

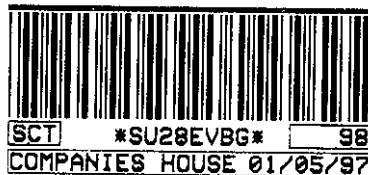
133850

Plastic Technology Services Limited

Report and Accounts

31 October 1996

 ERNST & YOUNG



Plastic Technology Services Limited

Registered No. SC 133850

DIRECTORS

K N Currie
J Henderson

SECRETARY

E M Currie

AUDITORS

Ernst & Young
Chartered Accountants
Ten George Street
Edinburgh
EH2 2DZ

BANKERS

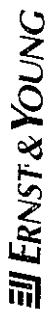
Royal Bank of Scotland
151 High Street
Dumfries
DG1 2RA

SOLICITORS

McJarrow & Stevenson
55 High Street
Lockerbie
DG11 2JJ

REGISTERED OFFICE

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

 ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 October 1996.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £54,760 (1995: £193,226). 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 £179,116 (1995: £205,000) was spent on new plant and vehicles.

DIRECTORS AND THEIR INTERESTS

The directors of the company at 31 October 1996 and their interests in the share capital of the company were as follows:-

	<i>£1 ordinary shares</i>	
	<i>31 October 1996</i>	<i>31 October 1995</i>
	£	£
K N Currie	-	-
J Henderson	-	-

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

Heather Margaret Currie

Secretary

18 April 1997

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.

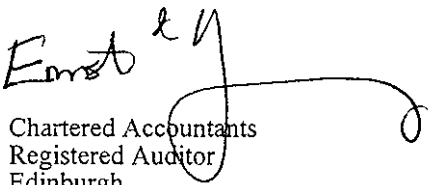
Basis of opinion

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in dark ink, appearing to read 'Ernst & Young', is written over the printed text.
Chartered Accountants
Registered Auditor
Edinburgh

18th April 1997

Plastic Technology Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 October 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	981,169	1,053,633
Cost of Sales		345,964	244,589
GROSS PROFIT		635,205	809,044
Administrative expenses		530,342	490,890
		104,863	318,154
Other operating income		2,200	2,200
OPERATING PROFIT	3	107,063	320,354
Interest receivable		-	4,135
Interest payable and similar charges	5	(19,297)	(20,824)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		87,766	303,665
Tax on profit on ordinary activities	6	33,006	110,439
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	54,760	193,226

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

Plastic Technology Services Limited

BALANCE SHEET

at 31 October 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Intangible assets	7	-	20,388
Tangible assets	8	525,047	411,164
		<u>525,047</u>	<u>431,552</u>
CURRENT ASSETS			
Stock	9	11,090	16,880
Debtors	10	214,443	183,155
Cash at bank and in hand		216,646	211,601
		<u>442,179</u>	<u>411,636</u>
CREDITORS: amounts falling due within one year	11	302,890	232,696
		<u>139,289</u>	<u>178,940</u>
NET CURRENT ASSETS			
		<u>664,336</u>	<u>610,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	12	70,721	112,313
PROVISIONS FOR LIABILITIES AND CHARGES	14	52,688	37,726
DEFERRED INCOME	15	25,714	-
		<u>515,213</u>	<u>460,453</u>
CAPITAL AND RESERVES			
Called up share capital	16	60,000	60,000
Profit and loss account	18	455,213	400,453
SHAREHOLDERS' FUNDS	18	<u>515,213</u>	<u>460,453</u>

Karen W. Owen
Director

J. Anderson
Director
18 April 1997

NOTES TO THE ACCOUNTS

at 31 October 1996

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 is being 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 1996

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

This is stated after charging:

	1996	1995
	£	£
Auditors' remuneration	3,025	4,250
Depreciation of owned assets	24,012	22,039
Depreciation of assets held under hire purchase contracts	41,221	50,308
Amortisation of goodwill	20,388	20,388
Directors emoluments (including pension contributions)	47,255	38,437
Loss/(gain) on disposal of fixed assets	-	3,325
	<u> </u>	<u> </u>

4. STAFF COSTS

	1996	1995
	£	£
Wages and salaries	293,978	266,182
Social security costs	28,515	25,021
Other pension costs	10,932	4,782
	<u> </u>	<u> </u>
	333,425	295,985
	<u> </u>	<u> </u>

