall suppliers are vetted against a range of quality, reliability and health and safety criteria before being put on an approved supplier list.
HSS Outsource/Reintec......	As an alternative to the traditional hire contract, we also offer equipment management solutions. Our HSS Outsource business

provides our customers with the benefits of management, maintenance, compliance and cost efficiency services and expertise that we are able to provide them for their tools and equipment. Specifically in the contract cleaning market, we have developed the Reintec range of equipment which we provide to our customers based on our outsource model.

We provide our specialist services under our ABird, UK Platforms and HSS Training brands.

ABird....................................	ABird is our specialist provider of temporary power generation and distribution equipment and services.
UK Platforms	UK Platforms is our specialist provider of powered access equipment and services, offering a full range of diesel and electric aerial work platforms.
HSS Training	The HSS Training business is our specialist training service, offering over 240 industry recognised technical and safety courses at 26 training venues throughout the United Kingdom and Ireland. Under HSS Training we are able to offer bespoke courses, tailored to our customers' requirements.

Equipment

We classify the tools and equipment that we offer for hire under three principal categories—major, core and seasonal—based on a combination of factors including the relative importance of the equipment to our customers and its estimated replacement value. Our major category of tools and equipment typically includes access, powered access, lighting and handling, building and site works, lighting and power tools. Our core category of tools and equipment typically include tools and equipment used for breaking, concreting and surface preparation, sawing and cutting, welding, drilling, cleaning and floor care and safety, ventilation and extraction. Our seasonal category of tools and equipment comprises our fleet of cooling, heating, drying and pumping tools and equipment.

Customers

We primarily operate in the "maintain" and "operate" segments of the market with most of our turnover directly or indirectly attributable to our customers involved in property maintenance, refurbishment, fit out and facilities management. We serve a large and diverse customer base with no single customer having accounted for more than 3% of our total turnover for the 52 week period ended 28 December 2013.

We categorise our customers into three broad categories:

- Key customer accounts who typically contribute a minimum of £100,000 a year in revenues to us. These customer accounts usually have complex equipment requirements and operate multiple sites across the United Kingdom and Ireland. They are managed by one of our dedicated key account managers/directors, with ultimate accountability for these customers assigned to the group sales and marketing director. Our key customer accounts are also supported by a specific support team in our call centre or a dedicated desk in customer premises.

- Regional customer accounts who typically contribute between £20,000 and £100,000 a year in revenues to us. These customer accounts are managed by an area sales manager, with ultimate accountability for these customers assigned to our regional directors; and

- Local customer accounts and cash customers who typically contribute less than £20,000 a year in revenues to us. Local customer accounts are managed by one of our branches with the ultimate accountability for these customer accounts assigned to a regional sales manager. Our cash customers who comprise a mix of local trades and consumers typically transact through one of our local branches or through our contact centre ("Hire Direct") or HSS.com, our website.

We take a disciplined approach to pricing. Customer pricing is set as a discount to list prices as is standard in our industry. In the first instance, we agree prices with our account customers and hold them in our operating system. In general, longer term contracts attract higher discounts than short term contracts and our key and regional customers benefit from better pricing terms owing to volume discounts. We maintain a strict scrutiny of and closely track the discounts that we offer.

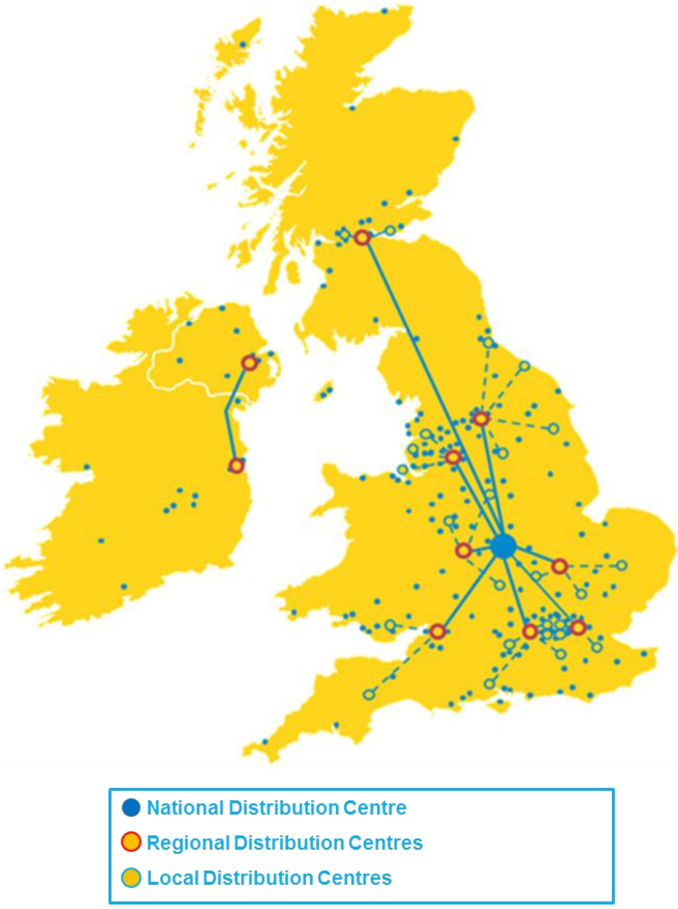
Our main key account markets are facilities management, commercial and retail fit out, infrastructure maintenance and transport. Our regional and local customer base is diversified and a significant number of our customers are generalists who will move their focus based on where they find new business. Our cash customers are generally served through our contact centre and our website as well as our local branches.

For the 52 week period ended 28 December 2013, our 20 largest customers together accounted for approximately 16% of our total turnover.

Network

We operate our businesses from over 250 locations across the United Kingdom and Ireland. Our core HSS Hire network comprises a national distribution centre, 10 regional distribution centres, 25 local distribution centres and over 200 selling branches and locations across the United Kingdom and Ireland. Our ABird network comprises 11 depots and our UK Platforms network comprises 10 depots.

In 2011 we further developed our hub and spoke operating model supported by our national distribution centre to facilitate the distribution of our rental fleet across our broader network within the core HSS business. Under this model, we have centralised the majority of our transport to 35 main locations and maintenance to 10 of our locations. Our regional and local distribution centres are supported by our extensive fleet of liveried vehicles and underpinned by our industry leading operating and distribution systems. As a result of this reorganisation, our branch locations are now free to focus on selling and the "test and run" of hire fleet returned to that branch rather than on delivery and maintenance. With a geographical footprint comprising over 250 locations throughout the United Kingdom and Ireland, as illustrated by the map below, we believe that we have a greater ability to serve our customers where and when they require our services.



Within a number of our larger branches we operate training facilities for our customers through HSS Training, including classroom and practical training facilities. These centres are also used to train HSS employees.

Our national distribution centre acts as a cross docking distribution centre between our UK based large regional distribution centres, all of which carry an extensive fleet of equipment and have repair and maintenance workshops as well as transport capabilities. These regional distribution centres support our local distribution centres that manage distribution activities for their local area. Our distribution centres also support our network of selling branches.

We have also continued to invest in our comprehensive operating system, which enables our logistics and distribution network. Through this operating system we are able to manage customer contracts and our equipment rental assets. Furthermore, through the development of customer facing enhancements that we have made to this structure, we are able to provide customers with direct access to their own account information and enable them to transact real time for their equipment hire needs through our online business management tool "HSS LiveHire". Our operating system locates the nearest distribution centre with product availability to execute an order, and then all deliveries are routed automatically. This process is overseen by our centrally based logistics team. The operating system, in a similar way, ensures the correct fleet is available in the selling branches for customer pick up.

Suppliers

We constantly review our equipment fleet to ensure that we are sourcing the right products to meet our customer demand. We purchase our core hire fleet from over 300 suppliers, with the majority of our hire fleet is sourced from a core group of 20 to 30 strategic suppliers, most of whom are based in the United Kingdom and Europe. In the future, we will also seek to directly source from Southeast Asia (focusing, in particular, on China). We have long established relationships with our key suppliers for new equipment as well as replacement parts to support our ongoing fleet maintenance. In some of our key equipment categories, notably powered access, power generation and breaking and drilling, we have developed strong relationships with certain of our key suppliers, which have enabled us to benefit from attractive pricing terms as well as market leading product innovation.

We select our equipment suppliers based upon quality, the price of their product, technical support and availability of spare parts. Our HSS OneCall suppliers are chosen based on their product quality, reliability and service levels with respect to delivery, collection and administration; we maintain a broad supplier base in order to maximise fleet availability to meet our customer demand.

Information technology

We have developed a range of IT solutions to support our customers and the operation and control of our business. In particular, through HSS LiveHire, we provide our account customers full access to their rental contracts and we integrate with our suppliers through a supplier portal. We offer all our customers, through our website, information on our products and services as well as information on our extensive branch network.

Our specialist businesses, ABird and UK Platforms, also have a significant online presence. Our HSS Training business also has a fully interactive online booking and course scheduling capability.

We have developed our operating system, in house, supplementing our core applications with a range of packaged, outsourced and bespoke systems which provide additional functionality.

Our key applications are supported by an in house IT team. Business critical systems have resilient hardware, business continuity plans and, where required, third-party support contracts. Our systems operate over a resilient communications network with all key operating sites having back up communication facilities and ongoing network monitoring to minimise any operating disruption. Our key IT infrastructure is spread over a number of sites to improve overall resilience and to provide disaster recovery capability.

Our systems are supported by a team of approximately 27 employees who provide day to day management of the IT servers and databases, desktop, network and voice/data infrastructure along with developing and supporting the portfolio of HSS Group business applications. In addition, our IT function has a team of approximately 10 employees who deliver both IT and non IT operational support together with support for a variety of business led projects.

Our operating systems are constantly developed to support changes to the business operating model as are our customer facing applications. We are currently investing in an upgrade of our ecommerce platform to enhance cross selling and upselling and to provide an online marketplace for our customers.

Sales and marketing

The development of the HSS hub and spoke distribution model enabled branch employees to focus their efforts on selling. Alongside our branch based sales teams, we have an extensive field based team of account managers and sales managers who manage our customer relationships. In Manchester we operate a central contact centre, which handles sales enquiries from our full range of customers including those of HSS OneCall. The centre has capacity for over 150 seats and handles customer calls, internet enquiries and takes calls re directed from branches at peak periods.

Our group marketing team supports the development of our brands to assist revenue growth and customer retention. Through focused research, they position our brands, help to develop new business propositions and communicate with our customers regarding our services, products and innovations through multiple channels including catalogues, websites and email marketing, press relations, exhibitions, trade press advertising, sponsorship and direct marketing. These communications are specific to sector and brand but support the sales force in facilitating cross selling. The team also protects the HSS brand through maintenance of a press office and guidelines on brand use.

Employees, staff training and development

Employees

As of 28 December 2013, we had approximately 2,660 employees located throughout the United Kingdom and Ireland. The average number of employees for the 52 week periods ended 28 December 2013, 29 December 2012 and 31 December 2011 were 2,612, 2,362 and 2,267, respectively. Our employees are distributed among our group, regional and branch level locations, with the vast majority being employed at branch level. We also have over 100 sales representatives on the road, organised in teams aimed at key accounts, regional customers and specialist customers.

Staff training and development

In 2013, we opened our training academy, HSS Academy, the first of its kind in the United Kingdom equipment rental market, to offer training programmes to our sales employees working in our branches and our new employees who are joining the business. This dedicated facility provides a comprehensive induction and training programme for all new branch employees to support the sales skills, technical customer service and systems skills required to service our customers. Alongside, we offer structured needs based training and development programmes to our employees through our team of in house learning and development specialists, who supply specific product training. We also operate an apprenticeship programme for fitters across our workshops to ensure we develop and maintain a broad based pool of technical skills within the business. We organise a programme with our drivers for Driver Certificate of Professional Competence accreditation and support professional skills development for a number of our head office employees in accounting, credit management, marketing and human resources.

Health and safety

Our operations are subject to various health and safety laws in the jurisdictions in which we operate that require us to comply with various security measures and to implement discrete policies. We are currently the only hire company to have been awarded a British Safety Council 4* safety award. HSS operations managers and directors are responsible in the first instance for achieving compliance with our safety objectives under the direction of their divisional managing directors. We ensure that all new employees are given induction training that includes specific training on health and safety procedures and protocols. Furthermore we ensure that employees who perform potentially hazardous tasks (for example, the test of lifting equipment) are competent to do so on the basis of appropriate education, training and/or experience. We use competence control systems through our operating system which locks out employees who are not trained on high hazard tasks for tasks that may involve such exposure.

Intellectual property

We own the rights to our most important trademark, “HSS Hire”, along with all of the other trade names under which we operate, as well as the accompanying logos and images. Our core intellectual property consists mainly of certain trademarks and trade names that we own. Trademarks of acquired businesses are transferred into the group or registered as necessary.

Properties and lease arrangements

As at 28 December 2013, our property estate consisted of 245 trading locations (excluding agency locations) nationwide, with two long leaseholds, one freehold and the remainder on short leaseholds. Three of these locations are used as offices; one is a freehold property and two are short leaseholds.

The following provides an overview of the main properties and leases as at 28 December 2013.

Site	Size (ft^2)	Ownership / Lease	Lease Expiry	Next Break Date
Regional Distribution Centres				
Leeds	43,278	Short leasehold	6 May 2033	7 May 2023
Beckton	39,000	Short leasehold	15 November 2022	16 November 2017
Manchester Piccadilly	38,408	Short leasehold	1 October 2017	N/A
Heathrow	37,200	3 short leaseholds	24 December 2020	N/A
Coatbridge	35,920	Short leasehold	23 August 2018	N/A
Solihull	32,522	Short leasehold	25 February 2023	26 February 2018
Bristol	32,000	Short leasehold	8 December 2021	N/A
Cambridge	9,360	Short leasehold	22 December 2017	N/A
Local Hire Centres (operates as regional distribution centres in Ireland)				
Belfast	26,500	Short leasehold	17 June 2022	17 June 2014
Dublin	22,960	Short leasehold	14 December 2027	1 June 2017
Offices				
Manchester Office and Refurbishment Centre	38,900 (8,900 office, 30,000 refurbishment centre)	Short leasehold	12 May 2016	N/A
Mitcham	16,706	Freehold	N/A	N/A
Circle House (Manchester)	9,450	Short leasehold	28 September 2021	29 September 2016

We have a portfolio of "dark" stores which are closed branches awaiting disposal, approximately half of which have been sublet. These branches were mainly closed as part of restructuring and efficiency improvement programmes undertaken between 2004 and 2008. Through our ongoing programme of property surrenders we are rationalising our estate to drive operational efficiencies. Surrender payments are negotiated in light of business decisions to exit properties prior to lease closure. Our aim is to provide for a more streamlined operating model going forward, with smaller branches acting primarily as sales outlets.

Environmental matters

We believe that we do not have any material environmental compliance costs or environmental liabilities.

Insurance

Our group wide insurance coverage includes policies for risks associated with our business. These policies provide insurance cover for property damage and business interruption, combined liability (i.e. employers' and public and product liability), motor accidents, contractors' plant and airside liability (i.e. in relation to our airport operations) in addition to standard corporate insurances including crime, directors and officers and professional indemnity in relation to our training business. Our risk management and brokerage services are provided by Marsh. Our key insurance providers include Zurich Insurance, Lloyds Underwriters, Liberty and Chubb. We believe that our insurance coverage is sufficient for the risks associated with our operations and that our policies are in accordance with customary industry practices. However, there can be no guarantee that the coverage we maintain will be sufficient to cover the cost of defence or other damages in the event of a significant claim. See "Risk factors—Risks related to our business". The nature of our business exposes us to various liability claims which may exceed the level of our insurance.

Litigation

We may from time to time become a party to claims and lawsuits, which typically relate to employment matters, road traffic claims or personal injury claims from employees or third parties, and are considered to be within the ordinary course of business for a company such as ours. To the extent possible, such claims are covered by insurance. We are not currently involved in any legal or arbitration proceedings that are expected to have a material adverse effect on our financial position and, to our knowledge, no such legal or arbitration proceedings are currently threatened.

Management

Board of directors of HSS Financing plc

The Issuer was incorporated on 10 January 2014 as a public limited company under the laws of England and Wales. The board of directors of the Issuer is composed of the following members:

Name	Age	Title
John Christopher Davies (Chris Davies)	60	Director
John Gill	47	Director

Summarised below is a brief description of the experience of the individuals who serve as members of the board of directors of the Issuer.

John Christopher Davies joined us as the chief executive officer in 2006 and oversaw the sale of our business from 3i to Och Ziff and Aurigo in 2007, as well as our sale to Exponent in 2012. Before joining us, Mr. Davies was appointed by the private buyers of the Hunter Boot Company as its chief executive officer in order to rebuild the company out of administration. Prior to gaining experience in private equity and management buy ins, Mr. Davies was the managing director for Disney Stores Europe between 2003 and 2005 and worked for Staples Inc. as vice president of Merchandising (Europe) from 2001, following his position as managing director for the United Kingdom from 1998. Mr. Davies started his management career at the builders' merchants, Harcros, in 1989 as branch manager. In 1991 he was appointed marketing director, following which he was appointed operations director and was then promoted to group finance director. He oversaw the sale of Harcros to Jewsons and was subsequently appointed managing director for building materials at the new parent company. Mr. Davies holds a bachelor's degree in pure science from Aberdeen University and is a Fellow of the Chartered Institute of Marketing.

