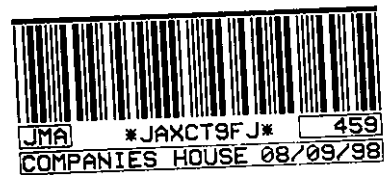


PLASTICOTTA (UK) LIMITED

Annual report and financial statements

Year ended 31 March 1998



Registered number: 1045674

PLASTICOTTA (UK) LIMITED

Annual report and financial statements for the year ended 31 March 1998

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Directors

P J Holland
D Hodgson

Secretary

P J Holland

Registered office

8 Eastway,
Sale,
Cheshire,
M33 4DX

Registered number

1045674

Auditors

BDO Stoy Hayward
Peter House
St Peter's Square
Manchester M1 5BH

PLASTICOTTA (UK) LIMITED

Report of the directors for the year ended 31 March 1998

The directors submit their report together with the audited financial statements for the year ended 31 March 1998.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company was that of coaters of textile materials with plastic.

On 29 August 1997 the company became a subsidiary undertaking of Alphaopen Limited a subsidiary of Acrol Limited. On 26 November the company became a subsidiary of Acrol Limited.

The assets and trade of the company were transferred to Acrol Limited on 26 November 1997. Acrol Limited assumed responsibility for all the liabilities of the company. The company has been dormant since that date.

Market value of land and buildings

At the date of acquisition of the company the land and buildings were revalued to £290,000.

Directors

The directors of the company during the year and their interests in the share capital of the company were:

	Ordinary shares of £1 each		
	31 March 1998 Ordinary	31 March 1997 Ordinary	"A" ordinary
Mr R B Lowe (resigned 29 August 1997)	-	3,500	1,125
Mr M Garner (resigned 29 August 1997)	-	3,500	1,125
Mrs A M Lowe (resigned 29 August 1997)	-	-	-
Mrs E Garner (resigned 29 August 1997)	-	-	-
P J Holland (appointed 29 August 1997)	-	-	-
D Hodgson (appointed 29 August 1997)	-	-	-

P J Holland and D Hodgson are also directors of the ultimate parent company, Acrol Holdings Limited, and their interest in the group's share capital is stated in that company's financial statements. They are also directors of the immediate parent company, Acrol Limited, and their interest in that company's share capital is stated in that company's financial statements.

PLASTICOTTA (UK) LIMITED

Report of the directors for the year ended 31 March 1998 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements 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 financial statements 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.

Small company exemptions

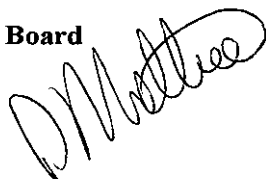
The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Peter Holland
Secretary



1 July 1998

PLASTICOTTA (UK) LIMITED

Report of the auditors

To the shareholders of Plasticotta (UK) Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

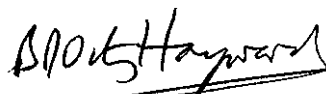
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements of the directors in the preparation of the financial statements, 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 financial statements are free from material misstatements, 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Manchester

1 July 1998

PLASTICOTTA (UK) LIMITED

Profit and loss account for the year ended 31 March 1998

	Note	1998	1997
		£	£
Turnover	2	1,748,816	2,555,884
Cost of sales		1,278,310	1,799,407
Gross profit		<u>470,506</u>	<u>756,477</u>
Distribution costs		119,899	163,542
Administrative expenses		<u>217,506</u>	<u>488,318</u>
		337,405	651,860
Other operating charges		<u>133,101</u>	<u>104,617</u>
		31,763	43,577
Operating profit	3	101,338	61,040
Profit/(loss) on sale of fixed assets		220,951	(7,151)
Profit on ordinary activities before interest		<u>322,289</u>	<u>53,889</u>
Interest receivable		3,836	7,669
Interest payable	6	-	464
		<u>3,836</u>	<u>7,205</u>
Profit on ordinary activities before taxation		<u>326,125</u>	<u>61,094</u>
Taxation on profit on ordinary activities	7	21,038	19,774
Profit for the financial year		<u><u>305,087</u></u>	<u><u>41,320</u></u>

All amounts relate to discontinued activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements

PLASTICOTTA (UK) LIMITED**Balance sheet at 31 March 1998**

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	8		-		221,098
Investments	9		16,952		21,761
			<u>16,952</u>		<u>242,859</u>
Current assets					
Stocks	10	-		323,747	
Debtors - due within one year	11	990,610		512,951	
Cash at bank and in hand		-		107,332	
			<u>990,610</u>	<u>944,030</u>	
Creditors: amounts falling due within one year	12	-		462,733	
			<u>990,610</u>	<u>462,733</u>	
Net current assets			990,610		481,297
Total assets less current liabilities			<u>1,007,562</u>		<u>724,156</u>
Provision for liabilities and charges - Deferred taxation	13	-			21,681
			<u>1,007,562</u>		<u>702,475</u>
Capital and reserves					
Called up share capital - equity	14		10,000		10,000
Capital redemption reserve			500		500
Profit and loss account - equity			997,062		691,975
Shareholders' funds	15		<u>1,007,562</u>		<u>702,475</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board on 1 July 1998.


