

COMPANY REGISTRATION NUMBER 3088344

**CARCLO TECHNICAL PLASTICS LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**31 MARCH 2008**

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# **CARCLO TECHNICAL PLASTICS LIMITED**

## **ACCOUNTS**

**YEAR ENDED 31 MARCH 2008**

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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 Auditors  
Leeds

# CARCLO TECHNICAL PLASTICS LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2008

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The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 March 2008.

#### 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, teletronics and medical industries.

Following the acquisition of the trade and business assets of a fellow subsidiary undertaking on 31 March 2007 turnover during the year has increased to £34.6 million from £19.2 million in the previous year. Profit progression was held back by the transition costs associated with the integration of new business and reorganisation of the Slough facility costing £1.2 million.

We continue to win new contracts in our medical business. During the year we were nominated as development and production partner to two new inhaler programmes with very significant volume potential. Also our largest customer in medical diagnostics elected to sole source all of its single-use components from the company.

Over the last few years, as the medical and specialist businesses have grown, we have been reducing our exposure to automotive and telecom markets. By carefully managing this transition we have been able to redeploy assets and refurbish facilities with only modest capital expenditure. With medical growing strongly, we plan to exit from all of our remaining low quality automotive business during the current year. This will make space to absorb the new contracts we have won in the last year. After the year end it was announced that a small facility in Wales will close.

#### RESULTS AND DIVIDENDS

The loss for the year amounted to £1,186,469 (2007 - £107,719). The directors have not recommended a dividend (2007 - £nil).

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The major business risk is from the demands of the customer base for sourcing from low cost regions. 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 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:

	At 31 March 2008	At 1 April 2007
Mr R J Brooksbank	70,000	70,000
Mr E Cook	47,865	47,865
Mr I Williamson	<u>497,323</u>	<u>481,323</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 2008**

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

	Options held 1 Apr 2007	Granted in period	Lapsed in period	Options held 31 Mar 2008
Mr R J Brooksbank	351,000	73,000	-	424,000
Mr E Cook	210,000	34,000	-	244,000
Mr I Williamson	652,000	129,000	-	781,000

### **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 2008 the company had an average of 41 (31 March 2007 - 40) days purchases outstanding in trade creditors.

### **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.

### **POST BALANCE SHEET DATE EVENT**

The small facility at Llanelli was closed in June 2008 resulting in an exceptional operating charge of approximately £500k.

# CARCLO TECHNICAL PLASTICS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

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### 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

Approved by the directors on 28 January 2009.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 MARCH 2008**

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The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

# **CARCLO TECHNICAL PLASTICS LIMITED**

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

**YEAR ENDED 31 MARCH 2008**

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We have audited the accounts of Carclo Technical Plastics Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 SHAREHOLDERS OF CARCLO TECHNICAL PLASTICS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2008

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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 2008 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.

*KPMG Audit Ltd.*

KPMG AUDIT PLC  
Registered Auditors  
Leeds

*28 January 2009.*

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2008**

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	Note	2008 £	2007 £
<b>TURNOVER</b>	<b>2</b>	<b>34,630,970</b>	<b>19,220,912</b>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(880,153)</b>	<b>602,876</b>
Profit on disposal of fixed assets	<b>6</b>	–	96,154
Cost of restructuring the company	<b>7</b>	–	(560,914)
Interest payable and similar charges	<b>8</b>	<b>(319,510)</b>	<b>(1,220,460)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,199,663)</b>	<b>(1,082,344)</b>
Tax on loss on ordinary activities	<b>9</b>	<b>13,194</b>	<b>974,625</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(1,186,469)</b>	<b>(107,719)</b>

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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 11 to 22 form part of these accounts.

**CARCLO TECHNICAL PLASTICS LIMITED**  
**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**YEAR ENDED 31 MARCH 2008**

	2008	2007
	£	£
Reported loss on ordinary activities before taxation	(1,199,663)	(1,082,344)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	859	859
Historical cost loss on ordinary activities before taxation	<u>(1,198,804)</u>	<u>(1,081,485)</u>
Historical cost loss for the year after taxation	<u>(1,185,610)</u>	<u>(106,860)</u>

The notes on pages 11 to 22 form part of these accounts.

