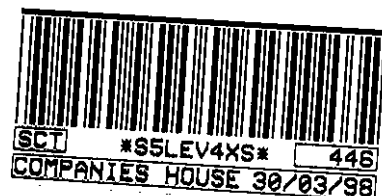


# Plastic Technology Services Limited

## Report and Accounts

31 October 1997



# Plastic Technology Services Limited

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Registered No. SC 133850

## **DIRECTORS**

K N Currie

## **SECRETARY**

E M Currie

## **AUDITORS**

Ernst & Young  
Chartered Accountants  
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

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 October 1997.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £133,041 (1996: £54,760). The directors do not propose the payment of a dividend and the 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 directors are hopeful of an increase in turnover in the year ahead. They aim to keep expenses under control to increase profitability.

**FIXED ASSETS**

The company has a policy of keeping fixed assets up to date and £731,829 (1996: £179,116) was spent on new plant and vehicles.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company at 31 October 1997 and their interests in the share capital of the company were as follows:-

	<i>£1 ordinary shares</i>	
	<i>31 October 1997</i>	<i>31 October 1996</i>
	£	£
K N Currie	-	-
J Henderson (resigned 31 October 1997)	-	-

The interests of K N Currie in the share capital of the parent company are disclosed in the accounts of that company.

**AUDITORS**

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

By order of the Board

*Cleanor Margaret Currie*

Secretary

9<sup>th</sup> March 1998

**STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors 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 directors are 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 directors are 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. 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.

**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 directors and auditors**

As described on page 4 the company's directors are 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.

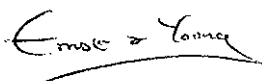
**Basis of opinion**

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 directors 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditor  
Edinburgh

18<sup>th</sup> March 1998

# Plastic Technology Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 October 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
<b>TURNOVER</b>	2	1,621,284	981,169
Cost of Sales		666,723	345,964
<b>GROSS PROFIT</b>		954,561	635,205
Administrative expenses		761,240	530,342
		193,321	104,863
Other operating income		19,122	2,200
<b>OPERATING PROFIT</b>	3	212,443	107,063
Profit on disposal of tangible fixed assets		2,517	-
Interest payable and similar charges	5	29,359	19,297
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		185,601	87,766
Tax on profit on ordinary activities	6	52,560	33,006
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	16	133,041	54,760

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

# Plastic Technology Services Limited

## BALANCE SHEET at 31 October 1997

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,125,898	525,047
		<u>1,125,898</u>	<u>525,047</u>
<b>CURRENT ASSETS</b>			
Stock	8	53,161	11,090
Debtors	9	426,006	214,443
Cash at bank and in hand		122,476	216,646
		<u>601,643</u>	<u>442,179</u>
<b>CREDITORS: amounts falling due within one year</b>	10	577,511	302,890
<b>NET CURRENT ASSETS</b>		<u>24,132</u>	<u>139,289</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,150,030</u>	<u>664,336</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	391,376	70,721
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	88,972	52,688
<b>DEFERRED INCOME</b>	14	21,428	25,714
		<u>648,254</u>	<u>515,213</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	60,000	60,000
Profit and loss account	16	588,254	455,213
<b>SHAREHOLDERS' FUNDS</b>	16	<u>648,254</u>	<u>515,213</u>

Director

*Ken Norman*

9th March 1998

Director

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention.

*Goodwill*

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It has been written off in equal annual instalments over its estimated economic life of 4 years.

*Depreciation*

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

Motor vehicles	-	25% reducing balance
Plant and equipment	-	15% reducing balance
Office equipment	-	15% reducing balance

*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 interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income 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 1997

### 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:

	1997	1996
	£	£
Auditors' remuneration	3,105	3,025
Depreciation of owned assets	62,998	24,012
Depreciation of assets held under hire purchase contracts	59,967	41,221
Amortisation of goodwill	-	20,388

b) Directors emoluments

	1997	1996
	£	£
Emoluments	34,564	36,973
Company contributions paid to money purchase schemes	14,783	10,282

	1997	1996
	No.	No.
Members of money purchase schemes	2	2

### 4. STAFF COSTS

	1997	1996
	£	£
Wages and salaries	441,966	293,978
Social security costs	27,559	28,515
Other pension costs	16,167	10,932
	485,692	333,425

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

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

### 5. INTEREST PAYABLE

	1997	1996
	£	£
Finance charges payable under hire purchase contracts	29,359	19,297

