

SKIP UNITS LIMITED
(Registered in England No: 3068281)

REPORT OF THE DIRECTORS

AND

FINANCIAL STATEMENTS

- year ended -

31ST MAY 1999



SKIP UNITS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

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SKIP UNITS LIMITED

(Registered in England No: 3068281)

DIRECTORS

A Muirhead
A Powis
D Singer
R Wake
J Palmer

SECRETARY

R Wake

REGISTERED OFFICE

Sinfin Lane Industrial Estate
DERBY
DE24 9GL

AUDITORS

Smith Cooper
Majority House
Lodge Lane
DERBY
DE1 3HB

BANKERS

Royal Bank of Scotland plc

SKIP UNITS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31ST MAY 1999

The directors present their annual report and audited financial statements for the year ended 31st May 1999.

PRINCIPAL ACTIVITY

The company's principal activity is the design, manufacture and retailing of waste disposal containers and demountable vehicle bodies.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 5 of the financial statements. The directors consider the result for the year to be satisfactory.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIVIDEND

During the year the directors declared a preference share dividend of £0.08 (1998: £0.08) per share in respect of A preference shares, £0.10 per share in respect of B preference shares, £0.1647 (1998: £0.079) and £0.10 per share in respect of ordinary shares to be paid from the profit for the year.

DIRECTORS' INTERESTS

The directors who have held office during the year are listed on page 1. Their interest in the share capital of the company is as follows:

	Ordinary Shares	
	1999	1998
A Muirhead	45,000	45,000
D Singer	15,000	15,000
A Powis	10,000	10,000

SKIP UNITS LIMITED
REPORT TO THE DIRECTORS - CONTINUED
YEAR ENDED 31ST MAY 1999

GROUP FINANCIAL STATEMENTS

The directors have taken advantage of the exemptions available to medium sized groups in not preparing group financial statements

FIXED ASSETS

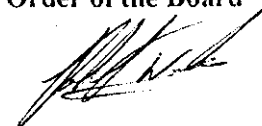
The movements in fixed assets during the year are summarised in notes 8 and 9 to the financial statements.

AUDITORS

In accordance with Section 385(2) of the Companies Act 1985 a resolution proposing the re-appointment of Smith Cooper as auditors to the company will be put to the annual general meeting.

The directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a medium size company.

By Order of the Board



R WAKE
Secretary

SKIP UNITS LIMITED
AUDITORS' REPORT SKIP UNITS LIMITED
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 17 together with the financial statements of Skip Units Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st May 1999.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that section.

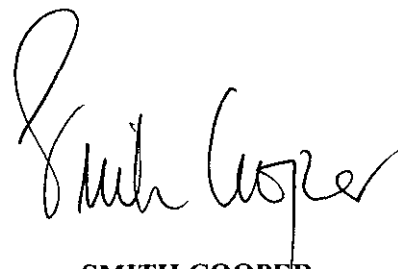
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements.

The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Section 246A of that Act, in respect of the year ended 31st May 1999 and the abbreviated accounts on pages 5 to 17 have been properly prepared in accordance with that section.



SMITH COOPER
Registered Auditors
Chartered Accountants

DERBY: 31st January 2000

SKIP UNITS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

PROFIT AND LOSS ACCOUNT

	Note	1999	1998
GROSS PROFIT		1,552,010	1,136,997
Net operating expenses		1,009,996	865,937
		<hr/>	<hr/>
OPERATING PROFIT	3	542,014	271,060
Interest payable and similar charges	4	42,230	45,370
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		499,784	225,690
TAXATION	7	147,307	54,818
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		352,477	170,872
DIVIDENDS	18	107,509	98,533
		<hr/>	<hr/>
PROFIT RETAINED FOR THE YEAR		£244,968	£ 72,339
		<hr/> <hr/>	<hr/> <hr/>

The company has no acquisitions or discontinued activities during the year and no recognised gains or losses for the year other than the profit stated above of £352,477.

The notes on pages 8 to 17 form part of these financial statements.

