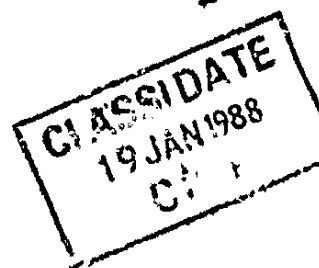


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Accounts

ADAMSON MODULAR SYSTEMS LIMITED
(formerly Adamson Containers
Limited)

30 April 1987



Spicer and Pegler
Chartered Accountants

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 30 April 1987.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of special freight containers and site security units.

REVIEW OF THE BUSINESS

The demand for standard dry freight containers has decreased within Western Europe. This, combined with the impact of cheap Far Eastern containers, necessitated certain product rationalisation during the year. The company has decided to concentrate on the manufacture of site security units and special freight containers. These changes meant that the company's product identity was changed and the name changed to Adamson Modular Systems Limited. The second factory was closed and redundancy costs were incurred which have been shown as extraordinary costs.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors who served during the year were as follows:

Robert J Montague	
Eric Goodwin	
Ashley B G West	(resigned 6 August 1986)
James Corcoran	(resigned 2 December 1986)
Alan M Rudge	(resigned 28 January 1987)
Michael F Coyne	
Brian Bradbury	(appointed 30 December 1986)
Brian R Leach	(appointed 8 October 1986)
Ronald Thompson	(appointed 30 September 1986)
George Waugh	(appointed 30 December 1986)

None of the above directors had any interest in the shares of the company save for one ordinary share held jointly by Messrs Montague and Goodwin as nominees.

The company is a wholly-owned subsidiary of Tiphook PLC. The interests of Messrs Montague and Goodwin in the shares of the holding company are shown in the report of the directors of that company. No other directors were interested in the shares of the holding company except for share options granted in accordance with the Tiphook PLC Employee Share Option Scheme.

REPORT OF THE DIRECTORS

DISABLED PERSONS

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the company seeks to employ at least the quota of disabled persons required. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Contributions during the period to United Kingdom charitable organisations amounted to nil.

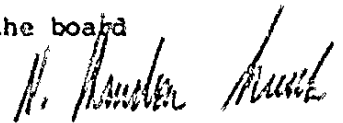
AUDITORS

Spicer and Pegler, Chartered Accountants, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

By order of the board

N H Smith

Secretary



14 July 1987

ADAMSON MODULAR SYSTEMS LIMITED
(formerly Adamson Containers Limited)

Page 3

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings, give a true and fair view of the state of affairs of the company at 30 April 1987 and of the loss and source and application of funds for the year then ended, and comply with the Companies Act 1985.

Manchester M60 2ED

14 July 1987

Spicer and Pegler
SPICER AND PEGLER

Chartered Accountants

PROFIT AND LOSS ACCOUNT
for the year ended 30 April 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
TURNOVER	2	7,730,674	10,350,839
Cost of sales		(7,359,120)	(8,907,544)
GROSS PROFIT		371,554	1,443,295
Distribution costs		(92,297)	(68,264)
Administration expenses		(598,202)	(618,964)
Other operating income	6	-	15,500
		(690,499)	(672,448)
OPERATING (LOSS)/PROFIT	3	(318,945)	770,847
Interest receivable and similar income	7	14,485	-
Interest payable and similar charges	8	(286,794)	(316,109)
		(272,309)	(316,109)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(591,254)	454,738
Tax on profit on ordinary activities	9	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(591,254)	454,738
Extraordinary items	10	(168,850)	-
Dividends	11	-	(100,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR	21	£(760,104)	£354,738

The notes on pages 7 to 14 form an integral part of these accounts.