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

	No.	No.
Office and Management	2	2
Direct employees	18	18
	<u> </u>	<u> </u>
	20	20
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	1996	1995
	£	£
Finance charges payable under hire purchase contracts	19,297	20,824
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
Based on the profit for the year:		
Corporation tax at 24-25% (1995 : 25%)	8,138	-
Group relief	9,906	102,432
Deferred taxation (note 14)	14,962	8,007
	<u> </u>	<u> </u>
	33,006	110,439
	<u> </u>	<u> </u>

The effective tax rate for the year ended 31 October 1996 is 37.6% due to the add back of certain permanent timing differences; such as the goodwill written off during the year of £20,388.

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS at 31 October 1996

7. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £
Cost:	
At 1 November 1995	81,552
Amortisation:	
At 1 November 1995	61,164
Provided during the year	20,388
At 31 October 1996	81,552
Net book value:	
At 31 October 1996	-
At 1 November 1995	20,388

8. TANGIBLE FIXED ASSETS

	<i>Land</i> £	<i>Motor vehicles</i> £	<i>Plant and equipment</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost:					
At 1 November 1995	5,729	15,330	545,406	663	567,128
Additions	-	-	175,877	3,239	179,116
At 31 October 1996	5,729	15,330	721,283	3,902	746,244
Depreciation:					
At 1 November 1995	-	958	154,760	246	155,964
Charge for year	-	3,593	61,308	332	65,233
At 31 October 1996	-	4,551	216,068	578	221,197
Net book value:					
At 31 October 1996	5,729	10,779	505,215	3,324	525,047
At 1 November 1995	5,729	14,372	390,646	417	411,164

The net book value of plant and equipment above includes an amount of £231,667 (1995 - £272,549) in respect of assets held under hire purchase contracts.

9. STOCKS

	<i>1996</i> £	<i>1995</i> £
Raw materials	3,700	917
Work-in-progress	7,390	15,963
	11,090	16,880

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS

at 31 October 1996

10. DEBTORS

	1996	1995
	£	£
Trade debtors	194,267	178,849
Other debtors	2,478	-
Prepayments	17,698	171
Amount due from parent undertaking and fellow subsidiary undertakings	-	4,135
	<u>214,443</u>	<u>183,155</u>

11. CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Hire purchase creditors	41,485	47,853
Trade creditors	101,895	38,122
Amounts due to parent undertaking and fellow subsidiary undertakings	129,403	108,422
Corporation tax	8,138	-
Other taxes & social security costs	11,592	26,268
Other creditors	50	50
Accruals	10,327	11,981
	<u>302,890</u>	<u>232,696</u>

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

	1996	1995
	£	£
Hire purchase creditors	70,721	112,313
	<u>70,721</u>	<u>112,313</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1996	1995
	£	£
Amounts payable:		
within one year	41,485	47,853
within two to five years	70,721	112,313
	<u>112,206</u>	<u>160,166</u>

NOTES TO THE ACCOUNTS

at 31 October 1996

14. PROVISIONS FOR LIABILITIES AND CHARGES

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

	1996	1995
	£	£
At 1 November 1995	37,726	29,719
Charge for the year (note 6)	14,962	8,007
At 31 October 1996	52,688	37,726

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

Capital allowances in advance of depreciation	61,174	37,726
Other timing differences	(8,486)	-
At 31 October 1996	52,688	37,726

15. DEFERRED INCOME

	1996	1995
	£	£
At 1 November 1995	-	-
Received during the year	30,000	-
Released during the year	(4,286)	-
	25,714	-

16. SHARE CAPITAL

	1996	1995
	£	£
Ordinary shares of £1 each:		
Authorised	250,000	250,000
Allotted, called up and fully paid	60,000	60,000

17. CAPITAL COMMITMENTS

	1996	1995
	£	£
Contracted	Nil	Nil

Plastic Technology Services Limited

NOTES TO THE ACCOUNTS

at 31 October 1996

18. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 November 1994	60,000	207,227	267,227
Profit for the year	-	193,226	193,226
At 1 November 1995	60,000	400,453	460,453
Profit for the year	-	54,760	54,760
At 31 October 1996	60,000	455,213	515,213

19. 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.

20. 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.