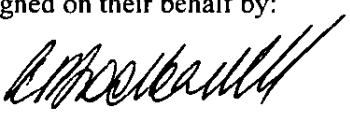
# CARCLO TECHNICAL PLASTICS LIMITED

## BALANCE SHEET

31 MARCH 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Intangible assets	10	4,940,826	5,200,870
Tangible assets	11	8,973,997	9,526,673
		<u>13,914,823</u>	<u>14,727,543</u>
<b>CURRENT ASSETS</b>			
Stocks	12	3,422,166	3,430,318
Debtors due within one year	13	12,507,525	10,046,307
Debtors due after one year	13	666,825	1,827,744
Cash at bank		616,206	729,164
		<u>17,212,722</u>	<u>16,033,533</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(8,831,414)</u>	<u>(7,374,694)</u>
<b>NET CURRENT ASSETS</b>		<u>8,381,308</u>	<u>8,658,839</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>22,296,131</u>	<u>23,386,382</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16	<u>(15,407,341)</u>	<u>(15,311,123)</u>
		<u>6,888,790</u>	<u>8,075,259</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	20	1,000,001	1,000,001
Revaluation reserve	21	72,529	73,388
Profit and loss account	21	5,816,260	7,001,870
<b>SHAREHOLDERS' FUNDS</b>	22	<u>6,888,790</u>	<u>8,075,259</u>

These accounts were approved by the directors and authorised for issue on 28 January 2009, and are signed on their behalf by:

  
Mr R J Brooksbank  
Director

  
Mr E Cook  
Director

The notes on pages 11 to 22 form part of these accounts.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2008**

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### **1. 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.

#### **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.

#### **Turnover**

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

#### **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. 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.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2008**

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

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

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.

#### **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.

# **CARCLO TECHNICAL PLASTICS LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2008**

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

#### **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.

#### **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.

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 2. TURNOVER

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

An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	19,897,563	10,775,435
Rest of Europe	7,830,451	4,177,282
Rest of world	6,902,956	4,268,195
	<u>34,630,970</u>	<u>19,220,912</u>

### 3. OPERATING (LOSS)/PROFIT

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

	2008 £	2007 £
Turnover	34,630,970	19,220,912
Finished goods and work in progress stock change	86,533	(196,868)
Raw materials and consumables	(15,088,339)	(10,676,030)
Employee costs (note 4)	(10,752,693)	(4,490,958)
Depreciation - owned assets	(1,511,550)	(528,577)
Goodwill amortisation	(260,044)	—
Rationalisation costs	(1,177,458)	(82,288)
Government grant released	103,230	112,620
Operating lease rentals - plant and machinery	(153,226)	(105,995)
Operating lease rentals - property	(552,379)	(107,308)
Auditors' remuneration - audit work	(19,800)	(14,000)
Auditors' remuneration - other services	—	(1,500)
Management charge	(620,000)	(400,000)
Other operating charges	(5,565,397)	(2,127,132)
	<u>(880,153)</u>	<u>602,876</u>

The rationalisation costs comprised redundancy costs of £544,681 (2007 - £82,288), fixed asset write offs of £150,015 (2007 - £nil) and other operating charges of £482,762 (2007 - £nil).



# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 429 (2007 - 202).

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	9,566,775	4,023,044
Social security costs	903,304	344,447
Other pension costs	282,614	123,467
	<u>10,752,693</u>	<u>4,490,958</u>

### 5. DIRECTORS' EMOLUMENTS

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

	2008 £	2007 £
Emoluments receivable	<u>-</u>	<u>-</u>

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

	2008 No	2007 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 £577,082 (2007 - £517,897), 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.