D Hodgson
Director

The notes on pages 6 to 11 form part of these financial statements

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following accounting policies, which are consistent with the fact that the company ceased to trade during the year, have been applied:

Turnover

Turnover represents sales to external customers at invoiced amount less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land and some freehold buildings, over their expected useful lives. It is calculated at the following rates:

Leasehold land and buildings	-	2% straight line basis
Fixtures, fittings and equipment	-	25% reducing balance basis
Plant, machinery and motor vehicles	-	25% reducing balance basis
Computer equipment	-	20% straight line basis

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as the cost of materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Leases and hire purchase contracts

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment 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. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Hire purchase contracts are treated identically to finance leases.

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998 *(Continued)*

1 Accounting policies *(continued)*

Group accounts

No group accounts have been prepared as permitted by Section 228 (1) of the Companies Act 1985 as the company is a wholly owned subsidiary undertaking of a UK registered company.

2 Turnover and profits

The turnover and profit before taxation are wholly attributable to the company's principal activity. Turnover is analysed by market below:

	1998 £	1997 £
United Kingdom	1,497,741	2,439,436
Europe	188,993	110,417
Rest of the world	62,082	6,031
	<u>1,748,816</u>	<u>2,555,884</u>

3 Operating profit

This is arrived at after charging:-

	1998 £	1997 £
Depreciation of tangible fixed assets	20,589	42,194
Auditors' remuneration - audit services	3,000	1,250
- non audit services	8,571	10,469
	<u></u>	<u></u>

4 Employees

The average monthly number of employees, including directors, during the year was as follows:

	1998 Number	1997 Number
Office and management	4	7
Manufacturing	17	21
	<u>21</u>	<u>28</u>

Staff costs for all employees, including executive directors, consist of:

	£	£
Wages and salaries	256,669	547,588
Social security costs	23,230	49,620
Other pension costs	5,359	17,004
	<u>285,258</u>	<u>614,212</u>

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998 *(Continued)*

5 Directors

	1998 £	1997 £
Directors' emoluments consist of:		
Emoluments for services	108,108	320,596

6 Interest payable

	1998 £	1997 £
Hire purchase interest	-	464

7 Taxation on profit on ordinary activities

	1998 £	1997 £
Based on profits for the year:		
UK Corporation tax	42,719	20,425
Deferred taxation	(21,681)	(651)
	21,038	19,774

8 Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<i>Cost or valuation</i>					
At 1 April 1997	107,354	561,103	69,888	86,944	825,289
Additions	-	1,900	-	-	1,900
Disposals				(60,599)	(60,599)
Revaluation	182,646	-	-	-	182,646
Transfer to parent company	(290,000)	(563,003)	(69,888)	(26,345)	(949,236)
At 31 March 1998	-	-	-	-	-
<i>Depreciation</i>					
At 1 April 1997	40,832	479,830	58,349	25,180	604,191
Provided for the year	1,432	13,816	1,923	3,418	20,589
Disposals	-	-	-	(17,690)	(17,690)
Revaluation	(42,264)	-	-	-	(42,264)
Transfer to parent company	-	(493,646)	(60,272)	(10,908)	(564,826)
At 31 March 1998	-	-	-	-	-
<i>Net book value</i>					
At 31 March 1998	-	-	-	-	-
At 31 March 1997	66,522	81,273	11,539	61,764	221,098

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998 *(Continued)*

9 Fixed asset investment

	Investment in subsidiary £
Cost at 1 April 1997	21,761
Permanent diminution in value	(4,809)
Net book value at 31 March 1998	<u>16,952</u>

The subsidiary undertaking is C Worswick Limited, a dormant company, of which 100% of the voting rights and ordinary share capital is held. The aggregate capital and reserves of that company at the balance sheet date was £16,952.

