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Plastic Technology Services Limited

Report and Accounts

31 October 1999

 ERNST & YOUNG





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COMPANIES HOUSE 12/05/00

Plastic Technology Services Limited

Registered No. SC 133850

DIRECTOR

K N Currie

SECRETARY

E M Currie

AUDITORS

Ernst & Young
Ten George Street
Edinburgh
EH2 2DZ

BANKERS

Royal Bank of Scotland
151 High Street
Dumfries
DG1 2RA

SOLICITORS

McJarrow & Stevenson
55 High Street
Lockerbie
DG11 2JJ

REGISTERED OFFICE

Edinburgh Road
Heathhall
Dumfries
DG1 3NX

 **ERNST & YOUNG**

Plastic Technology Services Limited

DIRECTOR'S REPORT

The director presents his report and the accounts for the year ended 31 October 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £106,158 (1998: £221,856). The director does not propose the payment of a dividend and the retained profit is transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the salvage and processing of plastic waste materials.

FUTURE DEVELOPMENTS

The director is hopeful of an increase in turnover in the year ahead. They aim to keep expenses under control to increase profitability.

DIRECTOR AND HIS INTEREST

The director of the company at 31 October 1999 and his interest in the share capital of the company was as follows:-

<i>£1 ordinary shares</i>	
<i>31 October 1999</i>	<i>31 October 1998</i>
£	£

K N Currie

-

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The interest of K N Currie in the share capital of the parent company is disclosed in the accounts of that company.

YEAR 2000 COMPLIANCE

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of calculations, processing and reporting. Although it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruptions have occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

By order of the Board

E. M. Currie

.....
E M Currie
Secretary

4 April 2000

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the director to prepare accounts 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 accounts, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. He is 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.

REPORT OF THE AUDITORS
to the members of Plastic Technology Services Limited

We have audited the accounts on pages 6 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of director and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

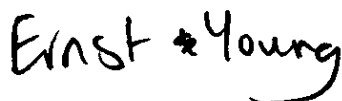
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Edinburgh

4 April 2000

Plastic Technology Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 October 1999

	Notes	1999 £	1998 £
TURNOVER	2	1,604,796	1,736,966
Cost of Sales		575,165	657,300
GROSS PROFIT		1,029,631	1,079,666
Administrative expenses		848,302	765,076
		181,329	314,590
Other operating income		-	5,160
OPERATING PROFIT	3	181,329	319,750
(Loss)/profit on disposal of tangible fixed assets		(3)	36,413
Interest payable and similar charges	5	28,631	40,458
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		152,695	315,705
Tax on profit on ordinary activities	6	46,537	93,849
RETAINED PROFIT FOR THE FINANCIAL YEAR		106,158	221,856

There are no recognised gains or losses other than the profit for the year.

Plastic Technology Services Limited

BALANCE SHEET at 31 October 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	1,016,229	1,292,248
CURRENT ASSETS			
Stock	8	36,126	30,309
Debtors	9	373,564	492,862
Cash at bank and in hand		273,511	243,074
		<u>683,201</u>	<u>766,245</u>
CREDITORS: amounts falling due within one year	10	602,014	893,469
NET CURRENT ASSETS/(LIABILITIES)		<u>81,187</u>	<u>(127,224)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,097,416</u>	<u>1,165,024</u>
CREDITORS: amounts falling due after more than one year	11	10,855	166,606
PROVISIONS FOR LIABILITIES AND CHARGES	13	93,687	111,166
DEFERRED INCOME	14	16,606	17,142
		<u>976,268</u>	<u>870,110</u>
CAPITAL AND RESERVES			
Called up share capital	15	60,000	60,000
Profit and loss account	16	916,268	810,110
SHAREHOLDERS' FUNDS	16	<u>976,268</u>	<u>870,110</u>

Kevin Norman Currie

..... Director
K N Currie

4 April 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Goodwill

Goodwill is amortised in equal instalments over its estimated useful life.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life, as follows:

Buildings	-	over 50 years
Motor vehicles	-	over 4 years
Office equipment	-	over 4 years
Plant and machinery	-	over 5 to 7 years

Depreciation policies for all tangible fixed assets were changed during the year, in accordance with Group accounting policy.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to realisation.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Pensions

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1999

2. TURNOVER

Turnover, which is stated net of value added tax, represents the amount invoiced to third parties. Turnover is attributable to one continuing activity, the salvage and processing of plastic waste materials.

3. OPERATING PROFIT

a) This is stated after charging:

	1999	1998
	£	£
Auditors' remuneration	3,750	3,000
Depreciation of owned assets	64,693	58,821
Depreciation of assets held under hire purchase contracts	157,845	110,733

b) Director's emoluments

No emoluments were received by the director in the year.

