

COMPANY REGISTRATION NUMBER 3088344

**CARCLO TECHNICAL PLASTICS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**

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CARCLO TECHNICAL PLASTICS LIMITED

ACCOUNTS

YEAR ENDED 31 MARCH 2009

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CARCLO TECHNICAL PLASTICS LIMITED

COMPANY INFORMATION

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 *(continued)*

YEAR ENDED 31 MARCH 2009

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 March 2009.

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.

Last year we took the decision to exit low margin automotive moulding. This was completed by October 2008 and involved the closure of our small facility in Wales. The timing was indeed fortunate as automotive demand collapsed soon afterwards. In addition, as the economy deteriorated, we pulled forward the planned exit from the Slough facility in order to reduce the company's cost base and have upgraded our Scottish plant for optical moulding. This completes the long programme of reorganisation of the company and we do not plan further significant rationalisation measures.

During the year, turnover fell from £34.6 million to £24.4 million. However operating profit before rationalisation costs and amortisation increased from £0.6 million to £0.7m due to the shift in business from automotive moulding to medical moulding and LED optics.

Demand in our second half was subdued compared with a strong first half performance. We have seen some quite significant reductions in schedules from customers in the electronics industry and also in the small balance remaining in automotive markets, mainly in specialised optics. We have also seen some evidence of modest inventory corrections at a small number of our medical customers. Demand has now stabilised, however, and schedules in our medical business now reflect some modest growth.

We continue to win new medical programmes and are also benefiting from the growth of long standing customers. We have two active inhaler programmes - one of which is now moving into full scale manufacturing development - in preparation for product launch over the next two years. Our niche LED optics business continues to deliver good growth. We continue to invest in new products for this business and have increased technical and sales resources.

RESULTS AND DIVIDENDS

The loss for the year amounted to £797,707 (2008 - £1,186,469). The directors have not recommended a dividend (2008 - £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.

Over the past year the major world economies have gone into a sharp recession. This introduces volatility and uncertainty. However the company serves a number of markets such as medical which are detached from general consumer activity and have so far been largely unaffected by the global recession. Should demand be impacted in these markets the company has a proven track record in acting swiftly to re-balance the supply base with demand.

The company uses engineering polymers to produce finished products. Polymers are produced from feedstock which is linked to oil and polymer prices. This potentially introduces volatility in the cost of raw materials. The risk is managed by negotiating pass through pricing whereby our customer accepts the risk of movements in base polymer prices.

The company's principal energy requirement is for electricity, the cost of which has risen well above inflation. To mitigate the risk of price volatility the company is part of a UK pool which enters into fixed tariffs on rolling contracts, typically six months in duration.

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

The company has revenues in various currencies and therefore faces a transaction risk as currencies fluctuate. The company aims to mitigate this risk through a natural hedge whereby sales revenues and costs in each currency are matched as far as practicable.

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 2009	At 1 April 2008
Mr R J Brooksbank	100,000	70,000
Mr E Cook	47,865	47,865
Mr I Williamson	<u>504,223</u>	<u>497,323</u>

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

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

	Options held 1 Apr 2008	Granted in period	Lapsed in period	Options held 31 Mar 2009
Mr R J Brooksbank	424,000	73,000	-	497,000
Mr E Cook	244,000	34,000	-	278,000
Mr I Williamson	781,000	129,000	-	910,000

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 2009 the company had an average of 46 (31 March 2008 - 41) days purchases outstanding in trade creditors.

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

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 25 January 2010

CARCLO TECHNICAL PLASTICS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2009

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARCLO TECHNICAL PLASTICS LIMITED

YEAR ENDED 31 MARCH 2009

We have audited the accounts of Carclo Technical Plastics Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Note of Historical 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARCLO
TECHNICAL PLASTICS LIMITED** *(continued)*

YEAR ENDED 31 MARCH 2009

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 2009 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 PLC
Registered Auditors
Leeds

25 January 2010

CARCLO TECHNICAL PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
TURNOVER	2	24,442,492	34,630,970
OPERATING LOSS	3	(1,868,499)	(880,153)
Net interest payable	6	(169,076)	(319,510)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,037,575)	(1,199,663)
Tax on loss on ordinary activities	7	1,239,868	13,194
LOSS FOR THE FINANCIAL YEAR		<u>(797,707)</u>	<u>(1,186,469)</u>

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

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 2009

	2009	2008
	£	£
Reported loss on ordinary activities before taxation	(2,037,575)	(1,199,663)
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>(2,036,716)</u>	<u>(1,198,804)</u>
Historical cost loss for the year after taxation	<u>(796,848)</u>	<u>(1,185,610)</u>