John Gill joined us as chief financial officer in February 2009 prior to which he served as finance director at Screwfix Direct Ltd, a subsidiary of Kingfisher plc, which he started in June 2006. Prior to that, Mr. Gill held a number of roles at Kingfisher plc, including those of senior corporate development manager, head of corporate development and head of corporate strategy. Mr. Gill has also worked for GE Capital between 1995 and 2000, ultimately serving as the finance director of the French operations of their asset leasing company, European Equipment Finance (EEF), and then finance manager of mergers & acquisitions for GE Capital (EEF). Mr. Gill spent his early career in various finance roles at Cable & Wireless Group and BP plc. Mr. Gill holds a bachelor's degree in chemistry from Sheffield University and is an Associate of the Chartered Institute of Management Accountants.

Board of directors of Havana Topco Limited ("Havana Topco")

Havana Topco, the indirect parent company of the Company, was incorporated on 9 October 2012 as a private limited company under the laws of England and Wales. The board of directors of Havana Topco is entrusted with the ultimate direction of our group as well as the supervision of management and, as at 15 April 2014, is composed of the following members:

Name	Age	Title
John Christopher Davies	60	Director
John Gill	47	Director
Alan Peterson	66	Director
Oliver Bower	37	Director
Thomas Sweet-Escott	56	Director
Thomas Lightowler	30	Director

Summarised below is a brief description of the experience of the individuals not already described who serve as members of the board of directors of the Havana Topco.

Alan Peterson has been serving as our chairman since December 2012. He also served as the chairman of the Company between 2004 and 2007. Mr. Peterson's experience over the last 25 years includes involvement in a number of public and private equity backed businesses across the United

Kingdom, Europe and North America. He has held the role of chief executive officer and chairman in a number of manufacturing, industrial and retail companies, such as Enterprise Group PLC, Azelis Holdings SA, Rockware Group and Meyer International PLC. Mr. Peterson became 3i's first Industrialist in Residence in 2001, serving until 2005. Mr. Peterson is a graduate of Loughborough University and is a Companion of the Chartered Management Institute.

Oliver Bower joined Exponent in 2010. Mr. Bower is primarily responsible for investments in the consumer and industrials sectors and also serves on the boards of Radley and Immediate Media. Mr. Bower previously worked for Apax Partners, BC Partners and PwC. He has a master's degree in engineering, economics and management from Oxford University and an MBA from INSEAD.

Thomas Sweet-Escott co-founded Exponent in 2004. Mr. Sweet-Escott is primarily responsible for investments in the financial services sector and also serves on the board of thetrainline.com. He has previously served on the boards of V.Group and Lowell. Mr. Sweet-Escott previously worked for 3i in London and in Madrid. He has a master's degree in natural sciences from Cambridge University.

Thomas Lightowler joined Exponent in 2009. Mr. Lightowler is primarily responsible for investments in the support services and financial services sector. Mr. Lightowler previously worked for 3i and Capital One. He has a bachelor's degree in philosophy and economics from the London School of Economics.

Board of directors of Hero Acquisitions Limited

The Company was incorporated on 11 April 2007 as a private limited company under the laws of England and Wales. The board of directors of the Company is composed of the following members:

Name	Age	Title
John Christopher Davies..	60	Executive director
John Gill	47	Executive director
Fiona Perrin..	46	Executive director
Alan Peterson..	66	Non-executive director

Summarised below is a brief description of the experience of the individuals not already described who serve as members of the board of directors of the Company.

Fiona Perrin joined us as sales and marketing director in May 2007, having previously worked for five years at Rentokil Initial where she set up and managed the group wide division "Initial Integrated Services" before launching the Initial brand online worldwide. Prior to this Ms. Perrin was the European marketing director of the datacentre company, Digiplex. Ms. Perrin started her career in advertising, before moving into corporate publishing, setting up a marketing communications agency, Enigma, in 1994 specialising in the outsourcing market where she also launched the market intelligence portal Information Facilities Management. Ms. Perrin holds a bachelor's degree in English from Sussex University and is a qualified NCTJ journalist. She is currently chair of the promotions committee of the European Rental Association.

Management of the Company

The following individuals form the key members of the senior management of the Company:

Name	Age	Title
John Christopher Davies.........................	60	Chief executive officer
John Gill	47	Chief financial officer
Fiona Perrin..	46	Group sales and marketing director
John Hardman...	42	Group human resources director and health, safety, environment and quality director
Michael Killeen	60	Managing director—Scotland and Ireland
Jon Paul Overman (Jon Overman)	34	Managing director—England and Wales
Stephen Trowbridge................................	40	Finance director

Summarised below is a brief description of the experience of the individuals not already described who serve as key members of the senior management of the Company.

John Hardman joined us in 2008 as our human resources director and in 2011 also took over accountability for health, safety, environment and quality. Prior to joining us, Mr. Hardman worked for the 4u Group as head of human resources of its Direct business, and during his time supported the integration of the dial a phone acquisition. Prior to this, Mr. Hardman worked for Pfizer, where he served on the human resources and marketing leadership teams and took a lead role on human resources aspects in the creation of Pfizer's pan European marketing structure. Mr. Hardman was later promoted to the role of business director at Pfizer. Mr. Hardman is a member of the Chartered Institute of Personnel and Development and holds a postgraduate professional diploma in human resources management.

Michael Killeen joined us in 2007 as managing director of HSS Ireland through our acquisition of Laois Hire, which Mr. Killeen had established in 1992 and now runs our Scottish and Irish operations. Prior to establishing Laois, Mr. Killeen worked for his family's civil engineering business.

Jon Paul Overman joined us in 1999 as a weekend assistant at our branch in Slough (UK). Mr. Overman was appointed a regional manager in 2003, key account director in 2006 and managing director for London and the South East of England in 2007. He was appointed our group sales director in 2011 and managing director of England & Wales in 2012.

Stephen Trowbridge joined us in 2008 as group financial controller and was promoted to finance director in 2011. Prior to joining us, Mr. Trowbridge held a number of positions at Thomson Reuters, most recently as senior head of finance. He has previously worked as an equity analyst at SG Securities and Teather & Greenwood, and a finance manager at Cable & Wireless. Mr. Trowbridge holds a master's degree in Geography from St Hugh's College, University of Oxford and is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified whilst working at Ernst & Young LLP.

Committees

Our governance framework is designed to provide strong oversight across our business. Our group level committees are composed at the level of Havana Topco and comprise our Audit Committee and our Remuneration Committee.

Audit Committee

Our Audit Committee is chaired by Alan Peterson and is composed of Thomas Sweet-Escott and Oliver Bower with John Christopher Davies and John Gill in attendance. The role of the Audit Committee is to review the group's accounting procedures, internal financial control systems, compliance with statutory requirements and any matters raised by the group's internal and external auditors.

Remuneration Committee

Our Remuneration Committee is composed of Alan Peterson, John Christopher Davies, Thomas Sweet-Escott and Oliver Bower with John Hardman in attendance. Membership of our Remuneration Committee requires a committee member to withdraw from any meetings where his remuneration is being considered. The responsibilities of our Remuneration Committee include considering and making recommendations to the board regarding the remuneration of the directors and senior employees of the group and serving as an appointments committee for the appointment of senior managers reporting to board members who earn a salary greater than £100,000 per year.

Conflicts of interest

We believe that there are currently no conflicts of interest between the duties owed by executive management to us and their private interests. Certain of the directors are representatives of Exponent, which is our indirect majority shareholder. In certain situations, the interests of Exponent, as indirect majority shareholder, may differ from the interests of our other shareholders. See "Risk factors—Risks related to our financial profile and structure—The interests of our controlling shareholder may differ from the interests of the holders of the Notes”.

Share ownership

Certain members of our board of directors and senior management have a beneficial ownership interest in Havana Topco, our indirect parent company. See “Principal shareholder”.

Principal shareholder

The Issuer's entire issued and outstanding share capital is held by the Company, a wholly-owned indirect subsidiary of Havana Topco, which is, in turn, majority owned and controlled by Exponent and minority co-investors SL Capital Partners LLP and Hermes GPE LLP, through investment vehicles Exponent Private Equity Partners II, LP; Exponent Private Equity Co Investment Partners II, LP; Exponent Havana Co Investment Partners, LP; ESP 2006 Conduit LP and ESP 2008 Conduit LP.

The issued share capital of Havana Topco consists of three classes of ordinary shares, which are designated as A ordinary shares, B ordinary shares and D ordinary shares. The A ordinary shares and the B ordinary shares each have a nominal value of £0.0001. The D ordinary shares have a nominal value of £1.00. The A and D ordinary shares have voting rights as well as the right to participate in distributions of capital and the B ordinary shares have the right to participate in distributions of capital but carry no voting rights. The following table sets forth certain beneficial ownership information regarding the holders of over 5% of the ordinary shares in Havana Topco and the percentage owned by each shareholder as at 15 April 2014.

Share Class	Exponent and Co-investors		Management		Total	
A Ordinary Shares....................	80,000	79.0%			80,000	79.0
B Ordinary Shares....................			19,200[(1)]	19.0%[(1)]	19,200	19.0
D Ordinary Shares....................			2,000	2.0%	2,000	2.0
Total...	**80,000[(2)]**	**79.0%[(2)]**	**21,200**	**21.0%**	**101,200**	**100.00%**

(1) Following the departure of a management shareholder in April 2014, 600 of the B Ordinary Shares that were assigned to this individual are now held in an employee benefit trust.
(2) Exponent holds approximately 74.5% of this shareholding and the co-investors collectively hold the remaining 25.5%.

Information about our principal shareholder

Exponent is a leading London based private equity firm that manages funds with total commitments of over £1.2 billion. Exponent invests in UK headquartered businesses with an initial enterprise value of between £75 million and £350 million. Exponent targets companies that are prominent in their market and capable of operational improvement, seeking to create long term value through proactively building and supporting strong management teams.

Investment agreement

On 16 October 2012, as amended and restated on 28 June 2013, Havana Topco, Havana Midco Limited, Havana Bidco, certain funds managed and controlled by Exponent and certain of our members of management entered into an investment agreement (the "Investment Agreement"), which regulates the governance of and equity interests in the group. The Investment Agreement regulates, among other matters: (i) the composition, function and scope of the board and various committees at the level of Havana Topco; (ii) the group's obligations, from time to time, to provide the Exponent funds information relating to the business operations of the group including, its detailed operating plans, financial budgets and forecasts, audited financial results and copies of material documents and correspondence relating to the group; (iii) the group's ability to take action regarding the items set forth on list of restricted matters under the Investment Agreement, requiring each manager to agree to exercise all powers to ensure that none of the group companies takes such restricted actions without the prior majority consent of the Exponent funds; (iv) the ability of the managers to sell, transfer or otherwise dispose of their shareholding in Havana Topco; (v) rescue issues; and (vi) other rights and obligations of management.

Certain relationships and related party transactions

We enter into transactions with our shareholders and other entities owned by, or affiliated with, our direct and indirect shareholders in the ordinary course of business. These transactions include, among others, professional advisory, consulting and other corporate services. The following discussion is a brief summary of certain material arrangements, agreements and transactions we have with related parties.

Havana Bidco structure and acquisition of HSS

The Company is a wholly-owned subsidiary of Havana Bidco, which acquired HSS in October 2012. Havana Bidco is indirectly majority owned by Exponent. See "Principal shareholder". In October 2012, Exponent received transaction fees and was reimbursed for certain third-party expenses in respect of the acquisition of HSS by Havana Bidco. No further amounts are owed by Havana Bidco or the Company or any subsidiary in respect of the acquisition by Exponent.

Thomas Sweet-Escott and Oliver Bower, who are members of Exponent, have been appointed to be directors on the board of Havana Topco, to represent Exponent's interests in our business.

Services agreement

In connection with our acquisition by Exponent in October 2012, we entered into a services agreement with Havana Bidco. Pursuant to this agreement, Havana Bidco is required to provide certain services to us for a fee calculated based on the cost of providing these services plus a margin to be agreed between the parties from time to time. The services that fall within the ambit of this agreement include, but are not limited to, consulting and planning services, human resource service, financial services, legal services, secretarial and risk services. Fees are payable quarterly in arrears. For the 52 week period ended 28 December 2013, £0.9 million of fees have been paid in relation to this agreement.

Description of other indebtedness

Our significant outstanding indebtedness, in addition to the Notes, is summarised below.

Revolving Credit Facility

In connection with the offering of the Notes, the Company and the other Guarantors and the Issuer entered into a new £60.0 million super senior revolving credit facility agreement dated 30 January 2014 (the "Revolving Credit Facility Agreement") with, among others, Barclays Bank PLC, as facility agent and U.S. Bank Trustees Limited, as security agent.

The Revolving Credit Facility may be utilised by any current or future borrower under the Revolving Credit Facility Agreement in Euros, U.S. Dollars, Sterling or any other readily available and agreed currency by the drawing of cash advances or the issue of letters of credit and ancillary facilities. The Revolving Credit Facility may be applied towards the Restricted Group's (being the Company and its restricted subsidiaries) working capital and general corporate purposes.

In addition, the Company may elect to request additional commitments under the Revolving Credit Facility Agreement (the "Additional Facility Commitments"). The total amount of such indebtedness that may be incurred by way of Additional Facility Commitments shall not exceed £20.0 million, provided that such Additional Facility Commitments will not cause the total commitments under the Revolving Credit Facility Agreement to exceed 100% of Relevant Consolidated EBITDA (being Consolidated EBITDA at the end of the most recent testing period under the Revolving Credit Facility Agreement adjusted on a pro forma basis as per the calculation of Consolidated Leverage Ratio in the Indenture) as at the date on which the notice relating to the Additional Facility Commitments is delivered to the Senior Agent. The Company and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

The Revolving Credit Facility may be utilised from the Issue Date until the date falling one month prior to the maturity date of the Revolving Credit Facility in respect of the facility and in relation to any additional facility thereunder, the date specified in the applicable additional facility notice.

Subordinated shareholder loans

Our subordinated shareholder loans ("Subordinated Shareholder Loans") represent certain intercompany loans between Bidco and the Company in an aggregate principal amount of £87.4 million. The Subordinated Shareholder Loans will mature in December 2022.

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements, the Company and certain of its subsidiaries (including the Guarantors) entered into the Intercreditor Agreement on 30 January 2014 with, among others, the Security Agent, the lenders under our Revolving Credit Facility (the "Senior Lenders"), and the senior agent under the Revolving Credit Facility. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of our debtors, the relative ranking of certain security granted by our debtors, when payments can be made in respect of debt of our debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Index to financial statements

Page

Hero Acquisitions Limited annual report and revised financial statements as at and for the 52 week period ended 28 December 2013

Hero Acquisitions Limited annual report and revised financial statements as at and for the 52 week period ended 29 December 2012

Hero Acquisitions Limited annual report and financial statements as at and for the 52 week period ended 31 December 2011

Hero Acquisitions Limited

Annual report and financial statements
Year ended 31 December 2013

Registered number 06209511

Contents

Directors and advisers
Year ended 31 December 2013

Directors

A. Peterson
J.C. Davies
J.B. Gill
F. Perrin

Registered office

25 Willow Lane
Mitcham
Surrey
CR4 4TS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Review of business and future developments

The group ('HSS') is a leading provider of tool and equipment hire and related services in the United Kingdom and Ireland, focussing on the ''maintain'' and ''operate'' segments of the tool and equipment hire market.

HSS caters to a long-standing, loyal and diversified customer base built over more than 50 years, comprising over 30,000 ''live'' accounts. Customers range from large, blue-chip companies to smaller, local businesses in, among others, the facilities management, retail and commercial fit-out, property services and infrastructure customer segments. This breadth means that no single customer accounts for more than 3% of turnover.

The group operates from over 250 locations, with a delivery fleet of over 375 commercial vehicles and has approximately 2,600 employees. The offering of tool and equipment hire is complemented with a range of value-added services such as those provided under the HSS OneCall, HSS Outsource, TecServ and HSS Training brands. HSS also offers specialist rental equipment under the ABird and UK Platforms brands, which are complementary to its core business.

In 2013 HSS opened a training academy to offer training to sales employees working in its branches and new employees joining the business. Alongside this, structured needs-based training and development is offered to all employees by in-house learning and development specialists. HSS has also set up an apprenticeship programme for fitters, to ensure a broad based pool of technical skills is developed and maintained across the business. HSS also has a strong focus on safety and holds a 4-star British Safety Council award, alongside a number of other safety accreditations.

To support its organic growth plans, the group has made a number of acquisitions in recent years. These include ABird Superior Limited in October 2012, followed by UK Platforms Limited in June 2013 and Premiere FCM Limited t/a TecServ in November 2013. The trade and assets of MTS Ireland were also acquired in August 2013 and in March 2014 a specialist generator hire company based in Scotland, Apex Generators Limited, was also added to the group.

As part of the ongoing growth strategy, the company refinanced its external borrowing requirements in February 2014. Via a subsidiary (HSS Financing Plc), Hero Acquisitions raised £200m of 6.75% Senior Secured Notes due in 2019. The proceeds from this fund raising were used to repay the existing £160m senior facilities agreement that the company had in place and to redeem part of the loan notes held by another group company, Havana Midco (£29m of principal and accrued interest repaid). Hero Acquisitions also put in place a £60m revolving credit facility, that was undrawn at completion of the refinancing.

The directors consider that the group has delivered a strong set of trading results for 2013. When combined with the new capital structure, the directors believe that the group is well placed to grow and through its brands and a focus on operational excellence, to continue to deliver high levels of service for its customers. This growth will be supported by continued investment in equipment across all brands and the further development of the HSS local 'selling branch' format. Alongside this, the group is partnering with Unipart to develop 'the HSS Way' to take the company's engineering capability to the standards seen in global automotive and aerospace industries.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the group are set out below:

Competitor risk: The group operates in a highly competitive market balancing both customer requirements and market pressures. The board review and monitor these factors to ensure the group's competitiveness.

