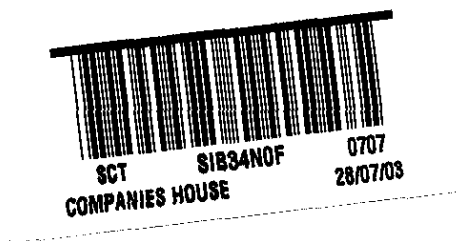


ARMSTRONG WASTE MANAGEMENT LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2003



PKF

ARMSTRONG WASTE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Janet M Hunter John A Armstrong Joyce Armstrong Michael Rae
Secretary	Joyce Armstrong
Company Number	SC 109950
Registered Office	Newton Road Industrial Estate Glasgow Road Dumfries DG2 0EF
Auditors	PKF 17 Rothesay Place Edinburgh EH3 7SQ
Solicitors	AB & A Matthews The Old Bank Buccleuch Street Bridge Glasgow DG2 7TJ
Solicitors	Harper MacLeod The Ca'd'oro 45 Gordon Street Glasgow G1 3PE
Bankers	The Royal Bank of Scotland plc Dumfries Whitesands Branch 68 Whitesands Dumfries DG1 2PG

ARMSTRONG WASTE MANAGEMENT LIMITED

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ARMSTRONG WASTE MANAGEMENT LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2003

The directors submit their report and the financial statements for the year ended 31 March 2003.

Principal activity

The principal activity of the company during the year continued to be that of waste management.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

Janet M Hunter
John A Armstrong
Joyce Armstrong
Michael Rae

None of the directors had any interest in the company's issued share capital during the year.

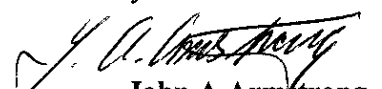
Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


John A Armstrong
Director

22/7/03.

ARMSTRONG WASTE MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial 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 then 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 in business.

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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ARMSTRONG WASTE MANAGEMENT LIMITED**

We have audited the financial statements of Armstrong Waste Management Limited for the period ended 31 March 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

23/7/03
Edinburgh, UK

 **PKF**
Registered Auditors

ARMSTRONG WASTE MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £ (As restated)
TURNOVER	2	1,240,129	1,150,284
Cost of sales		(795,092)	(801,496)
GROSS PROFIT		445,037	348,788
Distribution costs		(9,993)	(11,778)
Administrative expenses		(367,036)	(315,619)
OPERATING PROFIT	3	68,008	21,391
Interest receivable and similar income		287	659
Interest payable and similar charges		(15,518)	(15,058)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		52,777	6,992
TAXATION		(528)	(3,871)
PROFIT FOR THE FINANCIAL YEAR		52,249	3,121

ARMSTRONG WASTE MANAGEMENT LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2003

	2003 £	2002 £ (As restated)
Profit for the financial year	<u>52,249</u>	<u>3,121</u>
Total recognised gains and losses relating to the year	<u>52,249</u>	<u>3,121</u>
Prior period adjustment (as explained in note 1(f))	<u>(56,017)</u>	<u></u>
Total gains and losses recognised since last annual report	<u><u>(3,768)</u></u>	<u><u></u></u>

ARMSTRONG WASTE MANAGEMENT LIMITED
BALANCE SHEET
31 MARCH 2003

	Notes	2003 £	2002 £ (As restated)
FIXED ASSETS			
Tangible	5	603,749	585,159
CURRENT ASSETS			
Stocks		22,905	14,801
Debtors	6	481,053	411,110
Cash at bank and in hand		8,516	8,400
		<u>512,474</u>	<u>434,311</u>
CREDITORS: amounts falling due within one year	7	(551,660)	(501,994)
NET CURRENT LIABILITIES		<u>(39,186)</u>	<u>(67,683)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>564,563</u>	<u>517,476</u>
CREDITORS: amounts falling due after more than one year	8	(86,100)	(86,691)
PROVISIONS FOR LIABILITIES AND CHARGES	9	(51,446)	(56,017)
NET ASSETS		<u><u>427,017</u></u>	<u><u>374,768</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Revaluation reserve		9,535	9,535
Profit and loss account	11	417,480	365,231
		<u><u>427,017</u></u>	<u><u>374,768</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on

Signed on behalf of the board of directors


John A Armstrong

22/7/03
Director

ARMSTRONG WASTE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & equipment	10-20 % straight line
Motor vehicles	20-50 % straight line

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Deferred taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. The company has adopted Financial Reporting Standard 19: Deferred Tax during the year which has required a change in the accounting policy and a prior year adjustment in respect of deferred tax liabilities arising in prior years. In accordance with the standard, full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

(g) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 TURNOVER

All turnover arose within the United Kingdom.

