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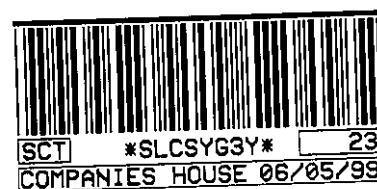
# Plastic Technology Services Limited

## Report and Accounts

31 October 1998

 ERNST & YOUNG

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# Plastic Technology Services Limited

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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**

c/o The Currie Group Ltd  
Edinburgh Road  
Heathhall  
Dumfries  
DG1 3NX

# Plastic Technology Services Limited

## DIRECTOR'S REPORT

The director presents his report and the accounts for the year ended 31 October 1998.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £221,856 (1997: £133,041). 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 1998 and his interest in the share capital of the company was as follows:-

<i>£1 ordinary shares</i>	
<i>31 October 1998</i>	<i>31 October 1997</i>
<i>£</i>	<i>£</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

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. The total cost of modifications to our computer hardware and software is estimated at £60,000 of which about 95% is new equipment that will be capitalised and the remainder will be expensed as incurred. Of this £60,000 total, expenditure of £10,000 has been incurred during the year and the remaining £50,000 is expected to be incurred during early 1999.

### AUDITORS

A resolution to reappoint Ernst & Young will be put to the members at the Annual General Meeting.

By order of the Board

  
E M Currie  
Secretary

30 March 1999

**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 on the basis of the accounting policies set out on page 8.

**Respective responsibilities of director and auditors**

As described on page 4 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

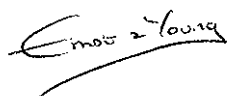
**Basis of opinion**

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Edinburgh

30 March 1999

# Plastic Technology Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 October 1998

	Notes	1998 £	1997 £
<b>TURNOVER</b>	2	1,736,966	1,621,284
Cost of Sales		657,300	666,723
<b>GROSS PROFIT</b>		1,079,666	954,561
Administrative expenses		765,076	761,240
		314,590	193,321
Other operating income		5,160	19,122
<b>OPERATING PROFIT</b>	3	319,750	212,443
Profit on disposal of tangible fixed assets		36,413	2,517
Interest payable and similar charges	5	40,458	29,359
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		315,705	185,601
Tax on profit on ordinary activities	6	93,849	52,560
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		221,856	133,041

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

# Plastic Technology Services Limited

## BALANCE SHEET at 31 October 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,292,248	1,125,898
<b>CURRENT ASSETS</b>			
Stock	8	30,309	53,161
Debtors	9	492,862	426,006
Cash at bank and in hand		243,074	122,476
		<u>766,245</u>	<u>601,643</u>
<b>CREDITORS: amounts falling due within one year</b>	10	893,469	577,511
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(127,224)</u>	<u>24,132</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,165,024</u>	<u>1,150,030</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	166,606	391,376
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	111,166	88,972
<b>DEFERRED INCOME</b>	14	17,142	21,428
		<u>870,110</u>	<u>648,254</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	60,000	60,000
Profit and loss account	16	810,110	588,254
<b>SHAREHOLDERS' FUNDS</b>	16	<u>870,110</u>	<u>648,254</u>

  
 ..... Director  
 K N Currie

NOTES TO THE ACCOUNTS

at 31 October 1998

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 1998

### 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:

	1998	1997
	£	£
Auditors' remuneration	3,000	3,105
Depreciation of owned assets	58,821	62,998
Depreciation of assets held under hire purchase contracts	110,733	59,967

b) Directors emoluments

	1998	1997
	£	£
Emoluments	-	34,564
Company contributions paid to money purchase pension schemes	-	14,783

	1998	1997
	No.	No.
Members of money purchase pension schemes	-	1

### 4. STAFF COSTS

	1998	1997
	£	£
Wages and salaries	368,191	353,700
Social security costs	34,755	27,559
Other pension costs	1,974	16,167
Redundancy	15,620	-
	420,540	397,426

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

	No.	No.
Office and Management	2	2
Direct employees	22	18
	24	20

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
Finance charges payable under hire purchase contracts	40,458	29,359

# Plastic Technology Services Limited

## NOTES TO THE ACCOUNTS at 31 October 1998

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Based on the profit for the year:		
Corporation tax at 31% (1997 : 21.24%)	72,297	8,340
Group relief	-	7,813
Deferred taxation (note 13)	22,194	36,284
Corporation tax - prior year adjustment	1,192	1,017
Group relief - prior year adjustment	(1,834)	(894)
	<u>93,849</u>	<u>52,560</u>

### 7. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Plant and equipment £	Office equipment £	Total £
Cost:					
At 1 November 1997	5,729	62,949	1,386,273	6,023	1,460,974
Additions	326,900	14,500	242,294	52,877	636,571
Disposals	-	(58,049)	(450,094)	(621)	(508,764)
At 31 October 1998	<u>332,629</u>	<u>19,400</u>	<u>1,178,473</u>	<u>58,279</u>	<u>1,588,781</u>
Depreciation:					
At 1 November 1997	-	8,422	325,449	1,205	335,076
Charge for year	1,634	4,851	161,372	1,697	169,554
Disposals	-	(8,421)	(199,648)	(28)	(208,097)
At 31 October 1998	<u>1,634</u>	<u>4,852</u>	<u>287,173</u>	<u>2,874</u>	<u>296,533</u>
Net book value:					
At 31 October 1998	<u>330,995</u>	<u>14,548</u>	<u>891,300</u>	<u>55,405</u>	<u>1,292,248</u>
At 1 November 1997	<u>5,729</u>	<u>54,527</u>	<u>1,060,824</u>	<u>4,818</u>	<u>1,125,898</u>

The net book value of plant and equipment and motor vehicles above includes amounts of £680,051 and £14,550 (1997 - £750,072 and £46,443) in respect of assets held under hire purchase contracts.

