

CARCLO TECHNICAL PLASTICS LIMITED
ACCOUNTS
31 MARCH 2003

Company Registration Number 3088344



CARCLO TECHNICAL PLASTICS LIMITED

ACCOUNTS

YEAR ENDED 31 MARCH 2003

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CARCLO TECHNICAL PLASTICS LIMITED

COMPANY INFORMATION

The board of directors

Mr E Cook
Mr C Mawe
Mr I Williamson

Company secretary

Mr E Cook

Registered office

PO Box 14
62 George Street
Wakefield
WF1 1ZF

Auditors

Ernst & Young LLP
Registered Auditor
Leeds

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors present their report and the accounts of the company for the year ended 31 March 2003.

Principal activities and business review

The company's principal activity during the year was the manufacture and sale of injection moulded plastic components for the automotive and teletronics industries.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

The directors and their interests in shares of the parent company

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary shares of £0.05 in Carclo plc.	
	At 31 March 2003	At 1 April 2002
Mr E Cook	—	—
Mr C Mawe	22,467	22,467
Mr I Williamson	283,086	271,086

Also directors of the company were Mr P L Jones who resigned on 1 May 2002, Mr T S Kurwie who resigned on 17 June 2002 and Mr R Salt who resigned on 30 June 2003. Mr E Cook was appointed on 30 June 2003.

The directors have also been granted options on the shares of the parent company as follows:

	Options held 1 Apr 2002	Granted in period	Lapsed in period	Options held 31 Mar 2003
Mr C Mawe	177,000	114,000	-	291,000
Mr I Williamson	200,000	187,000	-	387,000
	8,649+	-	-	8,649+

+ indicates granted under Carclo Sharesave Option Scheme 2000.

Policy on the payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 March 2003, the company had an average of 64 days purchases outstanding in trade creditors.

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. In preparing those accounts, the directors are required to:

select suitable accounting policies, as described on pages 9 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

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. The directors 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.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. If an employee becomes disabled he or she continues to be employed, wherever possible, in the same job. If the degree of disablement makes this impracticable, every effort is made to find suitable alternative employment and to give appropriate training. The company's policy on training and career progression applies equally to everyone within the company, whether or not he or she is disabled.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed of matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, circulation of the annual group accounts and a periodic newsletter for employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

Auditors

A resolution to re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the directors



Mr E Cook, Secretary
14 January 2004

PO Box 14
62 George Street
Wakefield
WF1 1ZF

CARCLO TECHNICAL PLASTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the company's accounts for the year ended 31 March 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with applicable United Kingdom law and accounting standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the accounts concerning the company's abilities to continue trading. The accounts have been prepared on the going concern basis, the validity of which depends on the future financing support of its parent undertaking. Our opinion is not qualified in respect of this matter.

CARCLO TECHNICAL PLASTICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

Date: *14 January 2004*

CARCLO TECHNICAL PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
Turnover	3	37,913,912	2,425,323
Operating loss	4	(2,248,422)	(362,864)
Loss on disposal of fixed assets		(103,895)	—
Loss on termination of operations	7	(1,940,000)	—
Impairment of trade and assets purchased		—	(7,436,455)
		<u>(4,292,317)</u>	<u>(7,799,319)</u>
Interest payable and similar charges	8	2,421,817	17,903
Loss on ordinary activities before taxation		<u>(6,714,134)</u>	<u>(7,817,222)</u>
Tax on loss on ordinary activities	10	(1,730,929)	(107,562)
Loss for the financial year		<u>(4,983,205)</u>	<u>(7,709,660)</u>

All of the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £4,983,205 attributable to the shareholders for the year ended 31 March 2003 (2002 - loss of £7,709,660).

The notes on pages 9 to 18 form part of these accounts.

CARCLO TECHNICAL PLASTICS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 MARCH 2003

	2003 £	2002 £
Reported loss on ordinary activities before taxation	(6,714,134)	(7,817,222)
Difference between the historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>859</u>	<u>859</u>
Historical cost loss on ordinary activities before taxation	<u>(6,713,275)</u>	<u>(7,816,363)</u>
Historical cost loss for the year after taxation and dividends	<u>(4,982,346)</u>	<u>(7,708,801)</u>

The notes on pages 9 to 18 form part of these accounts.


