

Plastic Technology Services Limited

Report and Accounts

31 October 1995

ERNST & YOUNG

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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 1995.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £193,226 (1994: £127,722). 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 a further increase in turnover in the year ahead. They aim to keep expenses under control so that an increased net profit should be obtained.

FIXED ASSETS

The company has a policy of keeping fixed assets up to date and more than £205,000 (1994: £89,000) was spent on new plant and vehicles.

DIRECTORS AND THEIR INTERESTS

The directors of the company at 31 October 1995 and their interests in the share capital of the company were as follows:-

	<i>£1 ordinary shares</i>	
	<i>31 October 1995</i>	<i>31 October 1994</i>
	£	£
K N Currie	-	-
J Henderson	-	15,000

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

The Currie Group Limited acquired Mr J Henderson's 15,000 £1 ordinary shares in the company on 28 February 1995. The company is now a wholly owned subsidiary of The Currie Group Limited.

AUDITORS

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

By order of the board

Eleana Margaret Currie

Secretary

22 July 1996

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.

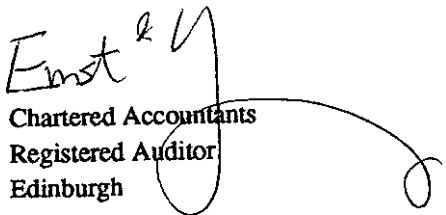
Basis of opinion

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 1995 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

22 July 1996

Plastic Technology Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 October 1995

	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
TURNOVER	2	1,053,633	890,112
Cost of Sales		244,589	215,743
GROSS PROFIT		809,044	674,369
Administrative expenses		490,890	457,919
		318,154	216,450
Other operating income		2,200	8,761
OPERATING PROFIT	3	320,354	225,211
Interest receivable		4,135	-
Interest payable and similar charges	5	(20,824)	(25,667)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		303,665	199,544
Tax on profit on ordinary activities	6	110,439	71,822
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	193,226	127,722

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

Plastic Technology Services Limited

BALANCE SHEET

at 31 October 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Intangible assets	7	20,388	40,776
Tangible assets	8	411,164	296,159
		<u>431,552</u>	<u>336,935</u>
CURRENT ASSETS			
Stock	9	16,880	2,421
Debtors	10	183,155	249,798
Cash at bank and in hand		211,601	93,042
		<u>411,636</u>	<u>345,261</u>
CREDITORS: amounts falling due within one year	11	<u>232,696</u>	<u>350,417</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>178,940</u>	<u>(5,156)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>610,492</u>	<u>331,779</u>
CREDITORS: amounts falling due after more than one year	12	112,313	34,833
PROVISIONS FOR LIABILITIES AND CHARGES	14	37,726	29,719
		<u>460,453</u>	<u>267,227</u>
CAPITAL AND RESERVES			
Called up share capital	15	60,000	60,000
Profit and loss account	17	400,453	207,227
SHAREHOLDERS' FUNDS	17	<u>460,453</u>	<u>267,227</u>

W. K. Narayana Director

J. M. M. M. Director

22 July 1996

NOTES TO THE ACCOUNTS

at 31 October 1995

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.

NOTES TO THE ACCOUNTS

at 31 October 1995

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/(crediting):

	1995	1994
	£	£
Auditors' remuneration	4,250	3,000
Depreciation of owned assets	22,039	20,560
Depreciation of assets held under hire purchase contracts	50,308	37,297
Amortisation of goodwill	20,388	20,388
Directors emoluments (including pension contributions)	38,437	33,870
Loss/(gain) on disposal of fixed assets	3,325	(551)

4. **STAFF COSTS**

	1995	1994
	£	£
Wages and salaries	266,182	239,401
Social security costs	25,021	24,909
Other pension costs	4,782	4,782
	295,985	269,092

The average weekly 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**

	1995	1994
	£	£
Finance charges payable under hire purchase contracts	20,824	25,667

NOTES TO THE ACCOUNTS

at 31 October 1995

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
Based on the profit for the year:		
Corporation tax at 25% (1994 : 25%)	-	6,944
Group relief	102,432	62,781
Deferred taxation (note 14)	8,007	2,853
Relating to prior year:		
Corporation tax at 25%	-	(756)
	<u>110,439</u>	<u>71,822</u>

7. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost:	
At 1 November 1994	<u>81,552</u>
Amortisation:	
At 1 November 1994	40,776
Provided during the year	<u>20,388</u>
At 31 October 1995	<u>61,164</u>
Net book value:	
At 31 October 1995	<u>20,388</u>
At 1 November 1994	<u>40,776</u>

NOTES TO THE ACCOUNTS

at 31 October 1995

8. TANGIBLE FIXED ASSETS

	<i>Land</i>	<i>Motor</i>	<i>Plant and</i>	<i>Office</i>	<i>Total</i>
	<i>£</i>	<i>vehicles</i>	<i>equipment</i>	<i>equipment</i>	<i>£</i>
Cost:					
At 1 November 1994	5,729	17,508	367,390	663	391,290
Additions	-	15,330	189,789	-	205,119
Disposals	-	(17,508)	(11,773)	-	(29,281)
At 31 October 1995	<u>5,729</u>	<u>15,330</u>	<u>545,406</u>	<u>663</u>	<u>567,128</u>
Depreciation:					
At 1 November 1994	-	6,348	88,611	172	95,131
Charge for year	-	3,050	69,223	74	72,347
Disposals	-	(8,440)	(3,074)	-	(11,514)
At 31 October 1995	<u>-</u>	<u>958</u>	<u>154,760</u>	<u>246</u>	<u>155,964</u>
Net book value:					
At 31 October 1995	<u>5,729</u>	<u>14,372</u>	<u>390,646</u>	<u>417</u>	<u>411,164</u>
At 1 November 1994	<u>5,729</u>	<u>11,160</u>	<u>278,779</u>	<u>491</u>	<u>296,159</u>

The net book value of plant and equipment and motor vehicles above includes an amount of £272,549 (1994 - £130,076) in respect of assets held under hire purchase contracts.

9. STOCKS

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Raw materials	917	2,421
Work-in-progress	15,963	-
	<u>16,880</u>	<u>2,421</u>

10. DEBTORS

	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Trade debtors	178,849	186,675
Other debtors	-	63,000
Prepayments	171	123
Amount due from parent undertaking and fellow subsidiary undertakings	4,135	-
	<u>183,155</u>	<u>249,798</u>

NOTES TO THE ACCOUNTS

at 31 October 1995

11. CREDITORS: amounts falling due within one year

	1995	1994
	£	£
Hire purchase creditors	47,853	24,485
Trade creditors	38,122	41,985
Amounts due to parent undertaking and fellow subsidiary undertakings	108,422	169,320
Corporation tax	-	6,944
Other taxes & social security costs	26,268	28,798
Other creditors	50	36,245
Accruals	11,981	12,522
Loans from directors	-	30,118
	<u>232,696</u>	<u>350,417</u>

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

	1995	1994
	£	£
Hire purchase creditors	<u>112,313</u>	<u>34,833</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1995	1994
	£	£
Amounts payable:		
within one year	47,853	24,485
within two to five years	112,313	34,833
	<u>160,166</u>	<u>59,318</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

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

	1995	1994
	£	£
At 1 November	29,719	26,866
Charge for the year (note 6)	8,007	2,853
At 31 October	<u>37,726</u>	<u>29,719</u>

Deferred taxation has been fully provided in the accounts and relates solely to accelerated capital allowances.

NOTES TO THE ACCOUNTS

at 31 October 1995

15. SHARE CAPITAL

	1995 £	1994 £
Ordinary shares of £1 each:		
Authorised	250,000	250,000
Allotted, called up and fully paid	60,000	60,000

16. CAPITAL COMMITMENTS

	1995 £	1994 £
Contracted	Nil	174,000
Authorised by directors but not contracted	Nil	4,000

17. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 November 1993	60,000	79,505	139,505
Profit for the year	-	127,722	127,722
At 1 November 1994	60,000	207,227	267,227
Profit for the year	-	193,226	193,226
At 31 October 1995	60,000	400,453	460,453

18. 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.

19. 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.