# Plastic Technology Services Limited

## NOTES TO THE ACCOUNTS

at 31 October 1997

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year:		
Corporation tax at 21-24% (1996 : 24-25%)	8,340	8,138
Group relief	7,813	9,906
Deferred taxation (note 13)	36,284	14,962
Corporation tax - prior year adjustment	1,017	-
Group relief - prior year adjustment	(894)	-
	<u>52,560</u>	<u>33,006</u>

### 7. TANGIBLE FIXED ASSETS

	Land £	Motor vehicles £	Plant and equipment £	Office equipment £	Total £
Cost:					
At 1 November 1996	5,729	15,330	721,283	3,902	746,244
Additions	-	47,619	684,210	2,121	733,950
Disposals	-	-	(19,220)	-	(19,220)
At 31 October 1997	<u>5,729</u>	<u>62,949</u>	<u>1,386,273</u>	<u>6,023</u>	<u>1,460,974</u>
Depreciation:					
At 1 November 1996	-	4,551	216,068	578	221,197
Charge for year	-	3,871	118,467	627	122,965
Disposals	-	-	(9,087)	-	(9,087)
At 31 October 1997	<u>-</u>	<u>8,422</u>	<u>325,449</u>	<u>1,205</u>	<u>335,076</u>
Net book value:					
At 31 October 1997	<u>5,729</u>	<u>54,527</u>	<u>1,060,824</u>	<u>4,818</u>	<u>1,125,898</u>
At 1 November 1996	<u>5,729</u>	<u>10,779</u>	<u>505,215</u>	<u>3,324</u>	<u>525,047</u>

The net book value of plant and equipment and motor vehicles above includes amounts of £750,072 and £46,443 (1996 - £231,667 and £Nil) in respect of assets held under hire purchase contracts.

### 8. STOCKS

	1997 £	1996 £
Raw materials	9,020	3,700
Work-in-progress	44,141	7,390
	<u>53,161</u>	<u>11,090</u>

# Plastic Technology Services Limited

## NOTES TO THE ACCOUNTS

at 31 October 1997

### 9. DEBTORS

	1997	1996
	£	£
Trade debtors	345,126	194,267
Other debtors	41,009	2,478
Prepayments	38,961	17,698
Amount due from parent undertaking and fellow subsidiary undertakings	910	-
	<u>426,006</u>	<u>214,443</u>

All amounts are recoverable within one year.

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

	1997	1996
	£	£
Hire purchase creditors	237,495	41,485
Trade creditors	109,063	101,895
Amounts due to parent undertaking and fellow subsidiary undertakings	166,343	129,403
Corporation tax	8,340	8,138
Other taxes & social security costs	4,318	11,592
Other creditors	1,659	50
Accruals	50,293	10,327
	<u>577,511</u>	<u>302,890</u>

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

	1997	1996
	£	£
Hire purchase creditors	391,376	70,721
	<u>391,376</u>	<u>70,721</u>

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

The maturity of these amounts is as follows:

	1997	1996
	£	£
Amounts payable:		
within one year	237,495	41,485
within two to five years	391,376	70,721
	<u>628,871</u>	<u>112,206</u>

# Plastic Technology Services Limited

## NOTES TO THE ACCOUNTS

at 31 October 1997

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

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

	1997 £	1996 £
At 1 November 1996	52,688	37,726
Charge for the year (note 6)	36,284	14,962
At 31 October 1997	88,972	52,688

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

Capital allowances in advance of depreciation	99,025	61,174
Other timing differences	(10,053)	(8,486)
At 31 October 1997	88,972	52,688

### 14. DEFERRED INCOME

*Government grants*

	1997 £	1996 £
At 1 November 1996	25,714	-
Received during the year	-	30,000
Released during the year	(4,286)	(4,286)
At 31 October 1997	21,428	25,714

### 15. SHARE CAPITAL

	1997 £	1996 £
Ordinary shares of £1 each:		
Authorised	250,000	250,000
Allotted, called up and fully paid	60,000	60,000

NOTES TO THE ACCOUNTS  
at 31 October 1997

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 1995	60,000	400,453	460,453
Profit for the year	-	54,760	54,760
At 1 November 1996	60,000	455,213	515,213
Profit for the year	-	133,041	133,041
At 31 October 1997	60,000	588,254	648,254

The cumulative amount of goodwill written off is £81,552 (1996: £81,552).

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 COMPANY

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.

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.