CARCLO TECHNICAL PLASTICS LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	£	2003 £	2002 £
Fixed assets				
Intangible assets	11		27,796,300	29,259,263
Tangible assets	12		9,772,839	12,789,794
			<u>37,569,139</u>	<u>42,049,057</u>
Current assets				
Stocks	13	3,934,829		3,882,463
Debtors	14	10,256,596		12,262,372
Cash in hand		1,604,179		219,552
			<u>15,795,604</u>	<u>16,364,387</u>
Creditors: amounts falling due within one year	15	13,858,951		14,859,498
Net current assets			<u>1,936,653</u>	<u>1,504,889</u>
Total assets less current liabilities			<u>39,505,792</u>	<u>43,553,946</u>
Creditors: amounts falling due after more than one year	16		51,145,122	49,980,977
			<u>(11,639,330)</u>	<u>(6,427,031)</u>
Provisions for liabilities and charges				
Deferred taxation	18		598,257	827,351
			<u>(12,237,587)</u>	<u>(7,254,382)</u>
Capital and reserves				
Called-up equity share capital	21		1,000,000	1,000,000
Revaluation reserve	22		76,824	77,683
Profit and loss account	22		(13,314,411)	(8,332,065)
Shareholders' funds	23		<u>(12,237,587)</u>	<u>(7,254,382)</u>


Mr E Cook
Director


Mr C Mawe
Director

14 January 2004

The notes on pages 9 to 18 form part of these accounts.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

1. Fundamental accounting concept

Going concern

The company is dependent upon the continued support of its immediate parent company. The directors believe that this support will continue and that it is therefore appropriate to prepare the accounts on a going concern basis.

2. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Cash flow statement

As permitted by FRS 1 (revised 1996) - 'Cash Flow Statements', the accounts do not include a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking and the ultimate holding company includes the company in its own published consolidated accounts.

Related parties transactions

The company has taken advantage of the exemption to FRS 8 from disclosing transactions with related parties that are part of Carclo plc.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Goodwill

Goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal instalments over its estimated useful life of up to a maximum of 20 years.

Fixed assets

All fixed assets are initially recorded at cost. Freehold land and buildings were revalued as at 31 March 1999 with the revaluation surplus being taken to the revaluation reserve. The transitional provisions of FRS 15 have been followed and accordingly, prior year valuations of land and buildings have not been updated.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

2. Accounting policies *(continued)*

Depreciation

Depreciation has been provided at the following rates in order to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, with the exception of freehold land, by equal annual instalments over their expected useful lives as follows:

Freehold Property	- 2%
Leasehold Property	- 2%
Plant & Machinery	- 10 - 20%
Motor Vehicles	- 25%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overhead expenses.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company contributes to a group pension scheme which is a defined benefit scheme and fully funded. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives with the company. The effect of any experience surpluses is retained within the accounts of the ultimate parent company.

The company also contributes to a group defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred taxation is recognised on a liability or asset if the transactions or events that give rise to an obligation to pay more tax in the future or a right to pay less tax in future have occurred by the balance sheet date. Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end, except where they are covered by forward contracts in which case the rate appropriate to the forward contracts is used.

3. Turnover

Turnover is the net invoiced value of goods and services provided by the company exclusive of VAT.

Turnover is attributable to one continuing activity, the manufacture of moulded plastic components.

The geographical analysis of turnover is as follows:

	2003	2002
	£	£
United Kingdom	27,053,470	1,521,041
Rest of Europe	8,622,575	768,284
Rest of World	2,237,867	135,998
	<u>37,913,912</u>	<u>2,425,323</u>

4. Operating loss

The operating loss is arrived at as follows:

	2003	2002
	£	£
Turnover	37,913,912	2,425,323
Finished goods and work in progress stock change	40,883	(15,170)
Raw materials and consumables	(21,569,402)	(1,238,268)
Employee costs (note 5)	(12,539,817)	(830,776)
Depreciation - owned assets	(1,179,506)	(224,319)
Depreciation - assets held under finance leases	(291,000)	-
Goodwill amortisation	(1,462,963)	-
Exceptional item	(460,889)	-
Government grant released	110,435	-
Operating lease rentals - plant and machinery	(210,297)	(14,015)
Operating lease rentals - property	(394,125)	(27,388)
Auditors' remuneration	(29,000)	(5,000)
Management charge	(400,000)	(100,000)
Other operating charges	(1,776,653)	(333,251)
	<u>(2,248,422)</u>	<u>(362,864)</u>

The exceptional item above related to the consolidation of administration functions under one service centre and redundancy programmes.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

5. Particulars of employees

The average number of persons employed by the company during the financial year amounted to 640 (2002 - 44).