BALANCE SHEET
30 April 1987

	Note	1987	1986
FIXED ASSETS			
Tangible assets	12	3,237,726	3,058,285
CURRENT ASSETS			
Stocks	14	1,158,142	2,090,290
Debtors	15	648,481	1,167,920
Cash at bank and in hand		1,004,350	1,100
		<u>2,811,173</u>	<u>3,259,310</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(3,704,832)	(3,009,194)
NET CURRENT ASSETS/(LIABILITIES)		<u>(893,659)</u>	<u>250,116</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,344,057	3,308,401
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	(1,428,457)	(1,632,687)
		<u>£915,610</u>	<u>£1,675,714</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	20	10,000	10,000
RESERVES			
Revaluation reserve	21	1,116,759	1,138,889
Profit and loss account	21	(211,149)	526,825
		<u>905,610</u>	<u>1,665,714</u>
		<u>£915,610</u>	<u>£1,675,714</u>

APPROVED BY THE BOARD OF DIRECTORS

R J Montague

E Goodwin

14 July 1987

The notes on pages 7 to 14 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS
for the year ended 30 April 1987

	<u>1987</u>	<u>1986</u>
SOURCE OF FUNDS		
(Loss)/profit on ordinary activities before taxation	(591,254)	454,738
Extraordinary costs	(168,850)	-
Items not involving the movement of funds:		
Depreciation	212,085	132,658
FUNDS GENERATED FROM OPERATIONS	(548,019)	587,396
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	391,526	262,092
Dividends paid	-	50,000
	<u>(391,526)</u>	<u>(312,092)</u>
(DECREASE)/INCREASE IN WORKING CAPITAL	£(939,545)	£275,304
Applied as follows:		
(Decrease)/increase in:		
Stocks	(932,148)	931,583
Decrease in debtors	(519,239)	(190,755)
Increase in cash at bank and in hand	1,003,250	-
Increase in creditors	(524,548)	(852,076)
Decrease in bank overdraft	33,140	386,552
	<u>£(939,545)</u>	<u>£275,304</u>

NOTES TO THE ACCOUNTS
30 April 1987

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with the historical cost convention modified to incorporate the revaluation of certain land and buildings. The principal accounting policies which the directors have adopted within that convention are set out below.

(b) TURNOVER

Turnover is the amount derived from the provision of goods falling within the company's ordinary activities after deduction of trade discounts and Value Added Tax.

(c) DEPRECIATION

The estimated useful lives of tangible fixed assets are as follows:

	<u>Useful life</u>
Freehold buildings	25 - 50 years
Plant and machinery	10 - 20 years
Fixtures and fittings	3 - 5 years

(d) DEFERRED TAXATION

Provision is not made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will crystallise, because of the availability of tax allowances for fixed asset expenditure in advance of depreciation. In establishing the pattern of likely future tax liabilities, the directors undertake a review at the balance sheet date of past investment patterns and expected future levels of capital expenditure and depreciation. The provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise.

(e) STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value.

(f) LAUNCHING COSTS

Expenditure on education and training, design and development and jigs and tools in respect of the launch of new containers are carried forward and written off as follows:

Education and training	- 3 years
Design and development	- 3 years
Jigs and tools	- 5 years

The above expenditure on education and training represents the excess over standard costs of production.

ADAMSON MODULAR SYSTEMS LIMITED
(formerly Adamson Containers Limited)

NOTES TO THE ACCOUNTS
30 April 1987

2. ANALYSIS OF TURNOVER AND PROFIT

The turnover attributable to each of the company's geographical markets is:

	<u>1987</u>	<u>1986</u>
United Kingdom	5,036,529	5,912,239
Africa	-	-
Western Europe	2,694,145	2,956,700
North America	-	1,481,900
	<u>£7,730,674</u>	<u>£10,350,839</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at
after charging-

	£	£
Operating (loss)/profit	200,234	126,728
Depreciation of owned assets	11,851	5,930
Depreciation of leased assets	9,000	7,000
Auditors' remuneration	-	-
	<u>221,085</u>	<u>139,658</u>

4. EMPLOYEES

The average number employed by the group
within each category of persons was:

	209	252
Production staff	10	5
Sales and distribution staff	30	22
Administration staff	-	-
	<u>249</u>	<u>279</u>

The costs incurred in respect of these
employees were:

	1,744,017	2,209,492
Wages and salaries	185,858	216,438
Social Security costs	-	-
	<u>£1,929,875</u>	<u>£2,425,930</u>

NOTES TO THE ACCOUNTS
30 April 1987

5. DIRECTORS

	<u>1987</u>	<u>1986</u>
	£	£
Emoluments of directors of the company were:		
Management remuneration	88,739	61,021
Compensation paid to a director for loss of office	8,750	13,567
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of directors were:

Chairman	NIL	NIL
Highest paid director	26,843	25,002
	<u> </u>	<u> </u>

	<u>Number of directors</u>	
£0 - £5,000	three	three
£5,001 - £10,000	one	none
£10,001 - £15,000	two	none
£15,001 - £20,000	one	one
£20,001 - £25,000	one	none
£25,001 - £30,000	none	one
	<u> </u>	<u> </u>

6. OTHER OPERATING INCOME

Net rental income	£ -	£15,500
	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank interest	£14,485	£ -
	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

On bank loans and overdrafts:		
Finance charges and finance leases	£286,794	£316,109
	<u> </u>	<u> </u>

9. TAXATION

No tax charge arises due to a loss arising in the year.

10. EXTRAORDINARY ITEMS

Extraordinary charge arising from the costs incurred following the discontinuance of the marketing and manufacture of Standard Marine ISO containers	168,850	-
Less Taxation	-	-
	<u> </u>	<u> </u>
	£168,850	£ -
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
30 April 1987

11. DIVIDEND				
			<u>1987</u>	<u>1986</u>
Ordinary shares - proposed			£ -	£100,000
			<hr/>	<hr/>
12. TANGIBLE ASSETS	Land and buildings	Plant and machinery	Fixtures fittings	<u>Total</u>
COST OR VALUATION				
At 1 May 1986	2,296,362	769,166	157,642	3,223,170
Additions	159,682	119,267	112,577	391,526
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1987	2,456,044	888,433	270,219	3,614,696
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 May 1986	47,990	94,682	22,213	164,885
Charge for the year	52,530	88,472	71,083	212,085
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1987	100,520	183,154	93,296	376,970
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 30 April 1987	£55,524	£705,279	£176,923	£3,237,726
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1986	£2,248,372	£674,484	£135,429	£3,058,285
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	<u>1987</u>	<u>1986</u>
Freehold land	325,000	325,000
Freehold buildings	2,030,524	1,923,372
	<hr/>	<hr/>
	£2,355,524	£2,248,372
	<hr/>	<hr/>

Land and buildings at cost or valuation
are stated:

	<u>1987</u>	<u>1986</u>
At valuation 1985	2,223,000	2,223,000
At cost	233,044	73,362
	<hr/>	<hr/>
	£2,456,044	£2,296,362
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
30 April 1987

12. TANGIBLE ASSETS continued

If stated under historical cost principles,
the comparable amounts for the total of land
and buildings would be:

	<u>1987</u>	<u>1986</u>
Cost	1,295,554	1,135,872
Accumulated depreciation	(64,091)	(36,387)
	<u>£1,231,463</u>	<u>£1,099,485</u>

All other tangible fixed assets are stated at
historical cost.

Included in plant and machinery are assets of
net book value £119,828 (1986 - £44,319) held
under finance leases.