Economic risk: The group's trading is broadly linked to the underlying performance of the economies of both the UK and Ireland and is therefore exposed to recessionary risk when economies contract. To mitigate this risk, management regularly reviews market and research data for forecast movements in the economy.

Liquidity risk and going concern: The group is exposed to liquidity risk as sufficient funds are required to support trading, investing and financing activities. The group regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. The refinancing detailed above is one such example of this approach.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue as a going concern for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts. Further details are given in note 1 to the accounts.

Credit risk: The group has implemented policies to manage potential credit risk before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically. Management believe the policies and provisions in place adequately cover such risk.

Interest rate risk: Following the refinancing in February 2014, the group's borrowings are principally fixed rate notes. The group therefore no longer needs any swap arrangements and these were cancelled at the time of the refinancing. The directors continue to monitor the groups' funding requirements and external debt markets to ensure that the group's borrowings are appropriate to its requirements in terms of quantum, rate and duration.

Results and KPIs

The directors consider the following to be the key performance indicators of the business: turnover, EBITDA before items defined as exceptional and capital expenditure.

Turnover for the year was £225.8m (2012: £181.8m). EBITDA before items defined as exceptional was £54.8m (2012: £40.4m), representing a 24.3% margin on sales (2012: 22.2%). EBITDA after exceptional items was £50.5m (2012: £34.6m). Reported loss for the financial year was £1.1m (2012: £16.6m).

Gross fixed asset additions for the period were £38.0m (2012: £26.2m) representing the group's continued investment in its hire fleet, systems and branch network. A further £25.3m of tangible fixed assets was added through business acquisitions.

Employee involvement

It is the group's policy to provide employees, on a regular basis, with financial and other information on matters of concern to them, by means of house journals and news sheets.

Every endeavour is made to consult, wherever possible, with employees, so that their views can be taken into account in making decisions which are likely to affect their interests. Employees participate in consultations to help facilitate this process.

Disabled employees

The group's policy on employment of disabled persons is:

1. To give full and fair consideration to applications for employment with the group made by disabled persons, having regard to their particular aptitudes and abilities.
2. Where practical, to continue the employment of and arrange appropriate training for employees of the company who become disabled during their employment with the group.
3. To encourage training and career development for all personnel employed by the group, including disabled persons.

By order of the board

J.B. Gill
Director
11 April 2014

Directors' report

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2013.

Directors

The directors of the company who served during the year ended 31 December 2013 are listed below:

A. Peterson
J.C. Davies
J.B. Gill
F. Perrin

The company has arranged qualifying third party indemnity for all of its directors.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to the disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Dividends

No interim dividends were paid or proposed during the year ended 31 December 2013 (2012: nil). The directors do not recommend the payment of a final dividend (2012: £nil).

Financial risk management

The information on financial risk management objectives and policies is included in the strategic report.

By order of the board

J.B. Gill
Director
11 April 2014

Independent auditors' report to the members of Hero Acquisitions Limited

We have audited the financial statements of Hero Acquisitions Limited for the year ended 31 December 2013 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor's 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 statement of directors' responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Douglas Lowson (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
11 April 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group profit and loss account

Year ended 31 December 2013

	Note	Year ended 31 December 2013 Pre-Exceptional Items £'000	Year ended 31 December 2013 Exceptional Items (note 2) £'000	Year ended 31 December 2013 Total £'000	Year ended 31 December 2012 Total £'000
Turnover		**225,813**	-	**225,813**	181,807
- continuing activities		**214,450**	-	**214,450**	181,807
- acquisition activities		**11,363**	-	**11,363**	-
Cost of sales		(73,411)	-	(73,411)	(60,209)
Gross profit		**152,402**	-	**152,402**	121,598
Administrative expenses		(105,619)	(4,296)	(109,915)	(97,150)
Distribution expenses		(28,689)	-	(28,689)	(23,644)
Other operating income		1,049	-	1,049	1,216
Operating profit		**19,143**	(4,296)	**14,847**	2,020
- continuing activities		**18,101**	(3,959)	**14,142**	2,020
- acquisition activities		**1,042**	(337)	**705**	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**54,828**	**(4,296)**	**50,532**	34,580
less: Depreciation and amortisation		(35,685)	-	(35,685)	(32,560)
Total operating profit		**19,143**	**(4,296)**	**14,847**	2,020
Loss on sale of fixed assets		(284)	-	(284)	(672)
Profit on ordinary activities before interest and taxation		**18,859**	**(4,296)**	**14,563**	1,348
Interest receivable and similar income	5	12	-	12	30
Interest payable and similar charges	6	(14,250)	-	(14,250)	(18,423)
Profit / (loss) on ordinary activities before taxation		**4,621**	**(4,296)**	**325**	(17,045)
Tax on profit on ordinary activities	7			(1,405)	468
Loss for the financial year	17			**(1,080)**	(16,577)

The results above relate entirely to continuing operations. There were no differences between the profit / (loss) on ordinary activities before taxation and the loss for the year as stated above and their historical cost equivalents.

The notes on pages F-14 to F-32 form part of these accounts.

Hero Acquisitions Limited

Group statement of total recognised gains and losses

Year ended 31 December 2013

	Note	**Year ended 31 December 2013 £'000**	Year ended 31 December 2012 £'000
Loss for the financial year		**(1,080)**	(16,577)
Foreign currency translation differences	17	**59**	(92)
Total recognised losses relating to the year		**(1,021)**	(16,669)

The notes on pages F-14 to F-32 form part of these accounts.

Hero Acquisitions Limited

Group balance sheet

Year ended 31 December 2013

	Note	**2013 £'000**	2012 £'000
Fixed Assets			
Intangible fixed assets	8	**110,491**	112,860
Tangible fixed assets	9	**101,041**	65,736
		211,532	178,596
Current Assets			
Stock	11	**5,417**	3,753
Debtors	12	**68,214**	51,248
Cash at bank and in hand		**2,871**	1,525
		76,502	56,526
Creditors - amounts falling due within one year	13	**(62,277)**	(43,520)
Net current assets		**14,225**	13,006
Total assets less current liabilities		**225,757**	191,602
Creditors - amounts falling due after more than one year	14	**(249,742)**	(215,579)
Provisions for liabilities and charges	16	**(8,376)**	(7,363)
Net liabilities		**(32,361)**	(31,340)
Capital and reserves			
Share capital	17	**14,222**	14,222
Share premium	18	**143,068**	143,068
Reserves	18	**(189,651)**	(188,630)
Equity shareholders' deficit	19	**(32,361)**	(31,340)

The notes on pages F-14 to F-32 form part of these accounts.

Hero Acquisitions Limited

Company balance sheet

Year ended 31 December 2013
Registered number 06209511

	Note	2013 £'000	2012 £'000
Fixed Assets			
Tangible fixed assets	9	**-**	-
Investments	10	**256,459**	100,179
		256,459	100,179
Current Assets			
Stock	11	**-**	-
Debtors	12	**2,682**	152,554
Cash at bank and in hand		**-**	-
		2,682	152,554
Creditors - amounts falling due within one year	13	**(22,751)**	(44,244)
Net current liabilities		**(20,069)**	108,310
Total assets less current liabilities		**236,390**	208,489
Creditors - amounts falling due after more than one year	14	**(248,598)**	(212,534)
Provisions for liabilities and charges	16	**-**	-
Net liabilities		**(12,208)**	(4,045)
Capital and reserves			
Share capital	17	**14,222**	14,222
Share premium	18	**143,068**	143,068
Reserves	18	**(169,498)**	(161,335)
Equity shareholders' deficit	19	**(12,208)**	(4,045)

The notes on pages F-14 to F-32 form part of these accounts.

The financial statements which comprise the profit and loss account, the balance sheet and the related notes were approved and authorised by the board of directors on 11 April 2014 and were signed on its behalf by:

J.B. Gill
Director

Hero Acquisitions Limited

Group cash flow statement

Year ended 31 December 2013

	Note	**2013** **£'000**	2012 £'000
Net cash inflow from operating activities	21(a)	**41,789**	38,744
Net cash outflow from returns on investments and servicing of finance	21(b)	**(9,658)**	(19,690)
Taxation paid		**(1,498)**	-
Net cash outflow from capital expenditure and financial investment	21(c)	**(28,664)**	(25,304)
Net cash outflow from acquistions and disposals	21(d)	**(26,440)**	(7,336)
Net outflow before use of liquid resources and financing		**(24,471)**	(13,586)
Net inflow from management of liquid resources		**-**	-
Net cash (outflow) / inflow from financing	21(e)	**29,836**	7,027
Increase / (decrease) in cash		**5,365**	(6,559)

Reconciliation to net debt

	Note	**2013** **£'000**	2012 £'000
Net debt at beginning of year		**(220,540)**	(200,280)
Increase / (decrease) in cash		**5,365**	(6,559)
Finance leases acquired		**(2,208)**	(4,160)
New finance leases		**(3,871)**	(950)
Repayment of finance leases		**2,789**	397
Repayment of borrowings		**375**	46,308
Drawings under new facilities		**(30,000)**	-
Drawings under existing facilities		**(3,000)**	
Other non cash movement in borrowings		**-**	27,613
Intercompany loans advanced		**-**	(53,732)
Other non cash movement in intercompany loans		**(3,812)**	(32,622)
Debt issue costs		**747**	3,445
Net debt at year end	21(f)	**(254,155)**	(220,540)

1. Principal accounting policies

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The directors have taken advantage of the option within the Companies Act 2006 to make their accounts up to a date 7 days either side of the company's accounting reference date and these accounts therefore cover the period from 30 December 2012 to 28 December 2013.

Set out below is a summary of the more important accounting policies which have been applied consistently throughout the year.

Basis of preparation

The directors have prepared the accounts on the going concern basis. In preparing the accounts on this basis, the directors have taken account of the following factors:

The directors have prepared cash flow forecasts based on recent trading conditions and their current expectations of the group's future trading prospects for the forthcoming 12 months which incorporate the group refinancing that took place on 6 February 2014. These indicate that the group is expected to trade within its existing facilities.

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources 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 accounts consolidate the accounts of Hero Acquisitions Limited and all its subsidiary undertakings. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, which arise after the group has gained control of the subsidiary, are dealt with in the post-acquisition profit and loss account.

As permitted by section 408 of the Companies Act 2006 no separate profit and loss account is presented for Hero Acquisitions Limited.

Goodwill

Purchased goodwill represents the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. It is stated at cost less accumulated amortisation and, where appropriate, impairment in value. In accordance with Financial Reporting Standard No. 10, goodwill arising on acquisition is capitalised as an intangible asset.

Where such goodwill is regarded as having a limited estimated useful economic life, it is amortised through the profit and loss account on a straight-line basis over its life. Goodwill is currently being amortised over periods of 20 years. The need for any impairment write down is assessed by the comparison of the carrying value of the asset against the higher of realisable value and the value in use.

Investments

Investments are included in the balance sheet at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

Capital instruments

Finance costs on debt are allocated to periods over the terms of the debt at a constant rate of return on the carrying amount. Debt is initially recorded in the balance sheet based on the net proceeds received. Issue costs are spread forward in the profit and loss account over the term of the debt.

Tangible fixed assets and depreciation

Tangible fixed assets, excluding materials and equipment held for hire, are stated at cost or fair value when acquired as part of a business acquisition, less depreciation and, when appropriate, provision for impairment. Depreciation is provided at rates calculated to write-off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used from the date of purchase are:

Leasehold properties with less than fifty years unexpired	Over unexpired period of lease
Freehold buildings and long leasehold properties	Over 50 years
Freehold land is not depreciated	
Fixtures, fittings, plant & machinery and office equipment	2 to 10 years

Materials and equipment held for hire purposes are valued at cost less an amount, based on varying rates, according to normal working lives of between one and ten years, computed on the basis of cost, to cover depreciation, to write the assets down to nil, and to cover wastage and obsolescence. Profits or losses arising when customers are invoiced for loss of equipment held for hire purposes are calculated by reference to average written down values. Materials and equipment held for hire are classified as fixed assets.

Stock

Other materials, stock of spares and equipment, included in stock, are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on a full provision basis, without discounting, on all timing differences, which have arisen but not reversed, at the balance sheet date. Except where otherwise required by Accounting Standards, no timing differences are recognised in respect of:

(a) property revaluation surpluses where there is no commitment to sell the asset;
(b) gains on sale of assets where those gains have been rolled over into replacement assets;
(c) additional tax which would arise if profits of overseas subsidiaries were distributed; and
(d) deferred tax assets except to the extent that it is more likely than not that they will be recovered in the foreseeable future.

Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate. Rent free periods, or any inducements to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rent.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies, held at the year end, are translated at year end exchange rates. Any resulting gain or loss is dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet is translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Finance leases

Assets acquired under finance leases are capitalised and are reported at cost. The equivalent liability is categorised as appropriate under creditors due within or after one year.

Finance charges are allocated to accounting periods over the period of the lease to approximate a constant rate of return on the outstanding balance. Repayments are apportioned between finance charges and reduction of the liability.

Provisions

In relation to leasehold properties, the group makes provision for known and anticipated dilapidations and wear and tear obligations where the group has a present obligation as a result of past events and where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. In addition, where unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the expected obligation under the lease, after taking into account actions taken by the directors to minimise the future cash outflow.

Pension costs

The group operates an employees' optional stakeholder retirement and death benefit scheme. Both employee and employer are required to make contributions with the employer's contribution for each employee determined by the level of contribution made by the employee and the employee's length of service within the group. The company's contributions are charged against profits in the year in which the contributions are due.

Turnover

Turnover represents the amounts receivable by the group in respect of goods and services supplied, reduced by trade discounts and rebates and excluding value added tax. Where turnover relates to hire activities, revenue is recognised on a straight-line basis over the period of hire. Revenue in respect of other items is recognised at the point of sale when a right to consideration arises. Turnover also includes revenue from customers in compensation for damage to and loss of hire stock assets. The group's activities consist of supplying hire and equipment services, principally within the UK.

Derivatives and other financial instruments

The interest differential amounts due to / from the company on interest rate swaps are accrued until settlement date and are recognised within interest expense.

2. Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Amortisation of goodwill	**7,908**	7,695
Depreciation and other charges in respect of materials and equipment held for hire		
- owned assets	**16,613**	14,959
- leased assets	**2,147**	366
Depreciation of other tangible fixed assets		
- owned assets	**5,586**	4,636
Hire stock asset disposals, write-offs and customer losses	**3,431**	4,904
	35,685	32,560
Operating lease rentals		
- land and buildings	**16,175**	16,464
- motor vehicles	**5,934**	4,144
Property rental income	**(1,049)**	(1,216)
Auditor's remuneration		
- audit of the company's annual accounts	**22**	25
- audit of other group companies' annual accounts	**123**	91
Auditor's remuneration - services relating to corporate finance transactions	**427**	93
Foreign exchange (gain) / loss	**(5)**	45

Exceptional items

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Included in administrative expenses		
- Redundancy costs relating to rationalisation of operations	**507**	931
- Professional fees relating to rationalisation of operations	**45**	18
- Costs of non-trading stores	**3,744**	3,533
- Costs incurred during sale process	**-**	1,236
	4,296	5,718
Included in distribution expenses		
- Redundancy costs relating to rationalisation of operations	**-**	57
	4,296	5,775
Included in interest payable	**-**	1,701
	4,296	7,476

Costs incurred during sale process in the year ended December 2012 relate to the sale by Hero Midco Limited of Hero Acquisitions Limited to Havana Bidco Limited.

3. Employees

(a) Staff costs

Staff costs (including directors) were as follows:

	Group Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	**59,727**	50,497
Social security costs	**5,730**	5,321
Other pension costs	**1,331**	1,102
	66,788	56,920

Staff costs relate entirely to subsidiary undertakings.

(b) Employee numbers

The average monthly number of persons employed by the group during the year, including directors, was as follows:

	Year ended 31 December 2013 No.	Year ended 31 December 2012 No.
Distribution	**614**	596
Stock maintenance	**307**	323
Administrative	**1,691**	1,443
	2,612	2,362

4. Directors' emoluments

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Aggregate emoluments	**1,141**	1,095
Pension contributions made	**74**	69
	1,215	1,164

The amounts paid in respect of the highest paid director are as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Aggregate emoluments	**466**	481
Pension contributions made	**30**	30
	496	511

The directors of the company were also directors of other companies in the Havana Topco Group. The directors do not believe it is practical to apportion this amount between their services as directors of the company and their services as directors of other companies within the Havana Topco Group. The full salary cost is therefore borne by the company's subsidiary undertaking, HSS Hire Service Group Limited.