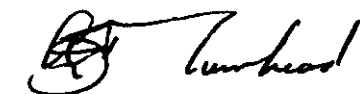
SKIP UNITS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

BALANCE SHEET

FIXED ASSETS	Note	1999	1998
Intangible assets	1&8	718,589	763,504
Tangible assets	1&9	937,497	900,206
Investments	10	2,100	2,100
		<hr/>	<hr/>
		1,658,186	1,665,810
CURRENT ASSETS			
Stocks and work in progress	1&11	107,221	98,912
Debtors	12	1,262,944	1,035,297
Cash at bank and in hand		<u>380,496</u>	<u>104,637</u>
		1,750,661	1,238,846
CREDITORS: Amounts falling due within one year	13	<u>1,385,073</u>	<u>1,098,098</u>
NET CURRENT ASSETS		365,588	140,748
		<hr/>	<hr/>
		2,023,744	1,806,558
CREDITORS: Amounts falling due after more than one year	14	296,746	324,498
		<hr/>	<hr/>
		£1,727,028	£1,482,060
CAPITAL AND RESERVES		<hr/>	<hr/>
Called up share capital			
- including non-equity interests	16	1,120,000	1,120,000
Profit and loss account	19	607,028	362,060
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	£1,727,028	£1,482,060
		<hr/>	<hr/>

The directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a medium sized company.

The financial statements were approved by the Board on 26th January 2000



A MUIRHEAD
DIRECTOR

The notes on pages 8 to 17 form part of these financial statements

<p style="text-align: center;">SKIP UNITS LIMITED</p> <p style="text-align: center;">FINANCIAL STATEMENTS</p> <p style="text-align: center;">YEAR ENDED 31ST MAY 1999</p>
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CASHFLOW STATEMENT

	Note	1999	1998
NET CASH INFLOW FROM OPERATING ACTIVITIES	20a	586,552	276,676
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest paid	(42,230)	(45,370)	
Preference dividend paid	(96,666)	(138,896)	(96,666)
TAXATION			
Corporation tax paid		(59,375)	(55,185)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(86,861)	(24,570)	
Proceeds on disposal of fixed assets	<u>8,500</u>	<u>(78,361)</u>	<u>(6,950)</u>
EQUITY DIVIDENDS PAID		(10,843)	(1,867)
FINANCING			
Amounts borrowed	-	21,082	
Repayment of amounts borrowed	(23,218)	(100,556)	
		(23,218)	(79,474)
NET CASH OUTFLOW	20b	<u>£(275,859)</u>	<u>£(19,506)</u>

SKIP UNITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to reflect the revaluation of certain fixed assets.

TANGIBLE FIXED ASSETS

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives on the following basis:

Freehold Property	2% per annum straight line on the revalued amount
Plant & Machinery	10% - 20% per annum straight line on cost
Motor vehicles	25% per annum straight line on cost
Fixtures & Fittings	10% per annum straight line on cost

DEFERRED TAXATION

Deferred taxation is provided on the liability method to take account of timing differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the translation. Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

LEASING

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations net of future finance charges are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

STOCKS AND WORK IN PROGRESS

Stock and work in progress is valued at the lower of cost, being net invoice value or cost of production to date, and net realisable value.

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

1. ACCOUNTING POLICIES - CONTINUED

PENSION COSTS

Contributions in respect of the company's defined contribution scheme are charged to profit and loss account for the year in which they are payable to the scheme.

GOODWILL

Purchased goodwill on acquisitions is capitalised and amortised over its useful economic life.

2. TURNOVER

Turnover represents invoiced sales of goods after deduction of discounts allowed and value added tax, where applicable.

Turnover arises entirely from the company's principal activity.

Turnover is split as follows:	1999	1998
UK	5,835,363	4,760,663
Export market	<u>5,197</u>	<u>146,450</u>
	<u>£5,840,560</u>	<u>£4,907,113</u>

3. OPERATING PROFIT

The operating profit for the period, which all relate to continuing operations is stated after charging the following:

	1999	1998
Depreciation of tangible fixed assets held under finance lease agreements	22,426	12,946
Depreciation of owned tangible fixed assets	27,144	35,812
Auditors' remuneration	5,625	4,000
Profit on disposal of fixed assets	8,500	4,307
	<u> </u>	<u> </u>

4. INTEREST

On bank loans, overdrafts and other loans repayable within 5 years	7,310	6,758
Hire purchase interest	4,471	2,656
On bank loans repayable after 5 years	<u>31,270</u>	<u>36,415</u>
	43,051	45,829
Interest received	<u>(821)</u>	<u>(459)</u>
	<u>£42,230</u>	<u>£45,370</u>

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

5. DIRECTORS' REMUNERATION	1999	1998
Remuneration of highest paid director for the year (Including pension contributions)	£63,968	£55,037
	<u> </u>	<u> </u>
Directors emoluments	£210,779	£194,978
	<u> </u>	<u> </u>

6. STAFF COSTS

The average number of persons (including directors)
employed by the company was:

Production and sales	62	59
Management and administration	<u>6</u>	<u>6</u>
	68	65
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	1,677,519	1,469,022
Social security costs	148,889	132,617
Pension costs	<u>9,508</u>	<u>9,017</u>
	£1,835,916	£1,610,656
	<u> </u>	<u> </u>

