

COMPANY REGISTRATION NUMBER 3088344

**CARCLO TECHNICAL PLASTICS LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**31 MARCH 2006**

TUESDAY



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# **CARCLO TECHNICAL PLASTICS LIMITED**

## **ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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# **CARCLO TECHNICAL PLASTICS LIMITED**

## **COMPANY INFORMATION**

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**The board of directors**

Mr R J Brooksbank  
Mr E Cook  
Mr I Williamson

**Company secretary**

Mr E Cook

**Registered office**

Springstone House  
P O Box 88  
27 Dewsbury Road  
Ossett  
WF5 9WS

**Auditor**

KPMG Audit Plc  
Registered Auditor  
Leeds

# CARCLO TECHNICAL PLASTICS LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

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The directors present their report and the accounts of the company for the year ended 31 March 2006.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

The company maintained accreditations under ISO 14001 and Investors in People as evidence of its commitment to both the environment and the workforce.

The major business risk is from the demands of the customer base for sourcing from low cost regions ("LCR") or LCR pricing. Although we are generally successful in ensuring that the customer relocates the work to another Carclo facility, this pressure ultimately results in our business losing the work.

The impact of the pressure on the business is evidenced by the drop in employee numbers shown in note 5 to the accounts and also in the further rationalisation undertaken during the period to further balance capacity and demand. This took the form of the closure of the Eaglescliffe site, the costs of which are shown in note 7.

The results for the year show that, despite a 14% decrease in turnover, operating margins (before exceptional charges for redundancy and goodwill amortisation) increased on the previous year to 2.7% from 2.0%.

Increasing margins are expected to continue into the coming year as it is the policy of the company to exit low volume, low margin accounts and concentrate on larger accounts and those specifically identified as having growth potential which are a match with our strategic objectives.

### 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 do not recommend a dividend (2005: £nil).

### THE DIRECTORS AND THEIR INTERESTS IN THE 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 2006	At 1 April 2005
Mr R J Brooksbank	50,000	33,818
Mr E Cook	30,000	30,000
Mr I Williamson	<u>412,305</u>	<u>385,505</u>

No director had any beneficial interest in the shares of the company.

# CARCLO TECHNICAL PLASTICS LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 MARCH 2006

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

	Options held 1 Apr 2005	Granted in period	Lapsed in period	Options held 31 Mar 2006
Mr R J Brooksbank	210,000	67,000	-	277,000
Mr E Cook	184,000	30,000	40,000	174,000
Mr I Williamson	574,000	123,000	180,000	517,000

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### 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 2006 the company had an average of 39 (31 March 2005 48) days purchases outstanding in trade creditors.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND ACCOUNTS

The directors are responsible for preparing the Directors' Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with UK Accounting Standards.

The accounts are required by law to 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 these accounts, the directors are required to:

- select suitable accounting policies, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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.

# CARCLO TECHNICAL PLASTICS LIMITED

## THE DIRECTORS' REPORT *(continued)*

**YEAR ENDED 31 MARCH 2006**

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The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **AUDITOR**

A resolution to re-appoint KPMG Audit Plc as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 384 of the Companies Act 1985.

Registered office:  
Springstone House  
P O Box 88  
27 Dewsbury Road  
Ossett  
WF5 9WS

Signed by order of the directors



MR E COOK  
Company Secretary

Date: 26 January 2007

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARCLO TECHNICAL PLASTICS LIMITED**

**YEAR ENDED 31 MARCH 2006**

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We have audited the accounts of Carclo Technical Plastics Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. These accounts 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 auditor's 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 auditor**

As described in the Statement of Directors' Responsibilities on pages 3 to 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# CARCLO TECHNICAL PLASTICS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARCLO TECHNICAL PLASTICS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2006

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### Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts for the year ended 31 March 2006.

*KPMG Audit Inc*

KPMG AUDIT PLC

Registered Auditor  
Leeds

Date: *26 January 2007*



# CARCLO TECHNICAL PLASTICS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER	3	19,504,268	22,739,352
OPERATING PROFIT/(LOSS)	4	445,588	(25,917,865)
Cost of restructuring the company	7	(614,951)	—
		(169,363)	(25,917,865)
Interest payable and similar charges	8	(2,392,456)	(2,403,829)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,561,819)	(28,321,694)
Tax on loss on ordinary activities	9	94,865	(125,265)
LOSS FOR THE FINANCIAL YEAR		(2,466,954)	(28,446,959)

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

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 20 form part of these accounts.

**CARCLO TECHNICAL PLASTICS LIMITED**  
**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**YEAR ENDED 31 MARCH 2006**

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	2006 £	2005 £
Reported loss on ordinary activities before taxation	(2,561,819)	(28,321,694)
Difference between a 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>(2,560,960)</u>	<u>(28,320,835)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(2,466,095)</u>	<u>(28,446,100)</u>

The notes on pages 10 to 20 form part of these accounts.