### 6. PROFIT ON DISPOSAL OF FIXED ASSETS

	2008 £	2007 £
Profit on disposal of fixed assets	<u>-</u>	<u>96,154</u>

The profit on disposal of fixed assets relates to the sale of the property at Eaglescliffe.

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 7. COST OF REORGANISATION OR RESTRUCTURING

	2008	2007
	£	£
Cost of restructuring company	—	560,914

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

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	320,931	104,000
Other inter company interest payable	—	1,121,109
Bank interest receivable	(1,421)	(4,649)
	<u>319,510</u>	<u>1,220,460</u>

### 9. TAXATION ON ORDINARY ACTIVITIES

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

	2008	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(82,903)	(501,248)
Adjustment in respect of prior years	<u>1,137,917</u>	<u>154,576</u>
Total current tax	<u>1,055,014</u>	<u>(346,672)</u>
Deferred tax:		
Origination and reversal of timing differences in current year	(38,316)	174,281
Adjustments in respect of prior years:		
Origination and reversal of timing differences	(881,542)	(802,234)
Impact of change to IBAs	<u>(148,350)</u>	<u>—</u>
Tax on loss on ordinary activities	<u>(13,194)</u>	<u>(974,625)</u>

The adjustment in respect of prior years in current tax relates to the disclaiming of capital allowances.

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 9. TAXATION ON ORDINARY ACTIVITIES *(continued)*

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

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 - 30%).

The reasons are as follows:

	2008 £	2007 £
Loss on ordinary activities before taxation	<u>(1,199,663)</u>	<u>(1,082,344)</u>
Loss on ordinary activities by rate of tax	(359,899)	(324,703)
Capital allowances in excess of depreciation	222,791	(140,495)
Permanent differences	22,757	(2,264)
Prior year adjustment	1,137,917	154,576
Short term timing differences	31,448	(33,786)
Total current tax (note 9(a))	<u>1,055,014</u>	<u>(346,672)</u>

### 10. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 April 2007 and 31 March 2008	<u>5,200,870</u>
<b>AMORTISATION</b>	
Charge for the year	260,044
At 31 March 2008	<u>260,044</u>
<b>NET BOOK VALUE</b>	
At 31 March 2008	<u>4,940,826</u>
At 31 March 2007	<u>5,200,870</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Short Leasehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 April 2007	4,292,239	945,062	25,810,340	28,399	31,076,040
Additions - external	30,213	–	1,320,120	–	1,350,333
- group	–	–	274,739	–	274,739
Disposals - ordinary	–	–	(1,790,797)	(28,399)	(1,819,196)
- exceptional	–	–	(984,272)	–	(984,272)
<b>At 31 March 2008</b>	<b>4,322,452</b>	<b>945,062</b>	<b>24,630,130</b>	<b>–</b>	<b>29,897,644</b>
<b>DEPRECIATION</b>					
At 1 April 2007	528,123	188,178	20,804,667	28,399	21,549,367
Charge for the year	72,851	103,799	1,334,900	–	1,511,550
On disposals					
- ordinary	–	–	(1,274,614)	(28,399)	(1,303,013)
- exceptional	–	–	(834,257)	–	(834,257)
<b>At 31 March 2008</b>	<b>600,974</b>	<b>291,977</b>	<b>20,030,696</b>	<b>–</b>	<b>20,923,647</b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2008</b>	<b>3,721,478</b>	<b>653,085</b>	<b>4,599,434</b>	<b>–</b>	<b>8,973,997</b>
At 31 March 2007	3,764,116	756,884	5,005,673	–	9,526,673

Included in freehold land and buildings is land valued at £700,000 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:

	2008 £	2007 £
Cost	4,345,713	4,315,500
Cumulative depreciation based on cost	696,764	624,777

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 12. STOCKS

	2008	2007
	£	£
Raw materials	1,385,359	1,480,044
Work in progress	185,788	181,055
Finished goods	1,851,019	1,769,219
	<u>3,422,166</u>	<u>3,430,318</u>