10 Stocks

	1998 £	1997 £
Raw materials	-	86,749
Finished goods	-	236,998
	<u>-</u>	<u>323,747</u>

11 Debtors

	1998 £	1997 £
Amounts receivable within one year		
Trade debtors	-	429,658
Prepayments and accrued income	-	41,317
Other debtors	-	426
Amounts owed by group undertakings	990,610	41,550
	<u>990,610</u>	<u>512,951</u>

12 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	-	186,621
Taxation and social security	-	120,474
Corporation tax	-	20,425
Accruals	-	34,427
Directors' loans	-	100,786
	<u>-</u>	<u>462,733</u>

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998 *(Continued)*

13 Deferred taxation

	1998		1997	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Accelerated capital allowances	-	-	-	21,681
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			1998 £	1997 £
Deferred taxation movements:				
Balance at 1 April			21,681	21,681
Released on transfer of assets and trade to parent company			(21,681)	-
			<u> </u>	<u> </u>
Balance at 31 March			-	21,681
			<u> </u>	<u> </u>

14 Share capital

	Authorised		Allotted, called up and fully paid	
	1998 £	1997 £	1998 £	1997 £
Ordinary shares of £1 each	10,500	7,000	10,000	7,000
"A" Ordinary shares of £1 each	-	3,500	-	3,000
	<u>10,500</u>	<u>10,500</u>	<u>10,000</u>	<u>10,000</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

On 4 November 1997 the "A" ordinary shares were reclassified as ordinary shares.

15 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	305,087	41,320
Redemption of own shares	-	(10,050)
	<u>305,087</u>	<u>31,270</u>
Opening shareholders' funds	702,475	671,205
	<u> </u>	<u> </u>
Net assets at 31 March	1,007,562	702,475
	<u> </u>	<u> </u>

16 Parent company

The company's immediate parent company is Acrol Limited. The company's ultimate parent company is Acrol Holdings Limited.

PLASTICOTTA (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1998 *(Continued)*

17 Related party transactions

During the year the company had the following transactions at market value with connected parties.

	Sales £	Purchases £	Amount due from connected party at the balance date £
<i>Subsidiary undertaking</i>			
C Worswick (Rossendale) Limited	81,785	3,464	-
	<hr/>	<hr/>	<hr/>
<i>Immediate parent company</i>			
Acrol Limited	-	-	990,610
	<hr/>	<hr/>	<hr/>

The pages which follow do not
form part of the statutory
financial statements of the company

PLASTICOTTA (UK) LIMITED

Detailed profit and loss account for the year ended 31 March 1998

	1998		1997	
	£	£	£	£
Turnover				
Sales	1,751,129		2,556,816	
Discounts allowed	(2,313)		(932)	
	<u>1,748,816</u>		<u>2,555,884</u>	
Cost of sales				
Opening stock	323,747		279,726	
Purchases	1,010,311		1,532,308	
Direct wages	138,943		223,430	
Plant hire and repairs	14,076		31,557	
Power - plant	14,059		32,863	
Depreciation - plant	13,816		23,270	
Closing stock	(236,642)		(323,747)	
	<u>1,278,310</u>		<u>1,799,407</u>	
Gross profit		<u>470,506</u>		<u>756,477</u>
Distribution costs				
Carriage and haulage	59,029		89,952	
Sales payroll costs	18,759		25,902	
Motor expenses	6,401		19,030	
Professional and technical costs	35,710		28,658	
	<u>119,899</u>		<u>163,542</u>	
Administrative expenses				
Directors remuneration	63,627		282,368	
Administration salaries	14,089		37,937	
Directors pension and life assurance	5,359		15,771	
Directors social security costs	6,363		28,804	
Directors benefits	38,118		-	
Printing and stationery	5,091		7,277	
Advertising	10,707		4,861	
Travelling	3,885		3,750	
Entertaining	122		2,376	
Subscriptions	-		4,249	
Bad debts	36,403		3,038	
Insurances	8,754		13,818	
Health and safety fine	(10,000)		20,000	
Carried forward	<u>182,518</u>	<u>470,506</u>	<u>424,249</u>	<u>756,477</u>

PLASTICOTTA (UK) LIMITED

Detailed profit and loss account for the year ended 31 March 1998 (*continued*)

	1998		1997	
	£	£	£	£
Brought forward	182,518	470,506	424,249	756,477
General expenses	6,804		9,483	
Legal and professional	11		16,558	
Accountancy	8,571		10,469	
Audit	3,000		1,250	
Training costs	5,020		7,385	
Depreciation – leasehold land and buildings	1,432		2,148	
Depreciation – motor vehicles	3,418		13,324	
Depreciation – fixtures and fittings	1,923		3,452	
(Profit)/loss on sale of fixed assets	(220,951)		7,151	
Diminution in value of investment	4,809		-	
	<u>(3,445)</u>		<u>495,469</u>	
Other operating charges				
Rent and rates	18,876		30,216	
Heat, light and power	4,274		1,369	
Repairs and renewals	3,846		6,586	
Telephone	3,267		4,361	
	<u>30,263</u>		<u>42,532</u>	
Financial expenses				
Hire purchase interest	-		464	
Bank charges	1,500		2,195	
Bank interest receivable	(3,836)		(7,669)	
Management fees receivable	-		(1,150)	
	<u>(2,336)</u>		<u>(6,160)</u>	
		144,381		695,383
Profit for the year before taxation		<u>326,125</u>		<u>61,094</u>