ARMSTRONG WASTE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

3 OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	102,270	104,210
- held under finance lease or hire purchase contracts	51,031	69,990
Audit fees	2,600	2,450
Operating lease rentals: other	22,200	22,200
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003 £	2002 £
Aggregate of directors' emoluments and other benefits as defined in paragraph 1 of Sch 6 to the Companies Act 1985	127,413	75,837
	<u> </u>	<u> </u>
The number of directors accruing benefits under pension schemes were:		
Money purchase schemes	No 3	No 3
	<u> </u>	<u> </u>

5 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2002	1,432,714	35,288	1,468,002
Additions	163,625	8,355	171,980
Disposals	(137,776)	(3,700)	(141,476)
At 31 March 2003	<u>1,458,563</u>	<u>39,943</u>	<u>1,498,506</u>
Depreciation			
At 1 April 2002	863,949	18,894	882,843
Charge for the year	143,098	10,203	153,301
On disposals	(137,691)	(3,696)	(141,387)
At 31 March 2003	<u>869,356</u>	<u>25,401</u>	<u>894,757</u>
Net book amount			
At 31 March 2003	<u>589,207</u>	<u>14,542</u>	<u>603,749</u>
At 31 March 2002	<u>568,765</u>	<u>16,394</u>	<u>585,159</u>

ARMSTRONG WASTE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

5 TANGIBLE FIXED ASSETS (continued)

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	2003	2002
	£	£
Plant & equipment	247,009	284,924
Motor vehicles	14,542	16,391
	<u>261,551</u>	<u>301,315</u>

6 DEBTORS

	2003	2002
	£	£
Trade debtors	234,878	269,611
Other debtors	246,175	141,499
	<u>481,053</u>	<u>411,110</u>

7 CREDITORS:

Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	59,317	91,955
Trade creditors	74,792	67,260
Corporation tax	10,879	7,165
Other taxation and social security	66,054	50,135
Net obligations under finance lease and hire purchase contracts	85,140	90,714
Other creditors	255,478	194,765
	<u>551,660</u>	<u>501,994</u>

The bank overdraft is secured by a bond and floating charge over the assets of the company.

Finance lease and hire purchase creditors are secured on the assets concerned.

8 CREDITORS:

Amounts falling due after more than one year

	2003	2002
	£	£
Net obligations under finance lease and hire purchase contracts	<u>86,100</u>	<u>86,691</u>

ARMSTRONG WASTE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

8 CREDITORS (continued)

Finance lease and hire purchase creditors are secured on the assets concerned.

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Total £
At 1 April 2002	56,017
Charged to profit and loss	(4,571)
At 31 March 2003	<u>51,446</u>

Deferred tax is analysed as follows:

	2003 £	2002 £
Capital allowances	<u>51,446</u>	<u>56,017</u>

10 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 April 2002 and 31 March 2003 Ordinary shares of £1 each	<u>1,000</u>	<u>2</u>	<u>2</u>

11 RESERVES

	£
Profit and loss account	
At 1 April 2002 as previously reported	421,248
Prior period adjustment	(56,017)
At 1 April 2002 as restated	<u>365,231</u>
Profit for the year	52,249
At 31 March 2003	<u>417,480</u>

12 OTHER COMMITMENTS

At 31 March 2003 the company had annual commitments under operating leases as follows:

	2003 £	2002 £
Expiry date:		
After more than five years	<u>22,200</u>	<u>22,200</u>

ARMSTRONG WASTE MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

13 TRANSACTIONS WITH RELATED PARTIES

During the year, the company had sales of £127,327 (2002 - £78,288) and purchases of £39,029 (2002 - £23,356) with Molplant Limited, a company in which John A Armstrong and Joyce Armstrong are directors. At the balance sheet date £60,947 (2002 - £13,535) was due from this company and £37,599 (2002 - £41,279) was due to this company.

The company also had sales of £5,262 (2002 - £18,873) and purchases of £2,253 (2002 - £500) with R Earsman Limited, a company in which John A Armstrong is a director. At the balance sheet date £8,862 (2002 - £3,587) was due from this company and £NIL (2002 - £443) was due to this company.

Sales of £40,160 (2002 - £33,749) and purchases of £2,845 (2002 - £706) were made with Radio Taxis Limited, a company in which Joyce Armstrong is a director. At the balance sheet date £116,843 (2002 - £93,505) was due from this company and £6,636 (2002 - £1,775) was due to this company.

The company also had sales of £5,898 (2002 - £6,054) and purchases of £954 (2002 - £31,389) with TDA Construction Limited, a company in which John A Armstrong is a director. At the balance sheet date, £35,640 (2002 - £3,416) was due from this company and £NIL (2002 - £2,301) was due to this company.

The company had sales of £2,365 (2002 - £4,312) with Armstrong Properties (Scotland) Limited, a company in which Janet M Hunter is a director. At the balance sheet date £15,097 (2002 - £13,242) was due from this company.

Included within other creditors is an amount of £58,132 (2002 - £47,132) due to John A Armstrong and £12,000 (2002- £Nil) to Joyce Armstrong, directors of the company. The amounts shown are the maximum outstanding during the year.

14 PENSION COSTS

The company 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 cost charge represents contributions payable by the company to the scheme and amounted to **£25,324** (2002 - £6,923).

15 CONTROLLING PARTIES

The company is controlled by John and Joyce Armstrong as trustees of the family trust which holds the shares in the company.