7. TAXATION

The taxation charge for the year comprises:

UK corporation tax @ 31%/21%		
(1998: 21%) - current year	149,809	35,000
- previous years	<u>(2,502)</u>	<u>19,818</u>
	£147,307	£54,818
	<u> </u>	<u> </u>

The company is a close company for taxation purposes

The movement on unprovided deferred taxation for the year
was as follows:

Accelerated capital allowances over corresponding depreciation	Nil	Nil
	<u> </u>	<u> </u>

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

8. INTANGIBLE FIXED ASSETS

COST	Goodwill
At 1st June 1998 and at 31 May 1999	£898,241
	<hr/>
AMORTISATION	
At 1st June 1998	134,737
Charge for year	<u>44,915</u>
At 31st May 1999	£179,652
	<hr/>
NET BOOK VALUE	
At 31st May 1999	£718,589
	<hr/>
At 31st May 1998	£763,504
	<hr/>

Purchased goodwill is to be amortised over its estimated useful economic life over a period of 20 years.

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

9. TANGIBLE FIXED ASSETS

COST	Freehold Property	Motor Vehicles	Fixtures & Fittings	Plant & Machinery	TOTAL
At 1st June 1998	745,836	72,223	10,381	183,228	1,011,668
Additions	-	72,495	-	14,366	86,861
Disposals	-	(53,596)	-	-	(53,596)
At 31st May 1999	<u>£745,836</u>	<u>£91,122</u>	<u>£10,381</u>	<u>£197,594</u>	<u>£1,044,933</u>
DEPRECIATION					
At 1st June 1999	10,154	45,993	8,172	47,143	111,462
Charge for year	2,544	20,890	2,209	23,927	49,570
Eliminated on disposals	-	(53,596)	-	-	(53,596)
At 31st May 1999	<u>£12,698</u>	<u>£13,287</u>	<u>£10,381</u>	<u>£71,070</u>	<u>£107,436</u>
NET BOOK VALUE					
At 31st May 1999	<u>£733,138</u>	<u>£77,835</u>	<u>£Nil</u>	<u>£126,524</u>	<u>£937,497</u>
At 31st May 1998	<u>£735,682</u>	<u>£26,230</u>	<u>£2,209</u>	<u>£136,085</u>	<u>£900,206</u>
Included in the above are assets held under hire purchases contracts with a net book value of :					
At 31st May 1999	<u>£ -</u>	<u>£77,260</u>	<u>£ -</u>	<u>£63,510</u>	<u>£140,770</u>
At 31st May 1998	<u>£ -</u>	<u>£21,686</u>	<u>£ -</u>	<u>£69,015</u>	<u>£90,701</u>

There were no capital commitments authorised or contracted for at either year end

A valuation of the company's premises was carried out by Boxall, Brown & Jones on 31 July 1995. This valued the premises at £700,000 on the open market.

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

10. FIXED ASSET INVESTMENTS

**Subsidiary
Undertakings**

COST & NET BOOK VALUE

At 1st June 1998 and at 31st May 1999

£2.100

The company held 100% of the issued share capital of the following companies at the balance sheet date:

Name of Company	Country of Registration	Holding	Nature of Business
S U Predecessors Ltd	England	2,000 ordinary shares of £1 each	Dormant
Skip Units (Sales) Ltd	England	100 ordinary shares of £1 each	Dormant

The directors have not prepared group financial statements for Skip Units Limited group on the basis that it is eligible for exemption under the provisions of the Companies Act 1985 and qualifies for these exemptions as a medium size group.

Subsidiary undertakings not consolidated:	Capital & Reserves at 31.05.98	Profit/(Loss) for Year
SU Predecessors Ltd	-	Dormant
Skip Units (Sales) Ltd	100	Dormant

11. STOCKS

	1999	1998
Raw materials and consumables	62,281	59,540
Finished goods	20,383	21,042
Work in progress	<u>24,557</u>	<u>18,330</u>
	<u>£107,221</u>	<u>£98,912</u>

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

12. DEBTORS: Amounts falling due within one year	1999	1998
Trade debtors	1,224,926	975,227
Prepayments and accrued income	37,168	34,737
Other debtors	850	700
ACT recoverable	<u>-</u>	<u>24,633</u>
	<u>£1,262,944</u>	<u>£1,035,297</u>

13. CREDITORS: Amounts falling due within one year		
Bank overdraft and loan	64,954	73,619
Trade creditors	687,480	700,681
Taxation and social security	225,455	137,447
Corporation tax	135,147	59,633
Accruals	234,217	89,882
Amounts due to group undertakings	100	100
Finance lease obligations	37,720	24,521
ACT payable	<u>-</u>	<u>12,215</u>
	<u>£1,385,073</u>	<u>£1,098,098</u>

14. CREDITORS: Amounts falling due after more than one year		
Bank loan	281,250	314,941
Finance lease obligations	<u>15,496</u>	<u>9,557</u>
	<u>£296,746</u>	<u>£324,498</u>

The bank loan is being repaid via monthly instalments, having commenced on 28 September 1997.

