Company number 1615021

DAWSONRENTALS PORTABLE COLD STORAGE LIMITED

Annual Report and Accounts

31 December 2000



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Sovereign Court Witan Gate
Milton Keynes MK9 2HP

DAWSONRENTALS PORTABLE COLD STORAGE LIMITED

Directors and advisers

Company number: 1615021

Directors

Michael J Williams
Clive Gear, FCA
Geoffrey K Howard
Martin D Gowans
Adrian J P O'Reilly, ACMA
Roderick P Benham (appointed 1 February 2000)

Secretary and registered office

Clive Gear, FCA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditors

Mazars Neville Russell
Sovereign Court, Witan Gate, Milton Keynes, MK9 2HP

Bankers

National Westminster Bank plc
Exchange House
478 Midsummer Boulevard
Central Milton Keynes
Milton Keynes MK9 2LD

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Report of the directors for the year ended 31 December 2000

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

Activities and business review

The principal activity of the company is the rental of temperature-controlled products.

The company's product ranges and markets were extended during the year and the directors consider that both the level of business and the year end financial position were satisfactory and expect that this level of activity will be sustained for the foreseeable future.

Blast freezers and special-build widespan units are helping to underpin momentum in the UK's core portable cold storage business, where profit margins improved due to an enhanced focus on operational efficiencies and asset management controls.

Directors

The current directors of the company are set out on page 1. Mr R P Benham was appointed as a director on 1 February 2000. All other directors served throughout the year.

No director had any interest in the share capital of the company during the year.

Their interests, including those of their immediate families, in the share capital of the ultimate holding company, Dawsongroup plc were as follows:

	31 December 2000 Ordinary shares of 25p each			31 December 1999 Ordinary shares of 25p each		
	Beneficial interests	Under option	ESOP awards	Beneficial interests	Under option	ESOP awards
M J Williams	-	-	-	128,421	20,547	-
C Gear	-	-	-	137,973	-	-
R P Benham	-	-	-	-*	1,253*	-*
M D Gowans	-	-	-	-	12,343	-
G K Howard	-	-	-	20,816	18,031	-
A J P O'Reilly	-	-	-	-	17,985	-

*on appointment

Results and dividends

Turnover amounted to £13,987,000 (1999 : £14,060,000) and the profit before tax was £10,942,000 (1999 : £5,184,000) after an exceptional credit of £5,323,000 following the reorganisation of the group during the financial year.

The following dividends have been paid during the year and the directors do not recommend the payment of a final dividend.

	Date payable	£ per share	2000 £'000	1999 £'000
1st interim	31 May 2000	20.60	1,030	1,050
2nd interim	-	-	-	575
Final	29 December 2000	100.00	5,000	1,750

Report of the directors for the year ended 31 December 2000

Employment policies

The company continues to encourage the participation of its employees in the business in which they work. Established communication and consultation procedures exist which aim to ensure that employees are informed about, and involved in, matters which are of interest and concern to them.

The company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The policies also allow disabled persons to compete on an equal basis. Any existing employee who becomes disabled is given the training required to ensure that, wherever possible, continuity of employment can be maintained.

The company promotes all aspects of health and safety throughout the group in the interests of its employees.

Donations

The company made charitable donations during the year of £25 (1999 : £50). No political donations were made.

Creditor payment policy

The company agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier also complies with all relevant terms and conditions.

At 31 December 2000 the amount of trade creditors in the balance sheet represented 48 days (1999 : 53 days) of average daily purchases for the company.

Auditors

Mazars Neville Russell have expressed their willingness to continue in office and a resolution proposing their re-appointment at a rate of remuneration to be fixed by the directors will be submitted to the annual general meeting.

By order of the board

Clive Gear, FCA
Secretary

20 March 2001

Director's Responsibilities

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities on page 5, is made with a view to describing the responsibilities of the directors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of the profit or loss for the financial year.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements set out on pages 6 to 17. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable, prudent judgements, and estimates and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

MAZARS

MAZARS NEVILLE RUSSELL
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAWSONRENTALS PORTABLE COLD STORAGE LIMITED

We have audited the financial statements on pages 6 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company had not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars Neville Russell

MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

20 March 2001

SOVEREIGN COURT - WITAN GATE - MILTON KEYNES - MK9 2HP - TEL : +44 (0)1908 664466 - FAX : +44 (0)1908 690567
www.mazars-nr.co.uk

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Profit and loss account
for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	13,987	14,060
Cost of sales		5,021	5,325
Gross profit		8,966	8,735
Administrative expenses		(2,434)	2,933
Operating profit	2	11,400	5,802
Net interest payable	3	458	618
Profit on ordinary activities before tax		10,942	5,184
Tax	5	1,644	1,372
Profit for the financial year		9,298	3,812
Dividend	6	6,030	3,375
Retained profit for the year	15	3,268	437

Statement of total recognised gains and losses

Profit for the financial year	9,298	3,812
Prior year adjustment	-	310
Total gains recognised in the year	9,298	4,122

The profit for the year has been calculated on the historical cost basis.