5. Interest receivable and similar income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Short term deposits and other bank interest	**12**	30

6. Interest payable and similar charges

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Bank loans and overdrafts	**8,749**	13,168
Payable to group companies	**3,907**	1,181
Finance leases	**479**	210
Amortisation of issue cost	**1,115**	2,163
Termination costs associated with interest rate swap	**-**	1,701
	14,250	18,423

7. Tax on loss for the year

(a) Analysis of charge in the year

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Current tax:		
UK corporation tax on the profit for the year	**1,458**	(285)
Adjustments in respect of prior years	**79**	-
Total current tax (note 7(b))	**1,537**	(285)
Deferred tax credit for the period	**(132)**	(183)
Tax charge / (credit) on profit on ordinary activities	**1,405**	**(468)**

(b) Factors affecting the tax charge in the year

The tax assessed on the profit for the year differs from the standard UK corporation rate of tax. The differences are explained below:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Profit on ordinary activities before tax	**325**	(17,045)
UK corporation tax at 23.25% (2012: 24.5%) on loss on ordinary activities	**76**	(4,176)
Effects of:		
Depreciation in excess of capital allowances	**(512)**	928
Expenses not deductible for tax purposes	**1,658**	1,052
Non deductible accounting amortisation / fair value adjustment	**-**	1,907
Utilisation of tax losses brought forward	**(18)**	(33)
Foreign tax - Irish branch	**73**	-
Losses carried forward	**92**	187
Other short term timing differences	**221**	17
Double tax relief	**(132)**	-
Tax recoverable under s455 CTA 2010	**-**	(167)
	1,458	(285)

During the year the group surrendered and received payment for group relief to the net tax effect of £751,000 (2012: £96,000). During the year the company surrendered and received payment for group relief to the net tax effect of £2,472,000 (2012: £2,728,051).

(c) Factors that may affect future tax charge

The company has an unrecognised deferred tax asset of approximately £156,000 (2012: £171,000). The group has an unrecognised deferred tax asset of approximately £14,116,000 (2012: £12,297,000). No deferred tax assets has been recognised on the basis that it is not sufficiently certain when taxable profits will be made in the future in order to absorb the reversal of the timing difference.

8. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2013	243,138
Additions (note 25)	5,539
At 31 December 2013	**248,677**
Accumulated amortisation	
At 1 January 2013	130,278
Charge for the year	7,908
At 31 December 2013	**138,186**
Net book amount	
At 31 December 2013	**110,491**
At 31 December 2012	112,860

Goodwill in the year arose principally on the acquisition of UK Platforms Limited on 28 June 2013 and the acquisition of TecServ Cleaning Equipment Services Limited (formerly Premiere FCM Limited) on 22 November 2013.

9. Tangible fixed assets

Group

	Land & Buildings £'000	Plant & Machinery £'000	Materials & Equipment held for hire £'000	Total £'000
Cost				
At 1 January 2013	**35,507**	**49,631**	**136,520**	**221,658**
FX differences	-	20	176	196
Acquired on acquisition	472	365	51,434	52,271
Additions	2,646	4,531	30,862	38,039
Disposals	(515)	(261)	(15,423)	(16,199)
At 31 December 2013	**38,110**	**54,286**	**203,569**	**295,965**
Accumulated depreciation				
At 1 January 2013	**22,665**	**40,390**	**92,867**	**155,922**
FX differences	-	13	145	158
Acquired on acquisition	230	239	26,507	26,976
Charge for the period	2,105	3,481	18,760	24,346
Disposals	(353)	(133)	(11,992)	(12,478)
At 31 December 2013	**24,647**	**43,990**	**126,287**	**194,924**
Net book amounts				
At 31 December 2013	**13,463**	**10,296**	**77,282**	**101,041**
At 31 December 2012	12,842	9,241	43,653	65,736

The net book value of materials and equipment held for hire includes an amount of £10,041,000 (2012: £6,384,000) in respect of assets held under finance leases. The depreciation charge for assets held under finance leases was £2,146,600 (2012: £366,000).

Analysis of land and buildings

	Long Leasehold £'000	Short Leasehold £'000	Freehold £'000	Total Total £'000
Cost	363	33,736	1,408	35,507
Additions	-	3,118	-	3,118
Disposals	-	(515)	-	(515)
Accumulated depreciation	(135)	(24,070)	(442)	(24,647)
Net book value	**228**	**12,269**	**966**	**13,463**

10. Fixed asset investments

	£'000
Investment in HSS Hire Service Holdings Limited	100,179
Capitalisation of intercompany loans	156,280
At 31 December 2013	**256,459**

At 31 December 2013 the company's principal subsidiary undertakings were as follows:

Name of company *(and country of incorporation if outside UK)*	**Proportion of equity shares held**	**Activities**
Owned directly		
HSS Hire Service Holdings Limited*	100%	Intermediate holding company
Owned indirectly		
HSS Hire Service Finance Limited*	100%	Intermediate holding company
HSS Hire Service Group Limited*	100%	Hire and equipment services
A1 Hire & Sales Limited*	100%	Hire and equipment services
Bannagroe Limited *(Republic of Ireland)**	100%	Intermediate holding company
Laois Hire Services Limited *(Republic of Ireland)**	100%	Hire and equipment services
HSS Training Limited*	100%	Training
1st Collection Services Limited*	100%	Administration of group trade debtors
Abird Superior Limited*	100%	Intermediate holding company
Abird Limited*	100%	Hire and equipment services
UK Platforms Limited*	100%	Hire and equipment services
TecServ Cleaning Equipment Services Limited	100%	Cleaning equipment services

* Represents companies that are part of the banking obligor group.

11. Stock

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Stock held for resale	**3,911**	2,878	**-**	-
Stock of spares	**1,506**	875	**-**	-
	5,417	3,753	**-**	-

12. Debtors

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Trade debtors	**53,237**	40,032	**-**	-
Due from group undertakings	**1,122**	-	**2,682**	152,554
Other debtors	**252**	938	**-**	-
Prepayments and accrued income	**13,436**	10,111	**-**	-
Corporation tax	**167**	167	**-**	-
	68,214	51,248	**2,682**	152,554

Amounts receivable from group entities are unsecured and repayable on demand with interest receivable based on LIBOR plus an agreed rate.

13. Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Bank overdraft	**-**	4,019	**-**	-
Trade creditors	**29,493**	20,288	**-**	-
Due to group undertakings	**2,946**	2,507	**20,496**	43,114
Corporation tax	**709**	134	**-**	-
Accrued interest	**1,972**	737	**1,972**	737
Accruals and deferred income	**11,997**	7,842	**78**	18
Other taxes and social security costs	**4,758**	4,117	**-**	-
Other creditors	**3,119**	1,409	**205**	-
Obligations under finance leases	**3,408**	2,092	**-**	-
Bank and other borrowings	**3,875**	375	**-**	375
	62,277	43,520	**22,751**	44,244

Amounts payable to group entities are unsecured and repayable on demand with interest payable based on LIBOR plus an agreed rate.

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Bank and other borrowings	**152,547**	124,170	**156,422**	124,170
Due to group undertakings	**92,176**	88,364	**92,176**	88,364
Obligations under finance leases	**5,019**	3,045	**-**	-
	249,742	215,579	**248,598**	212,534

15. Maturity profile of creditors

(a) Bank and other borrowings

Bank and other borrowing are repayable as follows:

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Due within one year				
Term loans	**875**	375	**875**	375
Revolving credit facility	**3,000**	-	**3,000**	-
	3,875	375	**3,875**	375
Due after more than one year				
Term loans	**158,750**	129,625	**158,750**	129,625
Issue costs to be amortised under FRS4	**(6,203)**	(5,455)	**(6,203)**	(5,455)
	152,547	124,170	**152,547**	124,170

Issue costs relate entirely to the term loans.

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Secured Senior Term Loan 'A'	**39,625**	40,000	**39,625**	40,000
Secured Senior Term Loan 'B'	**90,000**	90,000	**90,000**	90,000
Secured Senior Term Loan 'C'	**20,000**	-	**20,000**	-
Secured Senior Term Loan 'D'	**10,000**	-	**10,000**	-
	159,625	130,000	**159,625**	130,000

Term Loan 'A' is an amortising loan with £875,000 due for repayment in 2014, £1,125,000 in 2015, £1,375,000 in 2016, £1,625,000 in 2017 and the balance due in 2018.

Term Loan 'B' is repayable in full in October 2018, Term Loan 'C' on 30 June 2019 and Term Loan 'D' on 31 December 2019. The revolving credit facility is available until October 2018.

Interest rates applicable are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	% above LIBOR	% above LIBOR	**% above LIBOR**	% above LIBOR
Secured Senior Term Loan 'A'	**4.25**	4.25	**4.25**	4.25
Secured Senior Term Loan 'B'	**4.75**	4.75	**4.75**	4.75
Secured Senior Term Loan 'C'	**7.00**	-	**7.00**	-
Secured Senior Term Loan 'D'	**10.50**	-	**10.50**	-
Revolving credit facility	**4.25**	-	**4.25**	-

The term loans are secured by fixed and floating charges over the goodwill and assets of the company and certain of its subsidiaries, see note 10.

The group has in place an interest rate swap to fix LIBOR interest at 0.959% in respect of £110,000,000 of the senior debt which expires on 26 November 2016.

The group has undrawn committed borrowing facilities of £7,000,000 at 31 December 2013 (2012: £5,631,000).

(b) Finance leases

The group's future minimum payments under finance leases are as follows:

	Group	
	2013	2012
	£'000	£'000
Within one year	**3,408**	2,092
In more than one year, but not more than two years	**2,843**	1,651
In more than two years, but not more than five years	**2,176**	1,394
	8,427	5,137

(c) Due to group undertakings

Amounts due to group undertakings are repayable in full in 2022.

16. Provisions for liabilities

Group

	Properties £'000	Deferred tax £'000	Total £'000
At 1 January 2013	6,760	603	7,363
Acquired	1,625	(73)	1,552
Utilised during the year	(1,497)	-	(1,497)
Charged to the profit and loss account	1,090	(132)	958
At 31 December 2013	7,978	398	8,376

17. Share capital

	2013 No. '000	2012 No. '000	2013 £'000	2012 £'000
Issued, called up and fully paid				
Ordinary shares of £1 each	14,208	14,208	14,208	14,208
A Ordinary shares at £0.0001 each	143,083	143,083	14	14
	157,291	157,291	14,222	14,222

18. Movement in reserves

(a) Profit and loss account

	Group £'000	Company £'000
At 1 January 2013	(188,630)	(161,335)
Loss for the financial year	(1,080)	(8,163)
Foreign exchange difference	59	-
At 31 December 2013	(189,651)	(169,498)

(b) Share premium account

	Group £'000	Company £'000
At 1 January 2013 and 31 December 2013	143,068	143,068

19. Reconciliation of movements in equity shareholders' deficit

	Group		Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Loss for the financial year	**(1,080)**	(16,577)	**(8,163)**	(11,853)
Foreign exchange difference	**59**	(92)	**-**	-
Capital contribution	**-**	6,581	**-**	6,176
Share capital issued	**-**	14,222	**-**	14,222
Share premium	**-**	143,068	**-**	143,068
Net increase to equity shareholders' fund	**(1,021)**	147,202	**(8,163)**	151,613
Opening equity shareholders' deficit	**(31,340)**	(178,542)	**(4,045)**	(155,658)
Closing equity shareholders' deficit	**(32,361)**	(31,340)	**(12,208)**	(4,045)

20. Operating lease commitments

The group's annual commitment under operating leases is set out below:

	Land and buildings		Other	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Operating leases which expire:				
Within one year	**692**	806	**786**	1,170
Within two to five years	**7,561**	6,853	**5,062**	4,308
Over five years	**7,464**	7,757	**-**	-
	15,717	15,416	**5,848**	5,478

21. Notes to the cash flow statement

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

	Year ended 31 December 2013	Year ended 31 December 2012
	£'000	£'000
Operating profit	**14,847**	2,020
Depreciation	**24,346**	19,961
Net book value of hire stock disposals	**3,431**	4,904
Amortisation of goodwill	**7,908**	7,695
Decrease in stock	**(1,035)**	(143)
(Increase) in debtors	**(11,301)**	(1,391)
Increase / (decrease) in provisions	**(483)**	926
Increase in creditors	**4,049**	4,785
Exchange adjustments	**21**	(13)
Profit on sale of fixed assets	**6**	-
	41,789	38,744

(b) Returns from investments and servicing of finance

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Interest paid	**(7,265)**	(12,201)
Interest paid on finance leases	**(479)**	(210)
Interest received	**12**	30
Issue costs of renegotiating bank financing	**(1,926)**	(7,309)
	(9,658)	(19,690)

(c) Capital expenditure and financial investment

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Purchase of fixed assets	**(28,664)**	(25,304)

(d) Acquisitions and disposals

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Purchase of subsidiary undertakings	**(26,795)**	(7,427)
Cash acquired with subsidiaries	**355**	91
	(26,440)	(7,336)

(e) Financing

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Repayment of bank loans	**(375)**	(46,308)
Bank loans taken out	**33,000**	53,732
Capital element of finance leases repaid	**(2,789)**	(397)
	29,836	7,027

(f) Analysis of net debt

	At 1 January 2013 £'000	Acquisitions £'000	Cashflow £'000	Other non-cash items £'000	At 31 December 2013 £'000
Cash at bank and in hand	1,525	-	1,346	-	2,871
Bank overdraft	(4,019)	-	4,019	-	-
	(2,494)	-	5,365	-	2,871
Finance leases	(5,137)	(2,208)	2,789	(3,871)	(8,427)
Term loans	(130,000)	-	(32,625)	-	(162,625)
Issue costs	5,455	-	1,926	(1,179)	6,202
Shareholder financing	(88,364)	-	-	(3,812)	(92,176)
	(220,540)	(2,208)	(22,545)	(8,862)	(254,155)

22. Pension commitments

The group provides the option of one of two stakeholder pension schemes to employees. The assets of both schemes are held separately from those of the group in an independently administered fund. At 31 December 2013, no contributions were owing to the scheme (2012: nil).

23. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies which are 100% owned, on the basis that it is 100% controlled within the group and its parent company, Havana Topco Limited prepares consolidated financial statements which are publically available.

24. Ultimate holding company

At 31 December 2013, the company's immediate parent company was Havana Bidco Limited a company incorporated in the United Kingdom, and its ultimate parent company was Havana Topco Limited, also a company incorporated in the United Kingdom. The financial statements of the company at 31 December 2013 have been consolidated into the Havana Topco Limited group whose financial statements can be obtained from: The Company Secretary, 12 Henrietta Street, London, WC2E 8LH.

By virtue of its majority shareholding, Havana Topco Limited is controlled by funds managed by Exponent Private Equity LLP.

25. Acquisitions

On 28 June 2013 HSS Hire Service Group Limited acquired the entire share capital of UK Platforms Limited, a powered access hire company. On 22 November 2013 HSS Hire Service Group Limited acquired the entire share capital of TecServ Cleaning Equipment Services Limited (formerly Premiere FCM Limited), a specialist provider of cleaning equipment services. Further details are given below. In addition, a further immaterial acquisition in the year gave rise to goodwill of £62,000.

The assets and liabilities of UK Platforms Limited and its provisional fair values are set out below:

	Book value £'000	Adjustments £'000	Fair Value £'000
Tangible fixed assets	20,552	4,622	25,174
Stock	238	-	238
Debtors	5,813	(631)	5,182
Cash at bank and in hand	406	-	406
Creditors and provisions	(3,499)	(2,112)	(5,611)
Finance leases	(2,208)	-	(2,208)
	21,302	1,879	23,181
Goodwill			5,350
Cash consideration including expenses			28,531

Of the consideration, £2,000,000 relates to deferred consideration due in less than one year. This consideration was paid on 31 December 2013, which falls outside the period covered by these accounts. These accounts are drawn up for the 52 weeks ended 28 December 2013, see accounting convention policy on page 12.

The fair value adjustments relate to the revaluation of the hire stock fleet to fair value and the recognition of provisions in line with the policies of HSS Hire Service Group.

The assets and liabilities of TecServ Cleaning Equipment Services Limited and its provisional fair values are set out below:

	Book value £'000	Adjustments £'000	Fair Value £'000
Tangible fixed assets	17	-	17
Stock	892	(534)	358
Debtors	483	-	483
Cash at bank and in hand	(51)	-	(51)
Creditors and provisions	(842)	-	(842)
	499	(534)	(35)
Goodwill			127
Cash consideration			92

The fair value adjustments relate to the creation of a stock obsolescence provision.

Notes to the financial statements (continued)

Year ended 31 December 2013

The results of UK Platforms Limited prior to its acquisition are set out below:

	Current period up to acquisition £'000	Year ended 31 December 2012 £'000
Turnover	9,866	18,412
Operating (loss) / profit	(305)	420
Net interest	(561)	(1,054)
Loss on ordinary activities before tax	(866)	(634)
Tax on profit on ordinary activities	-	-
(Loss) for the period / year	(866)	(634)

The results of TecServ Cleaning Equipment Services Limited prior to its acquisition are set out below:

	Current period up to acquisition £'000	Year ended 31 December 2012 £'000
Turnover	1,574	1,729
Operating profit	50	501
Net interest	-	-
Profit on ordinary activities before tax	50	501
Tax on profit on ordinary activities	-	-
Profit for the period / year	50	501

26. Continuing and acquisition activities

	Year ended 31 December 2013 Continuing activities pre-Exceptional Items £'000	Year ended 31 December 2013 Acquisition activities pre-Exceptional Items £'000	Year ended 31 December 2013 Pre-Exceptional Items £'000	Year ended 31 December 2013 Exceptional Items (note 2) £'000	Year ended 31 December 2013 Total £'000
Turnover	**214,450**	11,363	**225,813**	**-**	**225,813**
Cost of sales	(68,941)	(4,470)	(73,411)	**-**	(73,411)
Gross profit	**145,509**	**6,893**	**152,402**	**-**	**152,402**
Administrative expenses	(102,115)	(3,504)	(105,619)	(4,296)	(109,915)
Distribution expenses	(26,342)	(2,347)	(28,689)	-	(28,689)
Other operating income	1,049	**-**	1,049	-	1,049
Operating profit	**18,101**	**1,042**	**19,143**	**(4,296)**	**14,847**

27. Post balance sheet events

On 6 February 2014 the company refinanced its external borrowing requirements. Via a subsidiary (HSS Financing Plc), Hero Acquisitions raised £200m of 6.75% Senior Secured Notes due in 2019. The proceeds from this fund raising were used to repay the existing £160m senior facilities agreement that the company had in place, repay the £3m revolving credit facility and to redeem part of the loan notes held by another group company, Havana Midco (£29m of principal and accrued interest repaid). Hero Acquisitions also put in place a £60m revolving credit facility, that was undrawn at completion of the refinancing.