Payable by instalments less than one year	64,954	73,619
Payable by instalments 2-5 years	229,550	220,885
Payable by instalments over 5 years	<u>51,700</u>	<u>94,056</u>
	<u>£346,204</u>	<u>£388,560</u>

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

15. SECURED LIABILITIES

Of amounts included in creditors, of which £64,954 falls due within one year, security has been given by the company in respect of the following liabilities:

	1999	1998
Hire purchase	53,216	34,078
Bank loan	<u>346,204</u>	<u>388,560</u>
	<u>£399,420</u>	<u>£422,638</u>

The hire purchase liability is secured against the individual assets purchased through the agreements.

The bank overdraft and loan are secured against an unscheduled mortgage debenture and a composite cross guarantee agreement involving the other members of the group.

16. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid

	1999	1998
70,000 Ordinary shares of £1 each	70,000	70,000
300,000 Redeemable A Preference shares of £1 each	300,000	300,000
726,667 Redeemable B Preference shares of £1 each	726,667	726,667
23,333 Preferred Ordinary share of £1 each	<u>23,333</u>	<u>23,333</u>
	<u>£1,120,000</u>	<u>£1,120,000</u>

Voting Rights

Votes per share

Ordinary £1 shares	1
Preferred ordinary £1 shares	1
Redeemable preference shares	0

Redeemable A preference shares rank first in the event of any winding up order on the company, followed by Redeemable B preference shares, preferred ordinary shares and finally ordinary shares.

Redeemable A preference share are to be redeemable by yearly instalments payable of £100,000 commencing on 30 September 1999. The company has the right to redeem these shares in multiples of £20,000 after giving one months notice to the shareholders.

Redeemable B preference shares are to be redeemed by instalments of £72,666 payable every six months commencing on 30 September 1999. The company has the right to redeem these shares in multiples of £40,000 after giving one months notice to the shareholders.

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

16. CALLED UP SHARE CAPITAL - CONTINUED

Dividend Rights

Redeemable A Preference shares - Fixed Cumulative at 8% per annum
Redeemable B Preference shares - Fixed Cumulative at 10% per annum
Preferred Ordinary shares - Fixed Cumulative at 8% per annum

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Equity	Redeemable A Preference Non-equity	Redeemable B Preference Non-Equity	Total
At 1st June 1998	455,393	300,000	726,667	1,482,060
Result for the financial year	255,810	24,000	72,667	352,477
Dividends paid	(10,842)	(24,000)	(72,667)	(107,509)
	<u>£700,361</u>	<u>£300,000</u>	<u>£726,667</u>	<u>£1,727,028</u>

18. DIVIDENDS

	1999	1998
A Preference dividend paid on 300,000 shares @ £0.08 per share	24,000	24,000
B Preference dividend paid on 726,667 shares @ £0.10 per share	72,667	72,567
Preferred ordinary shares paid on 23,333 shares @ £0.1647 per share	3,842	1,866
Ordinary shares paid on 70,000 shares @ £0.10 per share	<u>7,000</u>	<u>-</u>
	<u>£107,509</u>	<u>£98,533</u>

SKIP UNITS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MAY 1999

19. RESERVES

Profit & Loss Account

At 1st June 1998	362,060
Result for the year	<u>244,968</u>
At 31st May 1999	<u>£607,028</u>

20. NOTES TO THE CASHFLOW STATEMENT

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

	1999	1998
Operating profit	542,014	271,060
Depreciation	49,570	48,758
Amortisation	44,915	44,915
Profit on disposal of fixed assets	(8,500)	(4,307)
(Increase)/Decrease in stocks	(8,309)	23,390
(Increase)/Decrease in debtors	(252,280)	(175,082)
Increase/(Decrease) in creditors	<u>219,142</u>	<u>67,942</u>
	<u>£586,552</u>	<u>£276,676</u>

20b. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.6.98	Cashflows	At 31.5.99
Cash in hand and at bank	<u>£104,637</u>	<u>£275,859</u>	<u>£380,496</u>

21. CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

During the year the company was controlled by Mr A Muirhead, a director in the company.
There were no related party transactions.