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

### 13. DEBTORS

Due within one year

	2008	2007
	£	£
Trade debtors	5,773,875	7,625,898
Amounts owed by group undertakings	4,155,315	330,395
Corporation tax repayable	82,901	549,939
Other debtors	125,166	204,059
Prepayments and accrued income	291,170	325,126
Deferred taxation (note 14)	2,079,098	1,010,890
	<u>12,507,525</u>	<u>10,046,307</u>

Due after more than one year:

	2008	2007
	£	£
Amounts owed by group undertakings	<u>666,825</u>	<u>1,827,744</u>

Amounts owed by group undertakings are non interest bearing, unsecured and have no fixed payment date.

### 14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2008	2007
	£	£
Included in debtors (note 13)	<u>2,079,098</u>	<u>1,010,890</u>

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	1,010,890	-
Profit and loss account movement arising during the year	1,068,208	627,953
Acquired on purchase of business	-	382,937
Balance carried forward	<u>2,079,098</u>	<u>1,010,890</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 14. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of depreciation over taxation allowances	2,079,098	573,744
Tax losses available	-	54,209
Acquired on purchase of business	-	382,937
	<u>2,079,098</u>	<u>1,010,890</u>

There is an unrecognised deferred tax asset of £685,700 (2007 - £715,539) in relation to prior period trading losses. 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.

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

	2008 £	2007 £
Overdrafts	4,198,518	839,566
Trade creditors	2,227,360	3,204,153
Amounts owed to group undertakings	410,067	1,201,802
Other taxation and social security	504,520	472,785
Other creditors	327,536	270,273
Accruals and deferred income	1,163,413	1,386,115
	<u>8,831,414</u>	<u>7,374,694</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%.

Amounts owed to group undertakings are non interest bearing, unsecured and have no fixed payment date.

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

	2008 £	2007 £
Amounts owed to group undertakings	15,407,341	15,243,045
Accruals and deferred income	-	68,078
	<u>15,407,341</u>	<u>15,311,123</u>

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 17. 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 £78,499 (2007 - £20,840). Contributions amounting to £9,562 (2007 - £3,011) were payable to the scheme at the year end and are included in creditors.

### 18. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	55,527	-	31,709
Within 2 to 5 years	560,000	104,207	63,256	52,256
After more than 5 years	-	-	496,800	-
	<u>560,000</u>	<u>159,734</u>	<u>560,056</u>	<u>83,965</u>

### 19. CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2008 the overdraft facilities amounted to £10,500,000 (2007 - £2,830,000) of which £3,157,000 (2007 - £110,000) 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 2008 the total bank facilities available to the parent company amounted to £20,000,000 (2007 - £29,550,000) of which £14,281,000 (2007 - £13,155,000) had been utilised.

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

# CARCLO TECHNICAL PLASTICS LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2008

### 20. SHARE CAPITAL

#### Authorised share capital:

	2008 £	2007 £
1,001,000 Ordinary shares of £1 each	<u>1,001,000</u>	<u>1,001,000</u>

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

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000,001</u>	<u>1,000,001</u>	<u>1,000,001</u>	<u>1,000,001</u>

### 21. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	73,388	7,001,870
Loss for the year	—	(1,186,469)
Transfer from revaluation reserve	(859)	859
Balance carried forward	<u>72,529</u>	<u>5,816,260</u>

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(1,186,469)	(107,719)
New equity share capital subscribed	—	1
Less capitalised from reserves	—	59,835,843
Net (reduction)/addition to shareholders' funds/(deficit)	(1,186,469)	59,728,125
Opening shareholders' funds/(deficit)	<u>8,075,259</u>	<u>(51,652,866)</u>
Closing shareholders' funds	<u>6,888,790</u>	<u>8,075,259</u>

### 23. POST BALANCE SHEET DATE EVENT

The small facility at Llanelli was closed in June 2008 resulting in an exceptional operating charge of approximately £500k.

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