On 31 March 2014 the group acquired the entire share capital of Apex Generators Limited, a specialist generator hire company operating in Scotland, via its indirect subsidiary company, Abird Superior Limited. The cost of equity investment was £5.9m, financed by intercompany borrowings.

28. Segmental analysis

	Year ended 31 December 2013 £'000 UK	Year ended 31 December 2013 £'000 Ireland	Year ended 31 December 2013 £'000 Group
Turnover	**204,857**	**20,956**	**225,813**
Profit after tax*	**15,685**	**395**	**16,080**
Net assets*	**59,111**	**2,859**	**61,970**

	Year ended 31 December 2012 £'000 UK	Year ended 31 December 2012 £'000 Ireland	Year ended 31 December 2012 £'000 Group
Turnover	166,278	15,529	181,807
Profit after tax*	4,953	749	5,702
Net assets*	42,636	3,195	45,831

*Note that profit after tax and net asset information is given in respect of Laois Hire Services Limited only and not the Irish branch operations of HSS Hire Service Group Limited, as assets are not tracked by division.

Hero Acquisitions Limited

Annual report and revised financial statements
Year ended 31 December 2012

Registered number 06209511

Hero Acquisitions Limited
Contents

Directors and advisers

Year ended 31 December 2012

Directors

A. Peterson
J.C. Davies
J.B. Gill
F. Perrin

Registered office

25 Willow Lane
Mitcham
Surrey
CR4 4TS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2012.

This revised directors' report and the accompanying revised financial statements replace the original report and financial statements for the year ended 31 December 2012 which were approved by the Board on 24 April 2013. They are now the statutory directors' report and financial statements of the company for that financial year. In accordance with the Companies Act 2006 ('the Act) the directors' report and financial statements have been revised as at the date of the original directors' report and financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates. The original financial statements did not comply with the Act in the following respect. Certain amounts due to group companies were treated as repayable on demand, notwithstanding that agreements had been entered into at the time of acquisition of the company during the year that these would be repayable in 2020. The effect of the revision is to recognise £88.4m of the amounts due to group undertakings as due in greater than one year, and reduce the amounts due within one year to group undertakings by the same amount in both the group and company balance sheet. There is no effect on the group profit and loss account. The Act requires that where revised financial statements are issued, a revised auditors' report is issued and this is attached.

Principal activities

The principal activity of the group is the supply and hire of equipment and services. The principal activity of the company within the group is to act as an intermediate holding company and to provide finance to the group companies.

Review of business and future developments

The group is a market leading supplier of tool and equipment hire in the UK and Ireland and has been providing hire services for over 50 years. Operating under the banner of HSS Hire, the group has an established network of over 230 outlets.

HSS has a diverse customer base across a range of sectors, with a particular focus on the "maintain and operate" sector. Customers include major players in transport, facilities management, utilities, retail and construction as well as trades-people and consumers. This breadth means that no single customer accounts for more than 2% of turnover.

HSS also operates a specialist training division called HSS Training which delivers a range of safety related courses across the UK.

HSS has a strong focus on safety and holds a 4-star British Safety Council rating. In addition HSS is ISO9001, ISO 14001, BS OHSAS 18001, ISO17020 and Safe-Hire accredited and is a holder of Investors in People status. HSS has also contributed to community support projects and has set up apprentice schemes.

During the year, Hero Acquisitions Limited was sold by Hero Midco Limited to a new company, Havana Bidco Limited. The transaction was completed on 25 October 2012 and was accompanied by a material reduction in the third party debt in Hero Acquisitions. Havana Bidco is part of a group of companies controlled by Exponent Private Equity.

On 31 October 2012 a subsidiary of Hero Acquisitions acquired 100% of Abird Superior Limited, the parent company of Abird Limited. Abird Limited is a specialist generator hire company, with seven depots across England and Wales. It is the intention of the HSS management team to develop the Abird business by opening new depots and adding to the fleet of generators.

Despite the challenging external market conditions the directors consider that the group has delivered a strong set of trading results. When combined with the new ownership and the reduction in external debt, the directors believe that the group is well placed to grow and through its brands and operations to continue to deliver high levels of service for its customers.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the group are set out below:

Competitor risk: The group operates in a highly competitive market balancing both customer requirements and market pressures. The board review and monitor these factors to ensure the group's competitiveness.

Economic risk: The group's trading is broadly linked to the underlying performance of the economies of both the UK and Ireland and is therefore exposed to recessionary risk when economies slow. To mitigate this risk, management regularly reviews market and research data for forecast movements in the economy.

Liquidity risk and going concern: The group is exposed to liquidity risk as sufficient funds are required to support trading, investing and financing activities. The group regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. The group's borrowings (note 15) are subject to a number of financial covenants which the directors regularly monitor to ensure both current and future compliance.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue as a going concern for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts. Further details are given in note 1 to the accounts.

Credit risk: The group has implemented policies to manage potential credit risk before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically. Management believe the policies and provisions in place adequately cover such risk.

Interest rate risk: The group's borrowings are principally at floating rates exposing the group to cash flow value interest rate risk. The group's policy is to hedge this risk through the use of swap arrangements. An interest rate swap has been entered into which is described in note 15 to the financial statements which covers approximately 92% of the group's term loans.

Results, dividends and KPIs

The directors consider the following to be the key performance indicators of the business: turnover, EBITDA before items defined as exceptional as per the senior facilities agreement (note 2), capital expenditure and net borrowings.

Turnover for the year was £181.8m (2011: £177.2m). EBITDA before items defined as exceptional as per the senior facilities agreement (note 2) was £40.4m (2011: £42.1m), representing a 22.2% margin on sales (2011: 23.4%). Reported loss for the financial year was £16.6m (2011: £19.7m) after reflecting interest costs and a non-operating loss of £0.7m (2011: £0.1m profit).

Gross fixed asset additions for the period were £26.3m (2011: £25.8m) representing the group's continued investment in its hire fleet, systems and branch network.

No interim dividends were paid or proposed during the year ended 31 December 2012 (2011: £nil). The directors do not recommend the payment of a final dividend (2011: £nil).

Directors

The directors of the company who served during the year ended 31 December 2012 are listed below:

J.C. Davies
J.B. Gill
F. Perrin
A. Peterson (appointed 1 December 2012)

T. Sweet-Escott (appointed 25 October 2012, resigned 26 November 2012)
O. Bower (appointed 25 October 2012, resigned 26 November 2012)
J.R. Lenane (appointed 25 October 2012, resigned 26 November 2012)
A.J. Norman (resigned 25 October 2012)
B.R.L Palmer (resigned 25 October 2012)
M.S. Thompson (resigned 25 October 2012)
N. Brown (resigned 25 October 2012)
T.S. Sidhu (resigned 25 October 2012)

Policy and practice on payment of creditors

It is the group's policy to agree the terms of payment at the start of business with a supplier. The group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payment of suppliers. The trade creditor days for the group for 2012 were 87 (2011: 92). The company did not have any trade creditors as at 31 December 2012 (2011: £nil).

Employee involvement

It is the group's policy to provide employees, on a regular basis, with financial and other information on matters of concern to them, by means of house journals and news sheets.

Every endeavour is made to consult, wherever possible, with employees, so that their views can be taken into account in making decisions which are likely to affect their interests. Employees participate in consultations to help facilitate this process.

Disabled employees

The group's policy on employment of disabled persons is:

1. To give full and fair consideration to applications for employment with the group made by disabled persons, having regard to their particular aptitudes and abilities.
2. Where practical, to continue the employment of and arrange appropriate training for employees of the company who become disabled during their employment with the group.
3. To encourage training and career development for all personnel employed by the group, including disabled persons.

Charitable and political donations

Charitable donations of £4,487 were made during the period (2011: £4,000). Hire equipment is made available to charitable organisations at reduced rates. There were no political donations during the year ended 31 December 2012 (2011: £nil).

Statement of directors' responsibilities

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 the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under S454 of the Act the directors have authority to revise annual financial statements or the directors' report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with the Companies (Revision of Defective Accounts and Report) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

Directors' statement as to the disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next Annual General Meeting.

By order of the board

J.B. Gill
Director
17 January 2014

Independent auditors' report to the members of Hero Acquisitions Limited

We have audited the revised financial statements of Hero Acquisitions Limited for the year ended 31 December 2012 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These revised financial statements have been prepared under the accounting policies set out therein and replace the original financial statements approved by the directors on 24 April 2013.

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 auditor's 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 statement of directors' responsibilities, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with Financial reporting Council's ("FRC's") Ethical Standards for Auditors.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

Scope of the audit of the financial statements

A description of the scope of an audit of revised financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

In addition the audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on financial statements

In our opinion the revised financial statements:

- give a true and fair view, seen at the date the original financial statements were approved, of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of defective Accounts and Reports) Regulations 2008;

In our opinion, the original financial statements for the year ended 31 December 2012 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 28 to these revised financial statement.

Emphasis of matter- revision of financial statements

In forming our opinion on the revised statements, which is not qualified, we have considered the adequacy of the disclosures made in note 28 to these revised financial statements concerning the need to revise the categorisation between due less than one year and amounts due greater than one year of amounts due to group companies. The original financial statements were approved on 24 April 2013 and our audit report was signed on 26 April 2013. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the revised directors' report for the financial year for which the financial statements are prepared is consistent with the revised 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Douglas Lowson (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
17 January 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hero Acquisitions Limited

Group profit and loss account

Year ended 31 December 2012

	Notes	**Year ended 31 December 2012 Pre-Exceptional Items £'000**	**Year ended 31 December 2012 Exceptional Items (note 2) £'000**	**Year ended 31 December 2012 Total £'000**	Year ended 31 December 2011 Total £'000
Turnover		**181,807**	**-**	**181,807**	177,216
- continuing activities		**180,600**	-	**180,600**	177,216
- acquisition activities		**1,207**	-	**1,207**	-
Cost of sales		(60,209)	-	(60,209)	(53,735)
Gross profit		**121,598**	**-**	**121,598**	123,481
Administrative expenses		(91,432)	(5,718)	(97,150)	(93,658)
Distribution expenses		(23,587)	(57)	(23,644)	(25,980)
Other operating income		1,216	-	1,216	1,097
Operating profit	2	**7,795**	**(5,775)**	**2,020**	4,940
- continuing activities		**7,728**	**(5,775)**	**1,953**	4,940
- acquisition activities		**67**	-	**67**	-
Loss from share in associate undertaking		-	-	-	(23)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**40,355**	**(5,775)**	**34,580**	38,387
less: Depreciation and amortisation		(32,560)	-	(32,560)	(33,470)
Total operating profit		**7,795**	**(5,775)**	**2,020**	4,917
(Loss) / profit on sale of fixed assets		(672)	-	(672)	75
Profit on ordinary activities before interest and taxation		**7,123**	**(5,775)**	**1,348**	4,992
Interest receivable and similar income	5	30	-	30	29
Non-cash interest		(7,824)	-	(7,824)	(14,352)
Interest on other loans - accrued or paid		(8,898)	-	(8,898)	(9,576)
Termination costs associated with interest rate swap		-	(1,701)	(1,701)	-
Interest payable and similar charges	6	(16,722)	(1,701)	(18,423)	(23,928)
Loss on ordinary activities before taxation		**(9,569)**	**(7,476)**	**(17,045)**	(18,907)
Tax on loss on ordinary activities	7			468	(830)
Loss for the financial year	19			**(16,577)**	(19,737)

None of the exceptional items relate to acquired activities.
The results above relate entirely to continuing operations. The notes on pages F-46 to F-62 form part of these accounts.

Hero Acquisitions Limited

Group statement of total recognised gains and losses

Year ended 31 December 2012

	Note	**Year ended 31 December 2012 £'000**	Year ended 31 December 2011 £'000
Loss for the financial year		**(16,577)**	(19,737)
Foreign currency translation differences	20	**(92)**	(231)
Total recognised losses relating to the period		**(16,669)**	(19,968)

The notes on pages F-46 to F-62 form part of these accounts.

Hero Acquisitions Limited

Group balance sheet

Year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible fixed assets	8	**112,860**	117,239
Tangible fixed assets	9	**65,736**	56,054
Investments	10	**-**	-
		178,596	173,293
Current assets			
Stock	11	**3,753**	3,364
Debtors	12	**51,248**	52,181
Cash at bank and in hand		**1,525**	4,065
		56,526	59,610
Creditors - amounts falling due within one year	13	**(43,520)**	(201,605)
Net current liabilites		**13,006**	(141,995)
Total assets less current liabilities		**191,602**	31,298
Creditors - amounts falling due after more than one year	14	**(215,579)**	(204,006)
Provisions for liabilities and charges	16	**(7,363)**	(5,834)
Net liabilities		**(31,340)**	(178,542)
Capital and reserves			
Share capital	17	**14,222**	-
Share premium	19	**143,068**	-
Reserves	19	**(188,630)**	(178,542)
Equity shareholders' deficit	20	**(31,340)**	(178,542)

The notes on pages F-46 to F-62 form part of these accounts.

Hero Acquisitions Limited

Company balance sheet

As at 31 December 2012
Registered number 06209511

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments	10	**100,179**	100,179
Current assets			
Debtors	12	**152,554**	173,372
Creditors - amounts falling due within one year	13	**(44,244)**	(225,288)
Net current liabilities		**108,310**	(51,916)
Total assets less current liabilities		**208,489**	48,263
Creditors - amounts falling due after more than one year	14	**(212,534)**	(203,921)
Net liabilities		**(4,045)**	(155,658)
Capital and reserves			
Share capital	17	**14,222**	-
Share premium	19	**143,068**	-
Reserves	19	**(161,335)**	(155,658)
Equity shareholders' deficit	20	**(4,045)**	(155,658)

The notes on pages F-46 to F-62 form part of these accounts.

The revised financial statements which comprise the consolidated profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheet and the related notes were approved and authorised by the board of directors on 17 January 2014 and were signed on its behalf by:

J.B. Gill
Director

1. Principal accounting policies

Accounting convention

The revised financial statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The directors have taken advantage of the option within the Companies Act 2006 to make their accounts up to a date 7 days either side of the company's accounting reference date and these accounts therefore cover the period from 1 January 2012 to 29 December 2012.

Set out below is a summary of the more important accounting policies which have been applied consistently throughout the year.

Basis of preparation

The directors have prepared the accounts on the going concern basis. In preparing the accounts on this basis, the directors have taken account of the following factors:

The directors have prepared cash flow forecasts based on recent trading conditions and their current expectations of the group's future trading prospects for the forthcoming 12 months. These indicate that the group is expected to trade within its existing facilities and will meet all covenants as they fall due. Should turnover fall below forecasts thereby putting pressure on covenants, the directors have a number of mitigating actions available to them, including reducing capital expenditure, and the active management of working capital, as well as cost saving initiatives.

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources 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 accounts consolidate the accounts of Hero Acquisitions Limited and all its subsidiary undertakings. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, which arise after the group has gained control of the subsidiary, are dealt with in the post acquisition profit and loss account.

As permitted by section 408 of the Companies Act 2006 no separate profit and loss account is presented for Hero Acquisitions Limited.

Goodwill

Purchased goodwill represents the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. It is stated at cost less accumulated amortisation and, where appropriate, impairment in value. In accordance with Financial Reporting Standard No. 10, goodwill arising on acquisition is capitalised as an intangible asset.

Where such goodwill is regarded as having a limited estimated useful economic life, it is amortised through the profit and loss account on a straight-line basis over its life. Goodwill is currently being amortised over periods of 20 years. The need for any impairment write down is assessed by the comparison of the carrying value of the asset against the higher of realisable value and the value in use.

Investments

Investments are included in the balance sheet at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

Capital instruments

Finance costs on debt are allocated to periods over the terms of the debt at a constant rate of return on the carrying amount. Debt is initially recorded in the balance sheet based on the net proceeds received. Issue costs are spread forward in the profit and loss account over the term of the debt.

Associate undertakings

Associate undertakings are accounted for using the equity method whereby the group's share of both the associates' net assets and goodwill arising and share of result are recognised in the balance sheet and profit and loss account respectively.

Tangible fixed assets and depreciation

Tangible fixed assets, excluding materials and equipment held for hire, are stated at cost or fair value when acquired as part of a business acquisition, less depreciation and, when appropriate, provision for impairment. Depreciation is provided at rates calculated to write-off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used from the date of purchase are:

Leasehold properties with less than fifty years unexpired	Over unexpired period of lease
Freehold buildings and long leasehold properties	Over 50 years
Freehold land is not depreciated	
Fixtures, fittings, plant & machinery and office equipment	2 to 10 years

Materials and equipment held for hire purposes are valued at cost less an amount, based on varying rates, according to normal working lives of between one and ten years, computed on the basis of cost, to cover depreciation, to write the assets down to nil, and to cover wastage and obsolescence. Profits or losses arising when customers are invoiced for loss of equipment held for hire purposes are calculated by reference to average written down values. Materials and equipment held for hire are classified as fixed assets.