Turnover and expenses all relate to continuing operations.

DAWSONRENTALS PORTABLE COLD STORAGE LIMITED

Balance sheet as at 31 December 2000

	Notes		2000		1999
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		21,988		22,919
Current assets					
Stocks	8	196		264	
Debtors	9	2,664		5,106	
Cash and bank and in hand		56		180	
		2,916		5,550	
Creditors due within one year					
Borrowings	10	2,313		2,632	
Other creditors	11	8,037		13,934	
		10,350		16,566	
Net current liabilities			7,434		11,016
Total assets less current liabilities			14,554		11,903
Creditors due after one year					
Borrowings	10		5,443		6,149
			9,111		5,754
Provisions for liabilities and charges	12		1,513		1,424
Net assets			7,598		4,330
Capital and reserves					
Called up share capital	13		50		50
Profit and loss account	15		7,548		4,280
Equity shareholders' funds	14		7,598		4,330

The financial statements on pages 6 to 17 were approved by the board of directors on 20 March 2001

C Gear

Directors

M J Williams

Notes to the financial statements for the year ended 31 December 2000

Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

The company is a wholly owned subsidiary of Dawsonrentals Limited, which is a fellow wholly owned subsidiary of Dawsongroup plc which has prepared group financial statements in accordance with applicable accounting standards and which has published a consolidated cash flow statement in accordance with the requirements of FRS 1 (Revised). The company has therefore taken advantage of the exemption not to publish its own cash flow statement.

Accounting convention
The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards using the following principal accounting policies:

Depreciation
Depreciation is provided to write down the cost of fixed assets by equal instalments to their estimated residual values over the period of their estimated useful lives with the company in accordance with the table below:

	Useful life	Residual value
Hire Fleet:		
Purpose built portable cold stores, cooling and chilling systems	12.5 years	15%
Other temperature-controlled products	4 - 10 years	Nil
Other:		
Commercial vehicles	5 years	5% - 25%
Trailers	12.5 years	15%
Plant and equipment	5 - 10 years	Nil
Computer hardware and software	4 years	Nil
Cars	4 years	25% - 40%

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

Deferred tax
Deferred tax is provided, using the liability method, at the appropriate rates of tax on all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pension contributions
The charge to the profit and loss account represents the contributions relating to the accounting period.

Long-term incentive plans
Provision is made in the profit and loss account for the appropriate proportion of future payments expected to arise in respect of long-term incentive plans in place for various employees.

Asset purchase rebates
Rebates and bonuses from manufacturers and distributors are credited to the profit and loss account over a three to five year period from the date of installation of the relevant assets to coincide with their expected life within the company.

Notes to the financial statements for the year ended 31 December 2000

Accounting policies (continued)

Finance Leases
Fixed assets obtained under finance leases are treated in the same way as hire purchase contracts, that is as though they were purchased outright and depreciated accordingly. The outstanding capital element of such leases is included within borrowings in the balance sheet. The interest element of leasing payments is charged to the profit and loss account over the period of the finance lease in accordance with the "sum of digits" method. Interest costs on fixed rate hire purchase contracts are also accounted for by this method.

Interest on finance lease and hire purchase borrowings at the date of the acquisition by Dawsongroup plc in June 1997 continues to be charged to the profit and loss account on the actuarial basis. The difference in interest charge arising is not materially different to that if the "sum of digits" method had been applied.

Operating Leases
Operating lease expenditure is charged to the profit and loss account in equal instalments over the respective life of the lease.

Purchase undertaking fees
Fee income from lessors for future purchase undertakings in respect of operating lease agreements with third parties is credited to the profit and loss account over the respective lives of such leases having regard to future assessment, inspection and other related costs.

Foreign currencies
Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date. Differences arising on translation of such items are dealt with in the profit and loss account.