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	11,408,609	749,841
Social security costs	808,603	48,581
Other pension costs	322,605	32,354
	<u>12,539,817</u>	<u>830,776</u>

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments	<u>—</u>	<u>55,906</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002
	No	No
Defined benefit schemes	<u>2</u>	<u>4</u>

Mr I Williamson, Mr T S Kurwie and Mr C Mawe were also directors of the holding company and fellow subsidiary undertakings. Mr R Salt was also a director of fellow subsidiary undertakings. These directors received remuneration of £692,573 (2002 - £511,062), all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their service as directors of the holding company and the fellow subsidiary undertakings.

7. Loss on termination of operations

The loss on termination of operations relates to the closure of tooling operations and additional costs associated with the closure of the mobile phone facility.

8. Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank borrowing	270,703	17,903
Finance charges	38,645	—
Other inter company interest payable	2,113,443	—
Bank interest receivable	(974)	—
	<u>2,421,817</u>	<u>17,903</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

9. Pensions

The company is a member of a group pension scheme operated by Carclo plc.

The group scheme is a defined benefit scheme, the assets of which are held in trustee administered funds separate from those of the group. As from 1 April 2002 the scheme is no longer open to new members.

The company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis for the purpose of FRS 17.

The most recent full actuarial valuation of the scheme was performed as at 1 April 2001 using the projected unit cost method. This valuation revealed a surplus. Since then the valuation has been updated by the scheme's actuary to assess the liabilities of the scheme as at 31 March 2003. This actuarial valuation revealed that the market value of assets was sufficient to cover only 83% of the liabilities of the scheme. Full details of these valuations are given in the accounts of Carclo plc.

On the advice of the scheme's actuary the company made cash contributions to the scheme amounting to £1,669,000 during the financial year (2002 - £nil). The SSAP 24 valuation showed a surplus applicable to the group amounting to £nil (2002 - surplus £1,884,000). £1,124,000 has been charged to the group profit and loss account in respect of pensions during the year (2002 - credit £181,000). The total contributions made by the company to the scheme during the year were £322,605 (2002 - £32,354).

The financial assumptions used in calculating the liabilities for the scheme as at 31 March 2003 under FRS 17 are disclosed in full in the accounts of Carclo plc. In summary these are as follows:

Discount rate for assessing plan liabilities	5.8%
Rate of increase in salaries	3.3%
Rate of increase in pensions in payment	2.3% to 4.1%
Inflation rate	2.3%

The fair value of the assets held by the scheme as at 31 March 2003 along with the liabilities on the above basis, are as follows:

	Value at 31 March 2003
	£
Total market value of assets	93,428,000
Present value of plan liabilities	(123,167,000)
Deficit in the scheme	(29,739,000)
Related deferred tax asset	8,922,000
Net pension liability	(20,817,000)

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

10. Tax on loss on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(1,501,835)	(91,358)
Total current tax	(1,501,835)	(91,358)
Deferred tax:		
Decrease in deferred tax provision	(229,094)	(16,204)
Tax on loss on ordinary activities	(1,730,929)	(107,562)

(b) Factors affecting current tax charge

The tax credit differs from the standard rate of corporation tax in the UK of 30% (2002 - 30%) for the following reasons:

	2003 £	2002 £
Loss on ordinary activities before taxation	(6,714,134)	(7,817,222)
Loss on ordinary activities at standard rate of tax of 30% (2002 - 30%)	(2,014,240)	(2,345,167)
Depreciation in excess of capital allowances	241,339	(16,024)
Permanent differences	366,424	2,269,508
Prior year adjustment	(59,066)	325
Short term timing differences	(36,292)	—
Total current tax (note 10(a))	(1,501,835)	(91,358)

11. Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2002 and 31 March 2003	36,695,718
Amortisation	
At 1 April 2002	7,436,455
Charge for the year	1,462,963
At 31 March 2003	8,899,418
Net book value	
At 31 March 2003	27,796,300
At 31 March 2002	29,259,263

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

12. Tangible fixed assets

	Freehold Land & Buildings £	Long Leasehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or valuation					
At 1 April 2002	4,897,160	750,000	22,312,724	221,986	28,181,870
Additions - non group	48,203	—	440,327	12,281	500,811
Additions - group	—	—	706,803	—	706,803
Disposals - non group	(1,895,550)	—	(3,193,037)	(92,934)	(5,181,521)
Disposals - group	—	—	(1,114,568)	—	(1,114,568)
At 31 March 2003	3,049,813	750,000	19,152,249	141,333	23,093,395
Of which at 1999 valuation	<u>520,000</u>				
Depreciation					
At 1 April 2002	195,697	30,000	15,038,971	127,408	15,392,076
Charge for the year	74,670	10,000	1,356,376	29,460	1,470,506
Disposals - non group	(95,615)	—	(3,178,341)	(73,968)	(3,347,924)
Disposals - group	—	—	(718,639)	—	(718,639)
On group additions	—	—	524,537	—	524,537
At 31 March 2003	174,752	40,000	13,022,904	82,900	13,320,556
Net book value					
At 31 March 2003	<u>2,875,061</u>	<u>710,000</u>	<u>6,129,345</u>	<u>58,433</u>	<u>9,772,839</u>
At 31 March 2002	<u>4,701,463</u>	<u>720,000</u>	<u>7,273,753</u>	<u>94,578</u>	<u>12,789,794</u>