Stock

Other materials, stock of spares and equipment, included in stock, are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on a full provision basis, without discounting, on all timing differences, which have arisen but not reversed, at the balance sheet date. Except where otherwise required by Accounting Standards, no timing differences are recognised in respect of:

(a) property revaluation surpluses where there is no commitment to sell the asset;

(b) gains on sale of assets where those gains have been rolled over into replacement assets;
(c) additional tax which would arise if profits of overseas subsidiaries were distributed; and
(d) deferred tax assets except to the extent that it is more likely than not that they will be recovered.

Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate. Rent free periods, or any inducements to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rent.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies, held at the year end, are translated at year end exchange rates. Any resulting gain or loss is dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet is translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Finance leases

Assets acquired under finance leases are capitalised and are reported at cost. The equivalent liability is categorised as appropriate under creditors due within or after one year.

Finance charges are allocated to accounting periods over the period of the lease to approximate a constant rate of return on the outstanding balance. Repayments are apportioned between finance charges and reduction of the liability.

Provisions

In relation to leasehold properties, the company makes provision for known and anticipated dilapidations and wear and tear obligations where the company has a present obligation as a result of past events and where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. In addition, where unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the expected obligation under the lease, after taking into account actions taken by the directors to minimise the future cash outflow.

Pension costs

The group operates an employees' optional stakeholder retirement and death benefit scheme. Both employee and employer are required to make contributions with the employer's contribution for each employee determined by the level of contribution made by the employee and the employee's length of service within the group. The company's contributions are charged against profits in the year in which the contributions are due.

Turnover

Turnover represents the amounts receivable by the company in respect of goods and services supplied, reduced by trade discounts and excluding value added tax. Where turnover relates to hire activities, revenue is recognised on a straight-line basis over the period of hire. Revenue in respect of other items is recognised at the point of sale when a right to consideration arises. Turnover also includes revenue from customers in compensation for damage to and loss of hire stock assets. The group's activities consist of supplying hire and equipment services, principally within the UK.

Derivatives and other financial instruments

The interest differential amounts due to / from the company on interest rate swaps are accrued until settlement date and are recognised within interest expense.

Cash flow statement

The company has taken advantage of the exemption available under paragraph 5(a) of Financial Reporting Standard No.1 not to prepare a cash flow statement.

2. Operating profit

Operating loss stated after charging / (crediting):

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Amortisation of goodwill / investments	**7,695**	7,566
Depreciation and other charges in respect of materials and equipment held for hire		
- owned assets	**14,959**	14,167
- leased assets	**366**	193
Depreciation of other tangible fixed assets		
- owned assets	**4,636**	4,946
Hire stock asset disposals, write-offs and customer losses	**4,904**	6,598
	32,560	33,470
Operating lease rentals		
- land and buildings	**16,464**	15,530
- motor vehicles	**4,144**	4,137
Property rental income	**(1,216)**	(1,097)
Auditor's remuneration		
- audit of the company's annual accounts	**25**	20
- audit of other group companies' annual accounts	**91**	62
Auditor's remuneration - non-audit services	**93**	10
Foreign exchange loss / (gain)	**45**	(95)

Non-audit fees of £10,000 (2011: £10,000) were in respect of other assurance services and £83,000 (2011: £nil) in respect of corporate finance services.

Exceptional items

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Included in cost of sales		
- Costs of implementing new operating model	**-**	50
Included in administrative expenses		
- Redundancy costs relating to rationalisation of operations	**931**	973
- Professional fees relating to rationalisation of operations	**18**	161
- Costs of non-trading stores	**3,533**	1,519
- Costs incurred during sale process	**1,236**	553
	5,718	3,206
Included in distribution expenses		
- Redundancy costs relating to rationalisation of operations	**57**	417
	5,775	3,673
Included in interest payable		
- Termination costs associated with interest rate swap	**1,701**	-
	7,476	3,673

3. Employees

(a) Staff costs

Staff costs (including directors) were as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Wages and salaries	**50,497**	49,583
Social security costs	**5,321**	4,893
Other pension costs	**1,102**	1,012
	56,920	55,488

Staff costs relate entirely to subsidiary companies.

(b) Employee numbers

The average monthly number of persons employed by the group during the year, including executive directors, was as follows:

	Year ended 31 December 2012 Number	Year ended 31 December 2011 Number
Distribution	**596**	667
Stock Maintenance	**323**	310
Administration	**1,443**	1,290
	2,362	2,267

4. Directors' emoluments

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Aggregate emoluments	**1,095**	982
Pension contributions made	**69**	103
	1,164	1,085

The amounts paid in respect of the highest paid director are as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Aggregate emoluments	**481**	316
Pension contributions made	**30**	28
	511	344

5. Interest receivable and similar income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Short-term deposits and other bank interest	**30**	29

6. Interest payable and similar charges

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Bank loans and overdrafts	**13,168**	14,809
Group companies	**1,181**	8,594
Finance leases	**210**	23
Amortisation of issue costs	**2,163**	502
Termination costs associated with interest rate swap	**1,701**	-
	18,423	23,928

7. Tax on loss for the year

(a) Analysis of charge in the year

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Current tax:		
UK corporation tax on the loss for the year	**(118)**	830
Tax recoverable under s455 CTA 2010	**(167)**	-
Total current tax (note 7(b))	**(285)**	830
Deferred tax:		
Origination and reversal of timing differences	**(183)**	**-**
Tax credit on loss on ordinary activities	**(183)**	-
Tax (credit) / charge on loss on ordinary activities	**(468)**	830

(b) Factors affecting the tax charge in the year

The tax assessed on the loss for the year differs from the standard UK corporation rate of tax. The differences are explained below:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loss on ordinary activities before tax	**(17,045)**	(18,907)
UK corporation tax at 24.5% (2011: 26.5%) on loss on ordinary activities	**(4,176)**	(5,010)
Effects of:		
Depreciation in excess of capital allowances	**928**	2,593
Expenses not deductible for tax purposes	**1,052**	3,885
Utilised tax losses	**(33)**	(676)
Non deductible accounting amortisation / fair value adjustment	**1,907**	-
Losses carried forward	**187**	178
Other short term timing differences	**17**	(207)
Tax (recoverable)/payable under s455 CTA 2010	**(167)**	67
	(285)	830

During the year the company surrendered and received payment for group relief to the net tax effect of £2,728,051 (2011: £5,261,594)

(c) Factors that may affect the future tax charge

The group has an unrecognised deferred tax asset of approximately £12,297,000 (2011: £12,184,000). No tax asset has been recognised on the basis that it is not sufficiently certain when taxable profits will be made in the future in order to absorb the reversal of the timing difference.

8. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2012	239,821
Additions (note 18)	3,317
At 31 December 2012	**243,138**
Accumulated amortisation	
At 1 January 2012	122,583
Charge for the year	7,695
Impairment charge	-
At 31 December 2012	**130,278**
Net book amount	
At 31 December 2012	**112,860**
At 31 December 2011	117,238

Goodwill brought forward arose on the acquisition of HSS Hire Service Holdings Limited by the group on 15 June 2007.

9. Tangible fixed assets

Group

	Land and Buildings £'000	Plant and Machinery £'000	Materials and Equipment held for hire £'000	Total £'000
Cost				
At 1 January 2012	**35,052**	**46,408**	**118,045**	**199,505**
FX differences	(1)	(18)	(210)	(229)
Additions	2,034	3,539	20,714	26,287
Acquired on acquisition	-	1,043	15,992	17,035
Transfers	1,056	(1,056)	-	-
Disposals	(2,634)	(285)	(18,021)	(20,940)
At 31 December 2012	**35,507**	**49,631**	**136,520**	**221,658**
Accumulated depreciation				
At 1 January 2012	**23,024**	**36,930**	**83,497**	**143,451**
FX differences	-	(13)	(137)	(150)
Charge for the year	1,710	2,926	15,325	19,961
Acquired on acquisition	-	725	7,299	8,024
Disposals	(2,069)	(178)	(13,117)	(15,364)
At 31 December 2012	**22,665**	**40,390**	**92,867**	**155,922**
Net book amount				
At 31 December 2012	**12,842**	**9,241**	**43,653**	**65,736**
At 31 December 2011	**12,028**	**9,478**	**34,548**	**56,054**

The net book value of plant and machinery includes an amount of £6,384,000 (2011: £353,000) in respect of assets held under finance leases. The depreciation charge for assets held under finance leases was £366,000 (2011: £193,000).

Analysis of land and buildings

	Long Leasehold £'000	Short Leasehold £'000	Freehold £'000	Total £'000
Cost	1,162	31,113	2,776	35,051
Additions	-	2,018	16	2,034
Transfers		994	62	1,056
Disposals	-	(565)	-	(565)
Accumulated depreciation	(273)	(23,856)	(605)	(24,734)
Net book value	**889**	**9,704**	**2,249**	**12,842**

10. Fixed asset investments

Company	**2012** **£'000**	2011 £'000
Investment in HSS Hire Service Holdings	**100,179**	100,179

The investment represents a 100% interest in the ordinary share capital of HSS Hire Service Holdings Limited, an intermediate holding company incorporated in England.

Group	**£'000**
At 1 January 2012	-
Investment in subsidiary undertaking	7,731
At 31 December 2012	**7,731**

At 31 December 2012 the group's principal subsidiary undertakings were as follows:

Name of company *(and country of incorporation if outside UK)*	**Proportion of equity shares held**	**Activities**
Owned directly		
HSS Hire Service Holdings Limited	100%	Intermediate holding company
Owned indirectly		
HSS Hire Service Finance Limited	100%	Intermediate holding company
HSS Hire Service Group Limited	100%	Hire and equipment services
A1 Hire & Sales Limited	100%	Hire and equipment services
Bannagroe Limited *(Republic of Ireland)*	100%	Intermediate holding company
Laois Hire Services Limited *(Republic of Ireland)*	100%	Hire and equipment services
HSS Training Limited	100%	Training
1st Collection Services Limited	100%	Administration of group trade debtors
Abird Superior Limited	100%	Intermediate holding company
Abird Limited	100%	Hire and equipment services

11. Stock for resale

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Stock held for resale	**2,878**	2,707	**-**	**-**
Stock of spares	**875**	657	**-**	**-**
	3,753	3,364	**-**	**-**

12. Debtors

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Trade debtors	**40,032**	34,803	**-**	-
Due from group undertakings	**-**	4,413	**152,554**	173,372
Other debtors	**938**	2,363	**-**	-
Prepayments and accrued income	**10,111**	10,602	**-**	-
Corporation tax	**167**	-	**-**	-
	51,248	52,181	**152,554**	173,372

Amounts receivable from group entities are unsecured and repayable on demand with interest receivable based on LIBOR plus an agreed rate.

13. Creditors: amounts falling due within one year

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Bank overdraft	**4,019**	-	**-**	-
Trade creditors	**20,288**	16,532	**-**	-
Due to group undertakings	**2,507**	166,933	**43,114**	218,808
Corporation tax	**134**	68	**-**	-
Other taxes and social security costs	**4,117**	3,227	**-**	-
Other creditors	**1,409**	785	**-**	-
Obligations under finance lease	**2,092**	172	**-**	-
Accrued interest	**737**	5,887	**737**	5,887
Accruals and deferred income	**7,842**	7,834	**18**	593
Bank and other borrowings	**375**	167	**375**	-
	43,520	201,605	**44,244**	225,288

Amounts payable to group entities are unsecured and repayable on demand with interest payable based on LIBOR plus an agreed rate.

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Bank and other borrowings (note 15)	**124,170**	203,754	**124,170**	203,921
Due to group undertakings	**88,364**	-	**88,364**	-
Obligations under finance leases	**3,045**	252	**-**	-
	215,579	204,006	**212,534**	203,921

Amounts payable to group entities are unsecured and repayable in 2020 with interest payable based on LIBOR plus an agreed rate.

15. Maturity profile of creditors

(a) Bank and other borrowings

Bank and other borrowings are repayable as follows:

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Due within one year				
Term loans	**375**	167	**375**	-
Due after more than one year				
Term loans	**129,625**	203,754	**129,625**	203,754
Loan notes – group undertakings	**-**	1,278	**-**	1,278
Payment in kind notes – group undertakings	**-**	732	**-**	732
Issue costs to be amortised under FRS4	**(5,455)**	(2,010)	**(5,455)**	(2,010)
	124,170	203,754	**124,170**	203,754

On 25th October 2012, Hero Acquisitions Limited was sold to Havana BidCo Limited. The bank loans in existence at the date of acquisition were repaid and replaced by a new facility.

Issue costs relate entirely to the term loans.

	Group and Company	
	2012	2011
	£'000	£'000
Secured Senior Term Loan 'A' repayable as set out below	**40,000**	-
Secured Senior Term Loan 'B' repayable in full in October 2018	**90,000**	-
Secured Senior Bank Facility 'B'	**-**	90,763
Secured Senior Bank Facility 'C1'	**-**	60,509
Secured Senior Bank Facility 'C2'	**-**	23,898
Secured Senior Bank Facility 'D'	**-**	28,751
	130,000	203,921

Term Loan 'A' is an amortising loan with £375,000 due for repayment in 2013, £875,000 in 2014, £1,125,000 in 2015, £1,375,000 in 2016, £1,625,000 in 2017 and the balance due in 2018.

	Group and Company	
Senior Bank Facility interest rates as at year end:	**2012**	2011
	% above	% above
	LIBOR	LIBOR
Secured Senior Term Loan 'A'	4.25	-
Secured Senior Term Loan 'B'	4.75	-
Secured Senior Bank Facility 'B'	**-**	3.75
Secured Senior Bank Facility 'C1'	**-**	4.25
Secured Senior Bank Facility 'C2'	**-**	5.25
Secured Senior Bank Facility 'D'	**-**	15.00

The term loans are secured by fixed and floating charges over the assets of the group and company.

The company has in place an interest rate swap to fix LIBOR interest at 0.959% in respect of £120,000,000 of the senior debt which expires on 26 November 2016.

The group has undrawn committed borrowing facilities of £5,631,000 at 31 December 2012 (2011: £10,000,000). Interest is payable on the revolving credit facility at 4.25% above LIBOR.

(b) Finance leases

The group's future minimum payments under finance leases are as follows:

	Group	
	2012	2011
	£'000	£'000
Within one year	**2,092**	172
In more than one year, but not more than two years	**1,651**	252
In more than two years, but not more than five years	**1,394**	-
	5,137	424

16. Provisions for liabilities and charges

	Properties	Deferred tax	Total
Group	**£'000**	**£'000**	**£'000**
At 1 January 2012	**5,834**	**-**	**5,834**
Acquired	-	**786**	**786**
Utilised during the year	**(550)**	**(183)**	**(733)**
Charged to the profit and loss account	**1,476**	**-**	**1,476**
At 31 December 2012	**6,760**	**603**	**7,363**

17. Share capital

	2012	2011	**2012**	2011
	No.	No.	**£'000**	£'000
Issued, called up and fully paid				
Ordinary shares of £1 each	**14,207,723**	1	**14,208**	-
A Ordinary shares of £0.0001 each	**143,082,605**	**-**	**14**	-
	157,290,328	1	**14,222**	-

On 25 October 2012 the company issued 14,207,722 ordinary shares at par in exchange for the settlement of intercompany debt owed to Hero Topco Limited, the parent company at that time.

On 26 October 2012 the company issued 143,082,605 A ordinary shares for a consideration of £1 per share.

18. Acquisitions

On 31 October 2012 HSS Hire Service Group Limited, a subsidiary company acquired the entire share capital of Abird Superior Limited and its wholly owned subsidiary Abird Limited, a power generation company.

The assets and liabilities of the Abird Superior group and its provisional fair values are set out below:

	Book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	9,011	(100)	8,911
Stock	77	169	246
Debtors	2,142	(220)	1,922
Cash at bank and in hand	91	-	91
Creditors & provisions	(867)	(785)	(1,652)
Finance leases	(4,160)	-	(4,160)
Corporation tax	-	(154)	(154)
Deferred tax	(790)	-	(790)
	5,504	(1,090)	4,414
Goodwill			3,317
Total net assets acquired, satisfied by cash			7,731

The fair value adjustments relate to the recognition of provisions in line with the policies of Hero Acquisitions group and the recognition of fuel stock not previously accounted for by Abird Limited.

The results of the Abird group prior to its acquisition were as follows:

Profit and loss account

	Current period up to acquisition £'000	Year ended 31 December 2011 £'000
Turnover	7,237	7,981
Operating profit	822	728
Net interest	(130)	(178)
Profit on ordinary activites before taxation	692	550
Taxation on profit from ordinary activities	(163)	(78)
Profit for the year	529	472

Cash flows

The net outflow of cash arising from the acquisition of the Abird group was as follows:

	£'000
Cash consideration	7,427
Deferred consideration (payable 31 January 2014)	304
Cash acquired	(91)
	7,640

Reconciliation of movement in reserves

a) Profit and loss reserve	Group £'000	Company £'000
At 1 January 2012	**(178,542)**	**(155,658)**
Foreign exchange difference	**(92)**	**-**
Capital contribution	**6,581**	**6,176**
Loss for the financial year	**(16,577)**	**(11,853)**
At 31 December 2012	**(188,630)**	**(161,335)**

Capital contributions relate to the waiver of intercompany debt by the previous owners.

b) Share premium	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
At 1 January 2012	-	-	-	-
Created on issue 26 October 2012	**143,068**	-	**143,068**	-
At 31 December 2012	**143,068**	-	**143,068**	-

19. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Loss for the year	**(16,577)**	(19,737)	**(11,853)**	(14,595)
Foreign exchange difference	**(92)**	(231)	**-**	-
Capital contribution	**6,581**	-	**6,176**	-
Share capital issued	**14,222**	-	**14,222**	-
Share premium	**143,068**	-	**143,068**	-
Net increase / (deduction) to equity shareholders' funds	**147,202**	(19,968)	**151,613**	(14,595)
Opening equity shareholders' deficit	**(178,542)**	(158,574)	**(155,658)**	(141,063)
Closing equity shareholders' deficit	**(31,340)**	(178,542)	**(4,045)**	(155,658)

22. Capital commitments

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Capital expenditure contracted but not provided for	**229**	136	**-**	-

23. Operating lease commitments

The group's annual commitment under operating leases is set out below:

	Land and Buildings		Other	
	2012	2011	**2012**	2011
Group	**£'000**	£'000	**£'000**	£'000
Operating leases which expire:				
Within one year	**806**	369	**1,170**	-
In two to five years	**6,853**	4,176	**4,308**	3,543
After five years	**7,757**	7,980	**-**	-
	15,416	12,525	**5,478**	3,543

Company

The company has no operating lease commitments.