Forward currency contracts entered into or deposits held specifically for planned future capital expenditure are not revalued to balance sheet rates. Gains or losses arising are matched against the capital spend at the time of the purchase.

Financial instruments
Derivative instruments utilised by the company are interest rate swaps and forward exchange contracts. The company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure to the company in line with its risk management policies.

Interest receipts and payments are calculated on an accruals basis and included within net interest payable. Interest rate swaps are not revalued to fair value or shown on the company balance sheet at the year end.

Turnover
Turnover is the amount receivable in the ordinary course of business for services provided during the year, excluding value added tax. Income derived from short-term rental and contract hire activities is recognised in equal instalments over the term of the respective rental agreements.

Finance receivables
Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Notes to the financial statements for the year ended 31 December 2000

1 Segmental information

The turnover, profit before tax, and net assets are attributable to the principal activity of rental and contract hire of temperature-controlled products.

The company operates in the UK and substantially the whole of its turnover is to the UK market.

2 Operating profit

		2000 £'000	1999 £'000
This is stated after charging:			
Depreciation	- owned assets	2,722	2,865
	- leased assets	-	13
Auditors' remuneration	- audit services	14	13
	- non audit services	-	3
Operating lease	- rental of plant and machinery	33	46
	- rental of property	16	9
Exchange loss		1	56
and after crediting:			
Write off of intercompany loan		(5,323)	-
Profit on sale of tangible fixed assets		(210)	(111)

3 Net interest payable

	2000 £'000	1999 £'000
On borrowings wholly repayable within five years:		
Asset finance arrangements	603	474
Bank loans and overdrafts	1	2
On borrowings repayable after five years	-	210
	604	686
Less:		
Net group interest receivable	(144)	(68)
Other interest receivable	(2)	-
	458	618

All borrowings repayable after five years and all asset finance arrangements are repayable by instalments.

Notes to the financial statements for the year ended 31 December 2000

4 Directors and employees

Employees

Average number of employees, including directors, during the year was as follows:

	2000 Number	1999 Number
Management	12	12
Sales and administration staff	39	38
Fitters, storemen and others	37	34
	88	84

The payroll costs of these employees amounted to:

	2000 £'000	1999 £'000
Wages and salaries	2,012	2,019
Social security costs	209	207
Pension contributions	25	23
	2,246	2,249

Pension scheme

The Dawsongroup of companies operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension contributions above represent amounts paid by the company to the fund, net of prior year refunds.

Contributions totalling £17,000 (1999 : £27,000) had been prepaid at the year end and are included in debtors.

The number of directors to whom benefits were accrued under money purchase schemes was 3 (1999 : 2).

Directors' emoluments

	2000 £'000	1999 £'000
Executive remuneration and benefits:	199	150
Pension contributions	11	8
	210	158

Notes to the financial statements
for the year ended 31 December 2000

4 Directors and employees (continued)

		2000 £'000	1999 £'000
Highest paid director	- Remuneration and benefits	81	86
	- Pension contributions	5	4
		86	90

The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc. The emoluments of A J P O'Reilly are included in the financial statements of Dawsonrentals Truck and Trailer Limited, a fellow wholly owned subsidiary of Dawsongroup plc.

5 Tax

	2000 £'000	1999 £'000
Tax charge for year comprises:		
Corporation tax	1,472	1,130
Deferred tax	114	440
(Over)/under provision in respect of prior years:		
Corporation tax	58	(200)
Deferred tax	-	2
	1,644	1,372

6 Dividends

	2000 £'000	1999 £'000
1st interim paid (£20.60 per share) (1999 : £21.00)	1,030	1,050
2nd interim paid (1999 : £11.50)	-	575
Final paid (£100.00 per share) (1999 : £35.00)	5,000	1,750
	6,030	3,375

Notes to the financial statements for the year ended 31 December 2000

7 Tangible fixed assets

	Hire fleet £'000	Other vehicles, plant and equipment £'000	Total £'000
Cost			
As at 1 January 2000	37,431	960	38,391
Additions	2,301	118	2,419
Disposals	(1,309)	(70)	(1,379)
Transfers from group undertakings	123	37	160
Transfers to group undertakings	(847)	(11)	(858)
As at 31 December 2000	37,699	1,034	38,733
Depreciation			
As at 1 January 2000	14,824	648	15,472
Charge for the year	2,594	128	2,722
Disposals	(1,077)	(65)	(1,142)
Transfers from group undertakings	27	29	56
Transfers to group undertakings	(355)	(8)	(363)
As at 31 December 2000	16,013	732	16,745
Book value			
As at 31 December 2000	21,686	302	21,988
As at 31 December 1999	22,607	312	22,919