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# CARCLO TECHNICAL PLASTICS LIMITED

## BALANCE SHEET

31 MARCH 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	10	<u>4,651,114</u>	<u>5,390,253</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,600,592	2,191,965
Debtors	12	5,056,297	10,040,708
Cash in hand		319,179	706,482
		<u>6,976,068</u>	<u>12,939,155</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(4,384,615)</u>	<u>(13,201,841)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>2,591,453</u>	<u>(262,686)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,242,567</u>	<u>5,127,567</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(58,895,433)</u>	<u>(54,313,479)</u>
<b>NET LIABILITIES</b>		<u>(51,652,866)</u>	<u>(49,185,912)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	19	1,000,000	1,000,000
Revaluation reserve	20	74,247	75,106
Profit and loss account	20	(52,727,113)	(50,261,018)
<b>SHAREHOLDERS' DEFICIT</b>	21	<u>(51,652,866)</u>	<u>(49,185,912)</u>

These accounts were approved by the board of directors on the 26 January 2007 and were signed on its behalf by:

  
Mr R J Brooksbank  
Director

  
Mr E Cook  
Director

Date: 26 January 2007

The notes on pages 10 to 20 form part of these accounts.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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### **1. FUNDAMENTAL ACCOUNTING CONCEPT**

#### **Going concern**

The company is dependent upon the continued support of its ultimate parent company, Carclo plc. The directors have been provided with written confirmation that this support will continue and therefore believe it to be 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, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

In these accounts the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

FRS21 'Events after the balance sheet date'

FRS21 superseded SSAP17. Under the new standard dividends payable at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

#### **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 party 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.

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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### 2. ACCOUNTING POLICIES *(continued)*

#### 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. Provision is made for any impairment.

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 5%
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#### 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.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

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

Freehold land is not depreciated

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

Provision is made for any impairment.

#### 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.

#### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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### **2. ACCOUNTING POLICIES** *(continued)*

#### **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 participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 tax 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.

#### **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.

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 2. ACCOUNTING POLICIES *(continued)*

#### Grants

Government and other similar grants are credited to a deferred income account and are recognised in the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

### 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:

	2006 £	2005 £
United Kingdom	12,322,686	17,295,430
Rest of Europe	3,933,826	3,718,976
Rest of world	3,247,756	1,724,946
	<u>19,504,268</u>	<u>22,739,352</u>

### 4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is arrived at as follows:

	2006 £	2005 £
Turnover	19,504,268	22,739,352
Finished goods and work in progress stock change	(511,935)	223,786
Raw materials and consumables	(10,353,721)	(11,845,278)
Employee costs (note 5)	(5,352,879)	(7,132,074)
Depreciation - owned assets	(718,837)	(1,022,701)
Goodwill amortisation	-	(1,462,963)
Goodwill impairment	-	(24,870,374)
Redundancy costs	(76,878)	(29,387)
Government grant released	112,620	84,996
Operating lease rentals - plant and machinery	(92,002)	(120,722)
Operating lease rentals - property	(152,133)	(179,683)
Auditors' remuneration - audit work	(8,925)	(25,500)
Management charge	(400,000)	(400,000)
Other operating charges	(1,503,990)	(1,877,317)
	<u>445,588</u>	<u>(25,917,865)</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 5. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 244 (2005 - 337).

The aggregate payroll costs of the above were:

	2006	2005
	£	£
Wages and salaries	4,782,455	6,379,504
Social security costs	407,185	551,604
Other pension costs	163,239	200,966
	<u>5,352,879</u>	<u>7,132,074</u>

### 6. DIRECTORS' EMOLUMENTS

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

	2006	2005
	£	£
Emoluments receivable	<u>—</u>	<u>—</u>

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

	2006	2005
	No	No
Defined benefit schemes	<u>1</u>	<u>1</u>

Mr R J Brooksbank and Mr I Williamson were also directors of the holding company and fellow subsidiary undertakings. Mr E Cook was also a director of fellow subsidiary undertakings. These directors received remuneration of £513,000 (2005 - £420,654), 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. COST OF REORGANISATION OR RESTRUCTURING

	2006	2005
	£	£
Cost of restructuring company	<u>614,951</u>	<u>—</u>

The costs of restructuring the company relate to the closure of the Eaglescliffe site.



# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	109,072	116,925
Finance charges	301	2,987
Other inter company interest payable	2,286,060	2,286,060
Bank interest receivable	(2,977)	(2,143)
	<u>2,392,456</u>	<u>2,403,829</u>

### 9. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
UK Corporation tax based on the results for the year	(503,493)	(402,565)
Adjustment in respect of prior years	408,628	527,830
Total current tax and tax on loss on ordinary activities	<u>(94,865)</u>	<u>125,265</u>

#### (b) Factors affecting current tax charge

The tax credit (2005: charge) is lower (2005: higher) than the standard rate of corporation tax in the UK of 30% (2005 - 30%) for the following reasons:

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(2,561,819)</u>	<u>(28,321,694)</u>
Loss on ordinary activities at standard rate of tax of 30% (2005 - 30%)	(768,546)	(8,496,508)
Depreciation in excess of capital allowances	178,923	207,203
Permanent differences	97,578	7,912,239
Prior year adjustment	408,628	527,830
Short term timing differences	(11,448)	(25,499)
Total current tax (note 9(a))	<u>(94,865)</u>	<u>125,265</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 10. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2005	3,048,314	13,420,616	94,805	16,563,735
Additions - non group	—	186,723	—	186,723
Additions - group	—	133,743	—	133,743
Disposals - non group	(16,957)	(3,943,671)	(54,125)	(4,014,753)
Disposals - group	—	(615,078)	—	(615,078)
<b>At 31 March 2006</b>	<b>3,031,357</b>	<b>9,182,333</b>	<b>40,680</b>	<b>12,254,370</b>
Of which at 1999 valuation	<u>520,000</u>			
<b>Depreciation</b>				
At 1 April 2005	280,968	10,810,565	81,949	11,173,482
Charge for the year	49,990	663,411	5,436	718,837
Disposals - non group	(2,084)	(3,814,155)	(48,750)	(3,864,989)
Disposals - group	—	(553,621)	—	(553,621)
On group additions	—	129,547	—	129,547
<b>At 31 March 2006</b>	<b>328,874</b>	<b>7,235,747</b>	<b>38,635</b>	<b>7,603,256</b>
<b>Net book value</b>				
At 31 March 2006	<u>2,702,483</u>	<u>1,946,586</u>	<u>2,045</u>	<u>4,651,114</u>
At 31 March 2005	<u>2,767,346</u>	<u>2,610,051</u>	<u>12,856</u>	<u>5,390,253</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:

	2006 £	2005 £
Cost	3,054,618	3,071,575
Cumulative depreciation based on cost	426,382	379,335

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 11. STOCKS

	2006 £	2005 £
Raw materials	644,335	723,773
Work in progress	253,256	275,368
Finished goods	703,001	1,192,824
	<u>1,600,592</u>	<u>2,191,965</u>

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

### 12. DEBTORS

	2006 £	2005 £
Trade debtors	2,669,244	3,199,545
Amounts owed by group undertakings	1,712,820	6,094,788
Corporation tax repayable	496,592	401,727
Other debtors	80,065	190,691
Prepayments and accrued income	97,576	153,957
	<u>5,056,297</u>	<u>10,040,708</u>

### 13. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank overdrafts	1,903,220	1,794,361
Trade creditors	1,420,606	1,815,165
Amounts owed to group undertakings	213,270	8,219,333
Other taxation and social security	264,151	465,056
Other creditors	139,224	195,941
Accruals and deferred income	444,144	711,985
	<u>4,384,615</u>	<u>13,201,841</u>

The bank overdraft facility is secured by way of a fixed charge over the freehold land and buildings and floating charges over other assets of the company. Interest is payable at the floating rate of LIBOR + 1%.

### 14. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	58,714,735	54,066,023
Accruals and deferred income	180,698	247,456
	<u>58,895,433</u>	<u>54,313,479</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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### 15. PENSIONS

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Full details of the financial assumptions used to assess the scheme's assets and liabilities can be found in the accounts of Carclo plc.

The company is also a member of a defined contribution pension scheme operated by Carclo plc. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £20,722 (2005 £18,612). Contributions amounting to £1,562 (2005 £1,704) were payable to the scheme at the year end and are included in creditors.

### 16. DEFERRED TAXATION

There is an unrecognised deferred tax asset of £777,027 (2005 - £2,047,682). This has not been recognised due to uncertainty as to when relief will be obtained. Any future realisation of this asset would reduce future tax charges.

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	34,922	41,600	25,703
Within 2 to 5 years	30,900	25,676	30,900	49,702
	<u>30,900</u>	<u>60,598</u>	<u>72,500</u>	<u>75,405</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 18. CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2006 the overdraft facilities amounted to £4,000,000 (2005 - £4,000,000) of which £nil (2005 - £1,338,000) had been utilised.

The company has also provided an upstream guarantee to the parent company, Carclo plc, in respect of certain bank loan and overdraft facilities. At 31 March 2006 the total bank facilities available to the parent company amounted to £29,550,000 (2005 - £35,300,000) of which £25,843,000 (2005 - £28,250,000) had been utilised.

There are fixed and floating charges over the company's assets in respect of the above guarantees.

### 19. SHARE CAPITAL

#### Authorised share capital:

	2006 £	2005 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid:

	2006		2005	
	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>

### 20. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	75,106	(50,261,018)
Loss for the year	—	(2,466,954)
Other movements		
- transfer to/from revaluation reserve	(859)	859
Balance carried forward	<u>74,247</u>	<u>(52,727,113)</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006	2005
	£	£
Loss for the financial year	(2,466,954)	(28,446,959)
Opening shareholders' deficit	(49,185,912)	(20,738,953)
Closing shareholders' deficit	<u>(51,652,866)</u>	<u>(49,185,912)</u>

### 22. 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 Springstone House, 27 Dewsbury Road, Ossett, WF5 9WS.