24. Pension commitments

The group provides the option of one of two stakeholder pension schemes to employees. The assets of both schemes are held separately from those of the group in an independently administered fund. At 31 December 2011, no contributions were owing to the schemes (2011: nil).

25. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 100% controlled within the group and its parent company, Havana Topco Limited prepares consolidated financial statements which are publically available.

During the year Aurigo Hero LP (the previous ultimate controlling party) charged the group £165,000 (2011: £200,000) in fees of which £nil (2011: £nil) was outstanding at the year end.

26. Ultimate holding company

At 31 December 2012, the company's immediate parent company was Havana Bidco Limited a company incorporated in the United Kingdom, and its ultimate parent company was Havana Topco Limited, also a company incorporated in the United Kingdom. The financial statements of the company at 31 December 2012 have been consolidated into the Havana Topco Limited group whose financial statements can be obtained from: The Company Secretary, 12 Henrietta Street, London, WC2E 8LH.

By virtue of its majority shareholding, Havana Topco Limited is controlled by funds managed by Exponent Private Equity LLP.

27. Continuing and acquisition activities

	Year ended 31 December 2012 Continuing activities pre-Exceptional Items £'000	Year ended 31 December 2012 Acquisition activities pre-Exceptional Items £'000	Year ended 31 December 2012 Pre-Exceptional Items £'000	Year ended 31 December 2012 Exceptional Items (note 2) £'000	Year ended 31 December 2012 Total £'000
Turnover	**180,600**	**1,207**	**181,807**	-	**181,807**
Cost of sales	(59,445)	(764)	(60,209)	-	(60,209)
Gross profit	**121,155**	**443**	**121,598**	-	**121,598**
Administrative expenses	(91,202)	(230)	(91,432)	(5,718)	(97,150)
Distribution expenses	(23,441)	(146)	(23,587)	(57)	(23,644)
Other operating income	1,216	-	1,216	-	1,216
Operating profit	**7,728**	**67**	**7,795**	**(5,775)**	**2,020**

28. Revision of financial statements

As explained in the revised directors report, the original financial statements did not comply with the Companies Act 2006 because certain amounts due to group companies were treated as repayable on demand, notwithstanding that agreements had been entered into at the time of acquisition of the company during the year that these would be repayable in 2020. The effect of the revision is to recognise £88,364,000 of the amounts due to group undertakings as due in greater than one year in both the company and group balance sheet, and reduce the amounts due within one year to group undertakings by the same amount. There is no effect on the group profit and loss account.

Hero Acquisitions Limited

Annual report and financial statements
Year ended 31 December 2011

Registered number 06209511

Hero Acquisitions Limited

Contents

Hero Acquisitions Limited

Directors and advisers

Year ended 31 December 2011

Directors

A.J. Norman
J.C. Davies
B.R.L Palmer
J.B. Gill
M.S. Thompson
N. Brown
T.S. Sidhu
F.Perrin

Company secretary and registered office

M.S. Thompson
40 Argyll Street
London
W1F 7EB

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2011.

Principal activities

The principal activity of the group is the supply and hire of equipment and services. The principal activity of the company within the group is to act as an intermediate holding company and to provide finance to the group companies.

Review of business and future developments

The group is a market leading supplier of tool and equipment hire in the UK and Ireland and has been providing hire services for over 50 years. Operating under the banner of HSS Hire, the group has an established network of over 230 outlets.

HSS has a diverse customer base across a range of sectors, with a particular focus on the "maintain and operate" sector. Customers include major players in transport, facilities management, utilities, retail and construction as well as trades-people and consumers. This breadth means that no single customer accounts for more than 2% of turnover.

HSS also operates a specialist training division called HSS Training which delivers a range of safety related courses across the UK.

HSS has a strong focus on safety and holds a 4-star British Safety Council rating. In addition HSS is ISO9001, ISO 14001, BS OHSAS 18001, ISO17020 and Safe-Hire accredited and is a holder of Investors in People status. HSS has also contributed to community support projects, with youth training schemes set up for disadvantaged people in London

Despite the challenging external market conditions the directors consider that the company has delivered a strong set of trading results and that it is well placed through its brands and operations to continue to deliver high levels of service for its customers.

During the year the HSS has undergone a fundamental transformation of its operating model moving from being largely decentralised to the consolidation of resource and expertise into a combination of national, regional and local distribution centres and thereby increasing customer availability; delivering greater cost control through a move from fixed to variable costs; and reducing necessary capital expenditure requirements through better utilisation rates.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below:

Competitor risk: The group operates in a highly competitive market balancing both customer requirements and market pressures. The board review and monitor these factors to ensure the group's competitiveness.

Economic risk: The group's trading is broadly linked to the underlying performance of the economies of both the UK and Ireland and is therefore exposed to recessionary risk when economies slow. To mitigate this risk, management regularly reviews market and research data for forecast movements in the economy.

Liquidity risk and going concern: The group is exposed to liquidity risk as sufficient funds are required to support trading, investing and financing activities. The group regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. The group's borrowings (note 16) are subject to a number of financial covenants which the directors regularly monitor to ensure both current and future compliance.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue as a going concern for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts. Further details are given in note 1 to the accounts.

Credit risk: The group has implemented policies to manage potential credit risk before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically. Management believe the policies and provisions in place adequately cover such risk.

Interest rate risk: The group's borrowings are principally at floating rates exposing the group to cash flow value interest rate risk. The group's policy is to hedge this risk through the use of swap arrangements. An interest rate swap has been entered into which is described in note 16 to the financial statements which covers approximately 72% of the group's term loans.

Results, dividends and KPIs

The directors consider the following to be the key performance indicators of the business: turnover, EBITDA before items defined as exceptional as per the senior facilities agreement (note 2), capital expenditure and net borrowings.

Turnover for the year was £177.2m (2010: £167.8m). EBITDA before items defined as exceptional as per the senior facilities agreement (note 2) was £39.7m (2010: £39.0m), representing a 22.4% margin on sales (2010: 23.2%). Reported loss for the financial year was £19.7m (2010: £18.3m) after reflecting interest costs and a non-operating loss of £0.1m (2010: £0.4m loss).

Gross fixed asset additions for the period were £25.8m (2010: £18.0m) representing the group's continued investment in its hire fleet and branch network.

Net bank borrowings were £199.9m at 31 December 2011 (2010: £196.2m), and the group had not drawn down any funds under its revolving credit facility as at 31 December 2011 (2010: £nil drawn under revolving credit facility).

No interim dividends were paid or proposed during the year ended 31 December 2011 (2010: £nil). The directors do not recommend the payment of a final dividend (2010: £nil).

Directors

The directors of the company who served during the year ended 31 December 2011 are listed below:

A.J. Norman
J.C. Davies
B.R.L Palmer
P.H. Wolff (resigned 21 April 2011)
J.B. Gill
D. Downie (resigned 31 December 2011)
M.S. Thompson
N. Brown
T.S. Sidhu
F. Perrin (appointed 21 April 2011)

Policy and practice on payment of creditors

It is the group's policy to agree the terms of payment at the start of business with a supplier. The group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payment of suppliers. The trade creditor days for the group for 2011 were 92 (2010: 69). The company did not have any trade creditors as at 31 December 2011 (2010: £nil).

Employee involvement

It is the group's policy to provide employees, on a regular basis, with financial and other information on matters of concern to them, by means of house journals and news sheets.

Every endeavour is made to consult, wherever possible, with employees, so that their views can be taken into account in making decisions which are likely to affect their interests. Employee representatives participate in an Information and Consultation Committee to help facilitate this process. The committee meets two to three times each year and ultimately reports to the board of directors.

Disabled employees

The group's policy on employment of disabled persons is:

1. To give full and fair consideration to applications for employment with the company made by disabled persons, having regard to their particular aptitudes and abilities.
2. Where practical, to continue the employment of and arrange appropriate training for employees of the company who become disabled during their employment with the company.
3. To encourage training and career development for all personnel employed by the company, including disabled persons.

Charitable and political donations

Charitable donations of £4,000 were made during the period (2010: £5,000). Hire equipment is made available to charitable organisations at reduced rates. There were no political donations during the year ended 31 December 2011 (2010: nil).

Statement of directors' responsibilities

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 the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to the disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next Annual General Meeting.

By order of the board

J.B. Gill
Director
27 April 2012

Independent auditors' report to the members of Hero Acquisitions Limited

We have audited the financial statements of Hero Acquisitions Limited for the year ended 31 December 2011 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor's 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 statement of directors' responsibilities, 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 and express an opinion on 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 website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year ended 31 December 2011 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Douglas Lowson (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
27 April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hero Acquisitions Limited

Group profit and loss account

Year ended 31 December 2011

	Notes	Year ended 31 December 2011 Pre-Exceptional Items £'000	Year ended 31 December 2011 Exceptional Items (note 2) £'000	Year ended 31 December 2011 Total £'000	Year ended 31 December 2010 Total £'000
Turnover		**177,216**	**-**	**177,216**	167,812
Cost of sales		(53,685)	(50)	(53,735)	(49,367)
Gross profit		**123,531**	**(50)**	**123,481**	118,445
Administrative expenses		(90,452)	(3,206)	(93,658)	(90,580)
Distribution expenses		(25,563)	(417)	(25,980)	(20,872)
Other operating income		1,097	-	1,097	1,189
Operating profit / (loss)	2	**8,613**	**(3,673)**	**4,940**	8,182
Loss from share in associate undertaking		(23)	-	(23)	(691)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**39,713**	**(3,673)**	**36,040**	36,452
less: Depreciation, amortisation and other adjustments	3	(31,123)	-	(31,123)	(28,961)
Total operating profit / (loss)		**8,590**	**(3,673)**	**4,917**	7,491
Profit / (loss) on sale of fixed assets		75	-	75	(380)
Profit / (loss) on ordinary activities before interest and taxation		**8,665**	**(3,673)**	**4,992**	7,111
Interest receivable and similar income	6	29	-	29	25
Non-cash interest		(14,352)	-	(14,352)	(13,486)
Interest on other loans - accrued or paid		(9,576)	-	(9,576)	(14,126)
Finance costs in renegotiating bank financing		-	-	-	(101)
Interest payable and similar charges	7	(23,928)	-	(23,928)	(27,713)
Loss on ordinary activities before taxation		**(15,234)**	**(3,673)**	**(18,907)**	(20,577)
Tax on loss on ordinary activities	8			(830)	2,317
Loss for the financial year	19			**(19,737)**	(18,260)

The results above relate entirely to continuing operations. The notes on pages F-74 to F-87 form part of these accounts.

Hero Acquisitions Limited

Group statement of total recognised gains and losses

Year ended 31 December 2011

	Note	**Year ended 31 December 2011 £'000**	Year ended 31 December 2010 £'000
Loss for the financial year		**(19,737)**	(18,260)
Foreign currency translation differences	19	**(231)**	(51)
Total recognised losses relating to the period		**(19,968)**	(18,311)

Hero Acquisitions Limited

Group balance sheet

Year ended 31 December 2011

	Note	**2011** **£'000**	2010 £'000
Fixed assets			
Intangible fixed assets	9	**117,239**	124,804
Tangible fixed assets	10	**56,054**	56,214
Investments	11	**-**	776
		173,293	181,794
Current assets			
Stock	12	**3,364**	2,199
Debtors	13	**52,181**	51,851
Cash at bank and in hand		**4,065**	5,620
		59,610	59,670
Creditors - amounts falling due within one year	14	**(201,605)**	(195,143)
Net current liabilites		**(141,995)**	(135,473)
Total assets less current liabilities		**31,298**	46,321
Creditors - amounts falling due after more than one year	15	**(204,006)**	(198,333)
Provisions for liabilities and charges	17	**(5,834)**	(6,562)
Net liabilities		**(178,542)**	(158,574)
Capital and reserves			
Profit and loss account	19	**(178,542)**	(158,574)
Equity shareholders' deficit	20	**(178,542)**	(158,574)

Hero Acquisitions Limited

Company balance sheet

As at 31 December 2011
Registered number 06209511

	Note	**2011**	2010
		£'000	£'000
Fixed assets			
Investments	11	**100,179**	100,179
Current assets			
Debtors	13	**173,372**	162,120
Creditors - amounts falling due within one year	14	**(225,288)**	(205,158)
Net current liabilities		**(51,916)**	(43,038)
Total assets less current liabilities		**48,263**	57,141
Creditors - amounts falling due after more than one year	15	**(203,921)**	(198,204)
Net liabilities		**(155,658)**	(141,063)
Capital and reserves			
Profit and loss account	19	**(155,658)**	(141,063)
Equity shareholders' deficit	20	**(155,658)**	(141,063)

The financial statements which comprise the consolidated profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheet and the related notes were approved and authorised by the board of directors on 27 April 2012 and were signed on its behalf by:

J.B. Gill
Director

1. Principal accounting policies

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

In the prior year the directors took advantage of the option within the Companies Act 2006 to make their accounts up to a date 7 days either side of the company's accounting reference date and these accounts therefore cover the period from 2 January 2011 to 31 December 2011.

Set out below is a summary of the more important accounting policies which have been applied consistently throughout the year.

Basis of preparation

The directors have prepared the accounts on the going concern basis. In preparing the accounts on this basis, the directors have taken account of the following factors:

The group's banking facilities mature between 2015 and 2016. The directors have prepared cash flow forecasts based on recent trading conditions and their current expectations of the group's future trading prospects for the forthcoming 12 months. These indicate that the group is expected to trade within its existing facilities and will meet all covenants as they fall due. Should turnover fall below forecasts thereby putting pressure on covenants, the directors have a number of mitigating actions available to them, including reducing capital expenditure, and the active management of working capital, as well as cost saving initiatives. Furthermore the directors have obtained confirmation from the major shareholders of the ultimate parent company who are also holders of the D tranche bank debt that, if required, they would give appropriate support to enable the group to comply with the financial covenants.

After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources 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 accounts consolidate the accounts of Hero Acquisitions Limited and all its subsidiary undertakings. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, which arise after the group has gained control of the subsidiary, are dealt with in the post acquisition profit and loss account.

As permitted by section 230 of the Companies Act 2006 no separate profit and loss account is presented for Hero Acquisitions Limited.

Goodwill

Purchased goodwill represents the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. It is stated at cost less accumulated amortisation and, where appropriate, impairment in value. In accordance with Financial Reporting Standard No. 10, goodwill arising on acquisition is capitalised as an intangible asset.

Where such goodwill is regarded as having a limited estimated useful economic life, it is amortised through the profit and loss account on a straight-line basis over its life. Goodwill is currently being amortised over periods of 20 years. The need for any impairment write down is assessed by the comparison of the carrying value of the asset against the higher of realisable value and the value in use.

Investments

Investments are included in the balance sheet at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

Capital instruments

Finance costs on debt are allocated to periods over the terms of the debt at a constant rate of return on the carrying amount. Debt is initially recorded in the balance sheet based on the net proceeds received. Issue costs are spread forward in the profit and loss account over the term of the debt.

Associate undertakings

Associate undertakings are accounted for using the equity method whereby the group's share of both the associates' net assets and goodwill arising and share of result are recognised in the balance sheet and profit and loss account respectively.

Tangible fixed assets and depreciation

Tangible fixed assets, excluding materials and equipment held for hire, are stated at cost or fair value when acquired as part of a business acquisition, less depreciation and, when appropriate, provision for impairment. Depreciation is provided at rates calculated to write-off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used from the date of purchase are:

Leasehold properties with less than fifty years unexpired	Over unexpired period of lease
Freehold buildings and long leasehold properties Freehold land is not depreciated	Over 50 years
Fixtures, fittings, plant & machinery and office equipment	2.5 to 10 years

Stock

Other materials, stock of spares and equipment, included in stock, are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on a full provision basis, without discounting, on all timing differences, which have arisen but not reversed, at the balance sheet date. Except where otherwise required by Accounting Standards, no timing differences are recognised in respect of:

(a) property revaluation surpluses where there is no commitment to sell the asset;
(b) gains on sale of assets where those gains have been rolled over into replacement assets;
(c) additional tax which would arise if profits of overseas subsidiaries were distributed; and
(d) deferred tax assets except to the extent that it is more likely than not that they will be recovered.

Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate. Rent free periods, or any inducements to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rent.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies, held at the year end, are translated at year end exchange rates. Any resulting gain or loss is dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet is translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Finance leases

Assets acquired under finance leases are capitalised and are reported at cost. The equivalent liability is categorised as appropriate under creditors due within or after one year.