13. FUTURE CAPITAL EXPENDITURE

Contracted for but not provided in the accounts
Authorised by the directors but not contracted

none	none
none	none
<u>none</u>	<u>none</u>

14. STOCKS

Raw materials and consumables
Work-in-progress
Finished goods and goods for resale

615,372	1,299,573
448,799	759,973
93,971	30,745
<u>£1,158,142</u>	<u>£2,090,290</u>

15. DEBTORS

Trade debtors
Amounts owed by group companies
Other debtors
Prepayments and accrued income
Taxation and Social Security

551,867	940,809
-	-
20,523	78,935
76,291	82,334
-	65,842
<u>£648,681</u>	<u>£1,167,920</u>

NOTES TO THE ACCOUNTS
30 April 1987

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1987</u>	<u>1986</u>
Bank loans and overdrafts (secured)	200,000	33,140
Trade creditors	1,562,952	2,130,648
Amounts owed to group company	1,716,193	516,994
Obligations under finance leases	53,066	10,150
Other creditors	24,278	7,704
Taxation and Social Security	148,343	210,558
Dividends payable	-	100,000
	<u>£3,704,832</u>	<u>£3,009,194</u>

17. RESERVATION OF TITLE

Trade creditors include £690,536 (1986 - £1,034,665) arising from the purchase of goods from suppliers who claim that, under the terms of trade, ownership thereof does not pass to the company until sums due to those suppliers are settled.

18. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

Bank loan (secured)	1,400,000	1,600,000
Obligations under finance leases	28,457	32,687
	<u>£1,428,457</u>	<u>£1,632,687</u>

BANK LOANS

Bank loans are repayable by instalments falling due:

Within one year	200,000	-
Between one and two years	200,000	200,000
Between two and five years	600,000	600,000
Over five years	600,000	800,000
	<u>£1,600,000</u>	<u>£1,600,000</u>

The loan is secured by a mortgage over the freehold property and bears interest at two and a half per cent above bank rates.

NOTES TO THE ACCOUNTS
30 April 1987

18. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR continued

1987 1986

OBLIGATIONS UNDER FINANCE LEASES

The future minimum lease payments under finance leases to which the company is committed at 30 April 1987 are as follows:

Year ending:

30 April 1987	-	13,193
30 April 1988	62,567	13,192
30 April 1989	18,074	12,989
30 April 1990	13,545	12,410
30 April 1991	5,300	3,570
30 April 1992	948	-
Thereafter	237	-
	<u>100,671</u>	<u>55,355</u>
Less interest element allocated to future periods	<u>(19,148)</u>	<u>(12,518)</u>
	<u>£81,523</u>	<u>£42,837</u>
Disclosed as:		
Amounts falling due within one year	53,066	10,150
Amounts falling due after more than one year	28,457	32,687
	<u>£81,523</u>	<u>£42,837</u>

19. PROVISION FOR LIABILITIES AND CHARGES
DEFERRED TAXATION

As explained in note 1, provision is not made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes except where it is probable that a liability will crystallise. No provision is considered necessary as at 30 April 1987. The amounts involved, if deferred taxation had been provided in full, are as follows:

Capital allowances in excess of depreciation	471,092	204,000
Chargeable gains on revaluation	310,142	335,000
Losses available for future set-off	(471,092)	(7,000)
	<u>£310,142</u>	<u>£532,000</u>

NOTES TO THE ACCOUNTS
30 April 1987

In addition there are losses of £1,682,000 (Corporation Tax £589,000) which are carried forward and can be set off against future trading profits.

These losses and those included above relate to the period when the trade was carried on in a different company. The claim to carry the losses forward in this company under S254 Taxes Act 1970 has not yet been agreed with the Inland Revenue.

20. CALLED UP SHARE CAPITAL	<u>1987</u>	<u>1986</u>
Authorised:		
10,000 Ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted and fully paid:		
10,000 Ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
21. RESERVES		
At 1 May 1986	1,138,889	526,825
Retained deficit for the period	-	(760,104)
Transfer in respect of depreciation on revaluation	(22,130)	22,130
	<u>£1,116,759</u>	<u>£(211,149)</u>
22. TOTAL RESERVES		
Available for distribution	(211,149)	
Not available for distribution	<u>1,116,759</u>	
	<u>£905,610</u>	
23. ULTIMATE HOLDING COMPANY		

The ultimate holding company is Tiptoeck PLC, registered in England.