8 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	196	264

9 Debtors

Due within one year:	2000 £'000	1999 £'000
Trade debtors	1,036	982
Other debtors	4	12
Prepayments	92	79
Amounts owed by group undertakings	491	880
Loans to group undertakings	1,041	3,153
	2,664	5,106

Notes to the financial statements
for the year ended 31 December 2000

10 Financial instruments

Financial liabilities

Due within one year:	2000 £'000	1999 £'000
Bank loans and overdrafts	43	28
Asset finance arrangements	2,270	2,604
	2,313	2,632

Due after one year:

Borrowings due after more than one year are repayable by instalments as follows:

	Asset finance arrangements	
	2000 £'000	1999 £'000
Between one and two years	1,817	1,956
Between two and five years	3,166	3,691
After more than five years	460	502
	5,443	6,149
Gross financial liabilities	7,756	8,781

Asset finance arrangements comprise hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets. The interest charged on the finance during the year equated to 9.1% (1999 : 9.1%).

11 Other creditors

Due within one year:	2000 £'000	1999 £'000
Trade creditors	3,934	3,875
Tax payable	2,322	910
Other tax and social security	496	464
Accruals	493	586
Loans from group undertakings	469	1,008
Amounts owed to group undertakings	323	5,341
Proposed dividend	-	1,750
	8,037	13,934

Notes to the financial statements
for the year ended 31 December 2000

12 Provision for liabilities and charges

	2000 £'000	1999 £'000
Deferred tax	1,081	967
Other provisions	432	457
	1,513	1,424
Deferred tax		
Provided in the accounts:		
Accelerated capital allowances	1,229	1,114
Other timing differences	(148)	(147)
	1,081	967
Not provided in the accounts:	-	
Accelerate capital allowances	2,386	2,275

Amounts provided and not provided have been calculated at future expected rates of corporation tax.

	2000 £'000	1999 £'000
Other provisions:		
Hire fleet maintenance and refurbishments	-	152
Long-term incentive schemes	223	186
Miscellaneous	209	119
	432	457

Movement in the year	Deferred tax £'000	Hire fleet maint. £'000	Long-term incentive schemes £'000	Misc £'000	Total £'000
As at 1 January 2000	967	152	186	119	1,424
Charged/(credited) to profit and loss account	114	(132)	37	90	109
Utilised	-	(20)	-	-	(20)
As at 31 December 2000	1,081	-	223	209	1,513

Miscellaneous provisions principally relate to future contractual liabilities.

Notes to the financial statements for the year ended 31 December 2000

13 Called up share capital

	Authorised, allotted, issued and fully paid 2000 and 1999	
	Number	£'000
Ordinary shares of £1 each	50,000	50

14 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	3,268	437
Opening shareholders' funds	4,330	3,893
Closing shareholders' funds	7,598	4,330

15 Profit and loss account

	2000 £'000	1999 £'000
As at 1 January 2000	4,280	3,533
Prior year adjustment	-	310
As at 1 January 2000	4,280	3,843
Retained profit for the year	3,268	437
As at 31 December 2000	7,548	4,280

16 Financial commitments

	2000 £'000	1999 £'000
Outstanding contracts for capital expenditure	133	62

Notes to the financial statements for the year ended 31 December 2000

16 Financial commitments continued

Operating lease commitments

At 31 December 2000 the company was committed to making the following payments in the year to 31 December 2001 under operating leases which expire:

	Land and buildings		Vehicles, plant and equipment	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Within one year	-	4	-	17
Between one and two years	45	-	-	24
Between two and five years	-	-	-	18
	45	4	-	59

17 Parent undertakings

The immediate parent company is Dawsonrentals Limited and the ultimate parent company is Dawsongroup plc. Throughout the year Dawsongroup was controlled by trusts, the beneficiaries of which are P M Dawson and his immediate family.

The financial statements of Dawsongroup plc can be obtained from:

Dawsongroup plc
Delaware Drive
Tongwell
Milton Keynes
Bucks
MK15 8JH

18 Related party transactions

Advantage has been taken of the exemption conferred by FRS 8 to subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the group, not to disclose transactions with other group companies.