Included in freehold land and buildings is land valued at £845,000 which is not depreciated.

Freehold land and buildings were revalued on an open market for existing use basis as at 31 March 1999 by Eddisons Commercial Limited in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

On a historical basis, freehold land and buildings would have been included as follows:

	2003 £	2002 £
Cost	3,823,074	5,670,421
Cumulative depreciation based on cost	314,839	326,641

Hire purchase agreements

Included within the net book value of £9,772,839 is £1,441,000 (2002 - £1,178,819) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £291,000 (2002 - £nil).

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

13. Stocks

	2003	2002
	£	£
Raw materials	1,939,003	1,927,520
Work in progress	22,638	518,559
Finished goods	1,973,188	1,436,384
	<u>3,934,829</u>	<u>3,882,463</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. Debtors

	2003	2002
	£	£
Trade debtors	6,477,267	7,302,998
Amounts owed by group undertakings	1,005,130	2,141,625
Corporation tax repayable	2,411,636	1,580,293
Other debtors	97,546	647,411
Prepayments and accrued income	265,017	590,045
	<u>10,256,596</u>	<u>12,262,372</u>

15. Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	4,114,844	5,514,746
Trade creditors	3,862,843	5,315,328
Amounts owed to group undertakings	3,107,035	662,307
Other taxation and social security	527,776	472,760
Obligations under hire purchase and finance leases	191,511	475,528
Other creditors	291,063	656,374
Accruals and deferred income	1,763,879	1,762,455
	<u>13,858,951</u>	<u>14,859,498</u>

16. Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to group undertakings	50,721,887	49,278,645
Obligations under hire purchase and finance leases	105,787	264,472
Other loans	—	9,412
Accruals and deferred income	317,448	428,448
	<u>51,145,122</u>	<u>49,980,977</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	191,511	475,528
Amounts payable between 1 and 2 years	3,431	—
Amounts payable between 3 and 5 years	102,356	264,472
	<u>297,298</u>	<u>740,000</u>

18. Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	827,351	204,253
Arising on acquisition of business	—	639,302
Profit and loss account movement arising during the year	(229,094)	(16,204)
Provision carried forward	<u>598,257</u>	<u>827,351</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	598,257	827,351
	<u>598,257</u>	<u>827,351</u>

There is a potential liability which would arise if the company's revalued property was sold for its revalued amount. This liability is estimated at £64,000 (2002 - £64,000).

19. Commitments under operating leases

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Plant & machinery £	Land & Buildings £	Plant & machinery £
Operating leases which expire:				
Within 1 year	51,000	19,139	53,667	8,106
Within 2 to 5 years	111,420	34,151	49,007	37,209
After more than 5 years	128,000	—	128,035	—
	<u>290,420</u>	<u>53,290</u>	<u>230,709</u>	<u>45,315</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2003

20. Contingent liabilities

Guarantees have been given by the company in respect of amounts drawn against borrowing facilities of certain associated undertakings.

21. Share capital

Authorised share capital:

	2003 £	2002 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

22. Reserves

	Revaluation reserve £	Profit and loss account £
Balance brought forward	77,683	(8,332,065)
Loss for the year	—	(4,983,205)
Other movements		
- transfer to/from revaluation reserve	(859)	859
Balance carried forward	<u>76,824</u>	<u>(13,314,411)</u>

23. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Loss for the financial year	(4,983,205)	(7,709,660)
Opening shareholders' equity (deficit)/funds	<u>(7,254,382)</u>	<u>455,278</u>
Closing shareholders' equity deficit	<u>(12,237,587)</u>	<u>(7,254,382)</u>

24. Ultimate parent company

The parent company and ultimate controlling party of the group of undertakings for which group accounts are drawn up and of which the company is a member is Carclo plc. Copies of Carclo plc's accounts can be obtained from Ploughland House, 62 George Street, Wakefield, WF1 1ZF.