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

### 8. STOCKS

	1998 £	1997 £
Raw materials	7,814	9,020
Work-in-progress	22,495	44,141
	<u>30,309</u>	<u>53,161</u>

# Plastic Technology Services Limited

## NOTES TO THE ACCOUNTS at 31 October 1998

### 9. DEBTORS

	1998	1997
	£	£
Trade debtors	320,616	345,126
Amount due from parent undertaking and fellow subsidiary undertakings	121,631	910
Other debtors	14,166	41,009
Prepayments	36,449	38,961
	<u>492,862</u>	<u>426,006</u>

Included in trade debtors is an amount of £8,650 which is due after more than one year (1997: £Nil).

### 10. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	323,379	-
Obligations under hire purchase contracts (note 12)	263,600	237,495
Trade creditors	71,834	109,063
Amounts due to parent undertaking and fellow subsidiary undertakings	47,602	166,343
Corporation tax	72,297	8,340
Other taxes & social security costs	11,043	4,318
Other creditors	877	1,659
Accruals	102,837	50,293
	<u>893,469</u>	<u>577,511</u>

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

	1998	1997
	£	£
Hire purchase creditors	<u>166,606</u>	<u>391,376</u>

### 12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1998	1997
	£	£
Amounts payable:		
within one year (note 10)	263,600	237,495
within two to five years (note 11)	166,606	391,376
	<u>430,206</u>	<u>628,871</u>

NOTES TO THE ACCOUNTS  
at 31 October 1998

13. PROVISIONS FOR LIABILITIES AND CHARGES

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

	1998 £	1997 £
At 1 November	88,972	52,688
Charge for the year (note 6)	22,194	36,284
At 31 October	111,166	88,972

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

Capital allowances in advance of depreciation	118,109	99,025
Other timing differences	(6,943)	(10,053)
At 31 October	111,166	88,972

14. DEFERRED INCOME

	1998 £	1997 £
<i>Government grants</i>		
At 1 November	21,428	25,714
Released during the year	(4,286)	(4,286)
At 31 October	17,142	21,428

15. SHARE CAPITAL

	1998 £	1997 £
Ordinary shares of £1 each:		
Authorised	250,000	250,000
Allotted, called up and fully paid	60,000	60,000

16. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 November 1996	60,000	455,213	515,213
Profit for the year	-	133,041	133,041
At 1 November 1997	60,000	588,254	648,254
Profit for the year	-	221,856	221,856
At 31 October 1998	60,000	810,110	870,110

The cumulative amount of goodwill written off is £81,552 (1997: £81,552).

NOTES TO THE ACCOUNTS  
at 31 October 1998

**17. CONTINGENT LIABILITIES**

There exist inter company guarantees to the bank from this and other companies in the group 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.

**18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is The Currie Group Limited, registered in Scotland. Copies of The Currie Group Limited's accounts can be obtained from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

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

# Plastic Technology Services Limited

## DETAILED PROFIT AND LOSS ACCOUNT for the year to 31 October 1998

NOT FOR PUBLICATION

	1998 £	1997 £
<b>SALES</b>	1,736,966	1,621,284
Less: Cost of sales		
Materials used	268,431	364,273
Wages and national insurance	381,704	346,695
Power, heat and light	153,136	122,309
Upkeep of plant and machinery	78,853	62,407
Haulage and storage	134,029	170,535
Depreciation of plant and machinery	161,372	118,467
Amortisation of grant	(4,286)	(4,286)
	1,173,239	1,180,400
Add: Stock adjustment	22,851	52,801
	1,196,090	1,127,599
<b>GROSS PROFIT FOR YEAR</b>	540,876	493,685
Rent received	5,160	19,122
	546,036	512,807
Less: Overheads		
Sales and admin salaries	36,862	-
Directors' remuneration	-	34,564
Rent, rates and insurance	101,764	122,830
Telephone	3,394	2,749
Motor vehicles and travelling expenses	4,862	4,816
Upkeep of property	3,958	56,323
Bank interest and charges	9,643	636
Sundry expenses	12,924	7,792
Bad debts	-	1,673
Accountancy and other fees	1,650	5,021
Auditors' remuneration	3,000	3,015
Pension contributions	1,974	16,167
Depreciation for motor vehicles and office equipment	8,169	4,498
Leasing charges	7,896	17,780
Management charges	30,190	22,500
	226,286	300,364
<b>TRADING PROFIT FOR YEAR</b>	319,950	212,443
Gain on sale of vehicles and plant	36,413	2,517
Hire purchase interest	(40,458)	(29,359)
<b>TOTAL PROFIT FOR YEAR</b>	315,705	185,601