4. STAFF COSTS

	1999	1998
	£	£
Wages and salaries	371,384	368,191
Social security costs	34,643	34,755
Other pension costs	4,928	1,974
Redundancy	-	15,620
	410,955	420,540

The average monthly number of employees during the year was as follows:-

	No.	No.
Office and Management	4	2
Direct employees	17	22
	21	24

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
Finance charges payable under hire purchase contracts	28,631	40,458

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1999

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Based on the profit for the year:		
Corporation tax at 30-31% (1998 : 31%)	68,699	72,297
Deferred taxation (note 13)	(17,479)	22,194
Corporation tax - prior year adjustment	(64,060)	1,192
Group relief - prior year adjustment	59,377	(1,834)
	<u>46,537</u>	<u>93,849</u>

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Plant and equipment £	Office equipment £	Total £
Cost:					
At 1 November 1998	332,629	19,400	1,178,473	58,279	1,588,781
Additions	-	-	39,711	5,852	45,563
Disposals	-	-	(149,495)	-	(149,495)
At 31 October 1999	<u>332,629</u>	<u>19,400</u>	<u>1,068,689</u>	<u>64,131</u>	<u>1,484,849</u>
Depreciation:					
At 1 November 1998	1,634	4,852	287,173	2,874	296,533
Charge for year	6,538	4,840	195,943	15,207	222,538
Disposals	-	-	(50,441)	-	(50,441)
At 31 October 1999	<u>8,172</u>	<u>9,692</u>	<u>432,675</u>	<u>18,081</u>	<u>468,620</u>
Net book value:					
At 31 October 1999	<u>324,457</u>	<u>9,708</u>	<u>636,014</u>	<u>46,050</u>	<u>1,016,229</u>
At 1 November 1998	<u>330,995</u>	<u>14,548</u>	<u>891,300</u>	<u>55,405</u>	<u>1,292,248</u>

The net book value of plant and equipment and motor vehicles and office equipment above includes amounts of £439,963 and £9,700 and £35,702 (1998 - £680,051, £14,550 and £Nil) in respect of assets held under hire purchase contracts.

Included in land and buildings is land at £5,729 which is not depreciated.

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1999

8. STOCKS

	1999	1998
	£	£
Raw materials	10,931	7,814
Finished goods	25,195	22,495
	<u>36,126</u>	<u>30,309</u>

9. DEBTORS

	1999	1998
	£	£
Trade debtors	177,209	320,616
Amount due from parent undertaking and fellow subsidiary undertakings	109,000	121,631
Other debtors	-	14,166
Prepayments	87,355	36,449
	<u>373,564</u>	<u>492,862</u>

Included in trade debtors is an amount of £8,650 which is due after more than one year (1998: £8,650).

10. CREDITORS: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	-	323,379
Obligations under hire purchase contracts (note 12)	174,836	263,600
Trade creditors	215,847	71,834
Amounts due to parent undertaking and fellow subsidiary undertakings	83,341	47,602
Corporation tax	67,911	72,297
Other taxes & social security costs	11,628	11,043
Other creditors	878	877
Accruals	47,573	102,837
	<u>602,014</u>	<u>893,469</u>

11. CREDITORS: amounts falling due after more than one year

	1999	1998
	£	£
Hire purchase creditors	<u>10,855</u>	<u>166,606</u>

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1999

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1999 £	1998 £
Amounts payable:		
within one year (note 10)	174,836	263,600
within two to five years (note 11)	10,855	166,606
	<u>185,691</u>	<u>430,206</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	1999 £	1998 £
At 1 November	111,166	88,972
(Credit)/charge for the year (note 6)	(17,479)	22,194
At 31 October	<u>93,687</u>	<u>111,166</u>

Deferred taxation has been fully provided in the accounts as follows:

Capital allowances in advance of depreciation	98,969	118,109
Other timing differences	(5,282)	(6,943)
At 31 October	<u>93,687</u>	<u>111,166</u>

14. DEFERRED INCOME

	1999 £	1998 £
Government grants		
At 1 November	17,142	21,428
Grant income received during year	5,000	-
Released during the year	(5,536)	(4,286)
At 31 October	<u>16,606</u>	<u>17,142</u>

15. SHARE CAPITAL

	1999 £	1998 £
Ordinary shares of £1 each:		
Authorised	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid	<u>60,000</u>	<u>60,000</u>

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1999

16. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 November 1997	60,000	588,254	648,254
Profit for the year	-	221,856	221,856
At 1 November 1998	60,000	810,110	870,110
Profit for the year	-	106,158	106,158
At 31 October 1999	60,000	916,268	976,268

The cumulative amount of goodwill written off is £81,552 (1998: £81,552).

17. CAPITAL COMMITMENTS

Amounts contracted to but not provided in the accounts amounted to £435,425 (1998: £Nil).

18. CONTINGENT LIABILITIES

There exist inter company guarantees to the bank from this and other companies in the group and companies in which Mr K N Currie has an interest, for an unlimited amount in respect of total group borrowing and the borrowing is also secured by way of a bond and floating charge over the assets of the company. There are also inter company guarantees in respect of hire purchase commitments to various suppliers of finance.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking of the group of undertakings is Currie Group Holdings Limited, registered in Scotland.

In the director's opinion the company's controlling party is Mr K N Currie by virtue of his controlling interest in Currie Group Holdings Limited.

The company has utilised the exemption under FRS8 as a wholly owned subsidiary not to disclose transactions with other entities that are part of, or investees in, Currie Group Holdings Limited.