Finance charges are allocated to accounting periods over the period of the lease to approximate a constant rate of return on the outstanding balance. Repayments are apportioned between finance charges and reduction of the liability.

Provisions

In relation to leasehold properties, the company makes provision for known and anticipated dilapidations and wear and tear obligations where the company has a present obligation as a result of past events and where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

Pension costs

The group operates an employees' optional stakeholder retirement and death benefit scheme. Both employee and employer are required to make contributions with the employer's contribution for each employee determined by the level of contribution made by the employee and the employee's length of service within the group. The company's contributions are charged against profits in the year in which the contributions are due.

Turnover

Turnover represents the amounts receivable by the company in respect of goods and services supplied, reduced by trade discounts and excluding value added tax. Where turnover relates to hire activities, revenue is recognised on a straight-line basis over the period of hire. Revenue in respect of other items is recognised at the point of sale when a right to consideration arises. Turnover also includes revenue from customers in compensation for damage to and loss of hire stock assets. The group's activities consist of supplying hire and equipment services, principally within the UK.

Derivatives and other financial instruments

The interest differential amounts due to / from the company on interest rate swaps are accrued until settlement date and are recognised within interest expense.

Cash flow statement

The company has taken advantage of the exemption available under paragraph 5(a) of Financial Reporting Standard No.1 not to prepare a cash flow statement.

Hero Acquisitions Limited

Notes to the financial statements (continued)

Year ended 31 December 2011

2. Operating (profit) / loss

Operating loss stated after charging / (crediting):

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Amortisation of goodwill / investments	**7,566**	7,576
Impairment of purchased goodwill	**-**	16
Depreciation and other charges in respect of materials and equipment held for hire	**14,360**	13,898
Depreciation of other tangible fixed assets		
- owned assets	**4,753**	3,944
- leased assets	**193**	328
Operating lease rentals		
- land and buildings	**15,530**	15,452
- motor vehicles	**4,137**	4,077
(Profit) / loss on disposal of non-hire fixed assets	**(75)**	106
Rental income	**(1,097)**	(1,189)
Auditor's remuneration		
- audit of the company's annual accounts	**20**	23
- audit of other group companies' annual accounts	**62**	76
Auditor's remuneration - non-audit services	**10**	83
Foreign exchange (gain) / loss	**(95)**	(46)

Non-audit fees of £nil (2010: £83,000) were in respect of taxation services.

Exceptional items

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Included in cost of sales		
- Costs of implementing new operating model	**50**	-
Included in administrative expenses		
- Redundancy costs relating to rationalisation of operations	**973**	431
- Professional fees relating to rationalisation of operations	**161**	297
- Costs of non-trading stores	**1,519**	1,121
- Costs of implementing new operating model	**553**	-
	3,206	1,849
Included in distribution expenses		
- Redundancy costs relating to implementing new operating model	**417**	-
	3,673	1,849
Included in interest payable		
- Finance costs in renegotiating bank financing	**-**	101
Included in share of loss in associate		
- Impairment of assets in associate	-	654
	3,673	2,604

Notes to the financial statements (continued)

Year ended 31 December 2011

3. Depreciation, amortisation and other adjustments

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Depreciation charge for the year		
- land and buildings	**2,607**	1,913
- plant and machinery	**2,339**	2,359
- materials and equipment held for hire	**14,360**	13,898
	19,306	18,170
Hire stock asset disposals, write-offs and customer losses		
- at cost	**19,203**	14,579
- accumulated depreciation	**(12,605)**	(9,168)
- deduction for deemed cost of customer loss recharge	**(2,347)**	(2,212)
	4,251	3,199
Amortisation of goodwill	**7,566**	7,592
Depreciation, amortisation and other adjustments	**31,123**	28,961

4. Employees

(a) Staff costs

Staff costs (including directors) were as follows:

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Wages and salaries	**49,583**	44,508
Social security costs	**4,893**	4,462
Other pension costs	**1,012**	963
	55,488	49,933

Staff costs relate entirely to subsidiary companies.

(b) Employee numbers

The average monthly number of persons employed by the group during the year, including executive directors, was as follows:

	Year ended 31 December 2011 Number	Year ended 31 December 2010 Number
Distribution	**667**	540
Stock Maintenance	**310**	299
Administration	**1,290**	1,208
	2,267	2,047

5. Directors' emoluments

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Aggregate emoluments	**982**	1,316
Money pension contributions made	**103**	66
	1,085	1,382

The amounts paid in respect of the highest paid director are as follows:

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Aggregate emoluments	**316**	384
Money pension contributions made	**28**	18
	344	402

The directors of the company were also directors of other companies in the Hero Topco Group. The directors received total remuneration for the year of £1,085,000 including £80,000 compensation for the loss of office (2010: £1,382,000 including £nil compensation for the loss of office). The aggregate emoluments in respect of the highest paid director were £344,000 (2010: £402,000). This remuneration has been included in the accounts of HSS Hire Service Holdings Limited. The directors do not believe it is practical to apportion this amount between their services as directors of the company and their service as directors of the intermediate parent company and fellow subsidiary companies.

6. Interest receivable and similar income

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Short-term deposits and other bank interest	**29**	16
Other interest receivable	**-**	9
	29	25

7. Interest payable and similar charges

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Bank loans and overdrafts	**14,809**	18,626
Group companies	**8,594**	8,191
Finance leases	**23**	63
Amortisation of issue costs	**502**	514
Finance costs in renegotiating bank financing	**-**	101
Other interest payable	**-**	218
	23,928	27,713

8. Tax on loss for the year

(a) Analysis of charge in the year

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Current tax:		
Overseas tax on (losses) / profits for the period	**-**	-
UK corporation tax on the profit for the year	**830**	(2,291)
Adjustments in respect of prior years	**-**	(26)
Total current tax (note 8(b))	**830**	(2,317)
Deferred tax:		
Origination and reversal of timing differences	**-**	**-**
Adjustment in respect of prior years	**-**	-
Tax charge on profit on ordinary activities	**-**	-
Total tax charge/(credit)	**830**	(2,317)

(b) Factors affecting the tax charge in the year

The tax assessed on the loss for the year differs from the standard UK corporation rate of tax. The differences are explained below:

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loss on ordinary activities before tax	**(18,907)**	(20,577)
UK corporation tax at 26.5% (2010: 28%) on loss on ordinary activities	**(5,010)**	(5,762)
Effects of:		
Depreciation in excess of capital allowances	**2,593**	-
Expenses not deductible for tax purposes	**3,885**	2,863
Unutilised tax losses	**-**	1,424
Utilised tax losses	**(676)**	-
Non deductible accounting amortisation / fair value adjustment	**-**	(1,032)
Differences in tax rates / exchange rates	**-**	(4)
Adjustment in respect of previous period	**-**	(26)
Losses carried forward	**178**	-
Other short term timing differences	**(207)**	220
Tax payable under s45 CTA 2010	**67**	
	830	(2,317)

(c) Factors that may affect the future tax charge

The group has an unrecognised deferred tax asset of approximately £12,184,000 (2010: £4,239,000).

9. Intangible fixed assets

	Goodwill
Cost	**£'000**
At 1 January 2011	239,821
Additions	-
At 31 December 2011	**239,821**
Accumulated amortisation	
At 1 January 2011	115,017
Charge for the year	7,566
Impairment charge	-
At 31 December 2011	**122,583**
Net book amount	
At 31 December 2011	**117,238**
At 31 December 2010	124,804

Goodwill arose on the acquisition of HSS Hire Service Holdings Limited by the group on 15 June 2007.

10. Tangible fixed assets

	Land and Buildings £'000	Plant and Machinery £'000	Materials and Equipment held for hire £'000	Total £'000
Cost				
At 1 January 2011	**34,709**	**40,990**	**117,484**	**193,183**
FX differences	-	(19)	(245)	(264)
Additions	343	5,457	20,009	25,809
Disposals	-	(20)	(19,203)	(19,223)
At 31 December 2011	**35,052**	**46,408**	**118,045**	**199,505**
Accumulated depreciation				
At 1 January 2011	**20,417**	**34,613**	**81,939**	**136,969**
FX differences	-	(14)	(197)	(211)
Charge for the year	2,607	2,339	14,360	19,306
Disposals	-	(8)	(12,605)	(12,613)
At 31 December 2011	**23,024**	**36,930**	**83,497**	**143,451**
Net book amount				
At 31 December 2011	**12,028**	**9,478**	**34,548**	**56,054**
At 31 December 2010	**14,292**	**6,377**	**35,545**	**56,214**

The net book value of plant and machinery includes an amount of £353,000 (2010: £193,000) in respect of assets held under a finance lease. The depreciation charge for assets held under finance leases was £193,000 (2010: £328,000).

Analysis of land and buildings

	Long Leasehold £'000	Short Leasehold £'000	Freehold £'000	Total £'000
Cost	363	30,771	3,575	34,709
Additions		343	-	343
Disposals	-	-	-	-
Accumulated depreciation	(121)	(22,244)	(659)	(23,024)
Net book value	**242**	**8,870**	**2,916**	**12,028**

11. Fixed asset investments

Company	2011 £'000	2010 £'000
Investment in HSS Hire Service Holdings	**100,179**	100,179

The investment represents a 100% interest in the ordinary share capital of HSS Hire Service Holdings Limited, an intermediate holding company incorporated in England.

Group

Investment in Rentecnika Iberia, S.A.	
At 1 January 2011	776
Disposal	(776)
At 31 December 2011	**-**

On 14 April 2011 the group disposed of its entire 25% investment in the ordinary share capital of Rentecnika Iberia S.A. for gross proceeds of €900,000, equivalent to its carrying value.

At 31 December 2011 the group's principal subsidiary undertakings were as follows:

Name of company *(and country of incorporation if outside UK)*	**Proportion of equity shares held**	**Activities**
Owned directly		
HSS Hire Service Holdings Limited	100%	Intermediate holding company
Owned indirectly		
HSS Hire Service Finance Limited	100%	Intermediate holding company
HSS Hire Service Group Limited	100%	Hire and equipment services
A1 Hire & Sales Limited	100%	Hire and equipment services
Bannergroe Limited *(Republic of Ireland)*	100%	Intermediate holding company
Laois Hire Services Limited *(Republic of Ireland)*	100%	Hire and equipment services
HSS Training Limited	100%	Training
1st Collection Services Limited (formerly HSS Rental Services Limited)	100%	Administration of group trade debtors
HSS Hire Shops (Germany) Limited	100%	Dormant
HSS Holdinggesellschaft GmbH (Germany)	100%	Dormant
Hire Shops Limited	100%	Dormant
The Original Tool Hire Company Limited (formerly HSS Divisional Transport Limited)	100%	Dormant
Reintec Ltd (formerly The Original Tool Hire Company)	100%	Dormant

12. Stock for resale

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Stock held for resale	**2,707**	2,199	**-**	-
Stock of spares	**657**	-	**-**	-
	3,364	2,199	**-**	-

13. Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Trade debtors	**34,803**	33,736	**-**	-
Due from group undertakings	**4,413**	5,479	**173,372**	162,120
Other debtors	**2,363**	2,229	**-**	-
Prepayments and accrued income	**10,602**	10,407	**-**	-
Corporation tax	**-**	-	**-**	-
	52,181	51,851	**173,372**	162,120

14. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Trade creditors	**16,532**	12,492	**-**	-
Due to group undertakings	**166,933**	158,787	**218,808**	196,412
Corporation tax	**68**	3	**-**	-
Other taxes and social security costs	**3,227**	3,370	**-**	-
Other creditors	**785**	969	**-**	-
Obligations under finance lease	**172**	345	**-**	-
Interest	**5,887**	5,746	**5,887**	5,601
Accruals and deferred income	**7,834**	10,523	**593**	150
Bank and other borrowings	**167**	2,908	**-**	2,995
	201,605	195,143	**225,288**	205,158

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Bank and other borrowings (note 16)	**203,754**	198,291	**203,921**	198,204
Obligations under finance leases	**252**	42	**-**	-
	204,006	198,333	**203,921**	198,204

16. Maturity profile of creditors

(a) Bank and other borrowings

Bank and other borrowings are repayable as follows:

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Due within one year				
Term loans	**167**	2,908	**-**	2,995
Due after more than one year				
Term loans	**203,754**	198,918	**203,754**	198,918
Loan notes – group undertakings	**1,278**	1,216	**1,278**	1,216
Payment in kind notes – group undertakings	**732**	669	**732**	669
Issue costs to be amortised under FRS4	**(2,010)**	(2,512)	**(2,010)**	(2,512)
	203,754	198,291	**203,754**	198,291

Issue costs relate entirely to the term loans.

	Group and Company	
	2011	2010
	£'000	£'000
Secured Senior Bank Facility 'B' repayable in full on 14 June 2015	**90,763**	90,312
Secured Senior Bank Facility 'C1' repayable in full on 14 June 2016	**60,509**	60,208
Secured Senior Bank Facility 'C2' repayable in full on 14 June 2016	**23,898**	26,418
Secured Senior Bank Facility 'D' repayable in full on 14 December 2016	**28,751**	24,888
	203,921	201,826

Senior Bank Facility interest rates as at year end:	**2011**	2010
	% above LIBOR	% above LIBOR
Secured Senior Bank Facility 'B'	**3.75**	3.75
Secured Senior Bank Facility 'C1'	**4.25**	4.25
Secured Senior Bank Facility 'C2'	**5.25**	5.25
Secured Senior Bank Facility 'D'	**15.00**	15.00

The term loans are secured by fixed and floating charges over the assets of the group and company.

The company has in place an interest rate swap to fix interest at 1.77% in respect of £147,000,000 of the senior debt which expires of 30 September 2013.

The loan notes carry an interest rate of 10.5% and are repayable in 2017. The payment in kind notes carry an interest rate of 15% and are repayable in 2017. Both the loan notes and the payment in kind notes which are due to the company's immediate parent undertaking, Hero Midco Limited, are unsecured.

The group has undrawn committed borrowing facilities of £10,000,000 at 31 December 2011 (2009: £10,000,000). Interest is payable on the revolving credit facility at 3.25% above LIBOR.

b) Finance leases

The group's future minimum payments under finance leases are as follows:

	Group	
	2011	2010
	£'000	£'000
Within one year	**172**	345
In more than one year, but not more than two years	**252**	42
In more than two years, but not more than five years	**-**	-
	424	387

17. Provisions for liabilities and charges

Group	Properties £'000
At 1 January 2011	**6,562**
Utilised during the year	**(1,839)**
Charged / (credited) to the profit and loss	**1,111**
At 31 December 2011	**5,834**

Deferred taxation

Group	**2011** £'000	2010 £'000
Deferred tax liability comprises:		
Excess of tax allowances over depreciation	**-**	-
Other timing differences	**-**	-
	-	-
Movement during the year		
At 1 January 2011	**-**	-
Amount credited to profit and loss account		
At 31 December 2011	**-**	-

18. Share capital

	2011 No.	2010 No.	**2011** £	2010 £
Issued, called up and fully paid				
Ordinary shares of £1 each	**1**	1	**1**	1

19. Profit and loss reserve

	Group £'000	**Company £'000**
At 1 January 2011	**(158,574)**	**(141,063)**
Foreign exchange difference	**(231)**	**-**
Loss for the financial year	**(19,737)**	**(14,595)**
At 31 December 2011	**(178,542)**	**(155,658)**

20. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Loss for the year	**(19,737)**	(18,260)	**(14,595)**	(18,117)
Foreign exchange difference	**(231)**	(51)	**-**	-
Net deduction to equity shareholders' funds	**(19,968)**	(18,311)	**(14,595)**	(18,117)
Opening equity shareholders' deficit	**(158,574)**	(140,263)	**(141,063)**	(122,946)
Closing equity shareholders' deficit	**(178,542)**	(158,574)	**(155,658)**	(141,063)

21. Capital commitments

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Capital expenditure contracted but not provided for	**136**	154	**-**	-

22. Operating lease commitments

The group's annual commitment under operating leases is set out below:
.

	Land and Buildings		Other	
	2011	2010	**2011**	2010
Group	**£'000**	£'000	**£'000**	£'000
Operating leases which expire:				
Within one year	**369**	472	**-**	627
In two to five years	**4,176**	2,730	**3,543**	3,724
After five years	**7,980**	8,777	**-**	-
	12,525	11,979	**3,543**	4,351

Company

The company has no operating lease commitments.

23. Pension commitments

The group provides the option of one of two stakeholder pension schemes to employees. The assets of both schemes are held separately from those of the group in an independently administered fund. At 31 December 2011, no contributions were owing to the schemes (2010: nil).

24. Related party transactions

Under an exemption granted by Financial Reporting Standard No.8, the company, as a member of the Hero Topco Limited group, is not required to, and does not disclose transactions with fellow members of the group.

During the period, Aurigo Hero LP charged the group £200,000 (2010: £200,000) in fees. During the period, Och-Ziff Capital Management Group did not charge the group monitoring or other fees (2010: nil).

25. Ultimate holding company

At 31 December 2011, the company's immediate holding company was Hero Midco Limited, also a company incorporated in Great Britain and registered in England and Wales. The company has been consolidated into the group financial statements of Hero Topco Limited, a company incorporated in England and Wales, whose financial statements can be obtained from, The Company Secretary, 40 Argyll Street, London, W1F 7EB. Hero Topco Limited is jointly controlled by Aurigo Hero LP, Aurigo Hero New LP and affiliated funds of Och-Ziff Capital Management Group. The company's ultimate controlling party is Och-Ziff Capital Management Group.