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

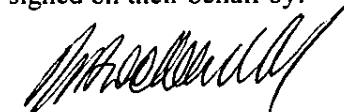
CARCLO TECHNICAL PLASTICS LIMITED

BALANCE SHEET

31 MARCH 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Intangible assets	8	4,680,782	4,940,826
Tangible assets	9	8,012,741	8,973,997
		<u>12,693,523</u>	<u>13,914,823</u>
CURRENT ASSETS			
Stocks	10	2,728,396	3,422,166
Debtors	11	10,951,772	13,174,350
of which due after one year	11	2,425,106	666,825
Cash at bank and in hand		446,246	616,206
		<u>14,126,414</u>	<u>17,212,722</u>
CREDITORS: Amounts falling due within one year	13	<u>(4,742,738)</u>	<u>(8,831,414)</u>
NET CURRENT ASSETS		<u>9,383,676</u>	<u>8,381,308</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,077,199</u>	<u>22,296,131</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(15,986,116)</u>	<u>(15,407,341)</u>
NET ASSETS		<u>6,091,083</u>	<u>6,888,790</u>
CAPITAL AND RESERVES			
Called-up share capital	18	1,000,001	1,000,001
Revaluation reserve	19	71,670	72,529
Profit and loss account	19	5,019,412	5,816,260
SHAREHOLDERS' FUNDS	20	<u>6,091,083</u>	<u>6,888,790</u>

These accounts were approved by the directors and authorised for issue on 25 January 2010, 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.

YEAR ENDED 31 MARCH 2009

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 *(continued)*

YEAR ENDED 31 MARCH 2009

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 - 33%
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 *(continued)*

YEAR ENDED 31 MARCH 2009

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 substantively 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 *(continued)*

YEAR ENDED 31 MARCH 2009

2. TURNOVER

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

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	14,267,447	19,897,563
Rest of Europe	7,007,079	7,830,451
Rest of world	3,167,966	6,902,956
	<u>24,442,492</u>	<u>34,630,970</u>

3. OPERATING LOSS

The operating loss is arrived at as follows:

	2009 £	2008 £
Turnover	24,442,492	34,630,970
Finished goods and work in progress stock change	(387,616)	86,533
Raw materials and consumables	(8,040,549)	(15,088,339)
Employee costs (note 4)	(8,304,705)	(10,752,693)
Depreciation - owned assets	(1,190,869)	(1,511,550)
Goodwill amortisation	(260,044)	(260,044)
Rationalisation costs	(2,273,954)	(1,177,458)
Government grant released	77,468	103,230
Operating lease rentals - plant and machinery	(134,653)	(153,226)
Operating lease rentals - property	(525,789)	(552,379)
Auditors' remuneration - audit work	(18,867)	(19,800)
Management charge	(620,000)	(620,000)
Other operating charges	(4,631,413)	(5,565,397)
	<u>(1,868,499)</u>	<u>(880,153)</u>

The rationalisation costs comprised redundancy costs of £472,722 (2008 - £544,681), fixed asset write offs of £369,000 (2008 - £150,015), provisions in respect of onerous leases of £1,070,000 (2008 - £nil) and other operating charges of £362,232 (2008 - £482,762).

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 318 (2008 - 429).

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	7,366,003	9,566,775
Social security costs	691,471	903,304
Other pension costs	247,231	282,614
	<u>8,304,705</u>	<u>10,752,693</u>
Redundancy costs	472,722	544,681

5. DIRECTORS' EMOLUMENTS

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

	2009 £	2008 £
Emoluments receivable	<u>—</u>	<u>—</u>

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

	2009 No	2008 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 £530,277 (2008 - £577,082), 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. NET INTEREST PAYABLE

	2009 £	2008 £
Interest payable on bank borrowing	169,076	320,931
Bank interest receivable	<u>—</u>	<u>(1,421)</u>
	<u>169,076</u>	<u>319,510</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(720,097)	(82,903)
Adjustment in respect of prior years	(555,468)	1,137,917
Total current tax	<u>(1,275,565)</u>	<u>1,055,014</u>
Deferred tax:		
Origination and reversal of timing differences in current year	210,770	(38,316)
Adjustments in respect of prior years:		
Origination and reversal of timing differences	(175,073)	(881,542)
Impact of change in IBAs	–	(148,350)
Tax on loss on ordinary activities	<u>(1,239,868)</u>	<u>(13,194)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

The reasons are as follows:

	2009 £	2008 £
Loss on ordinary activities before taxation	<u>(2,037,575)</u>	<u>(1,199,663)</u>
Loss on ordinary activities by rate of tax	(570,521)	(359,899)
Capital allowances in excess of depreciation	(201,458)	222,791
Permanent differences	22,218	22,757
Prior year adjustment	(555,468)	1,137,917
Short term timing differences	29,664	31,448
Total current tax (note 7(a))	<u>(1,275,565)</u>	<u>1,055,014</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 April 2008 and 31 March 2009	<u>5,200,870</u>
AMORTISATION	
At 1 April 2008	260,044
Charge for the year	260,044
At 31 March 2009	<u>520,088</u>
NET BOOK VALUE	
At 31 March 2009	<u>4,680,782</u>
At 31 March 2008	<u>4,940,826</u>

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Short Leasehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2008	4,322,452	945,062	24,630,130	–	29,897,644
Additions	–	–	1,063,116	27,020	1,090,136
Disposals	–	–	(2,514,440)	–	(2,514,440)
Reallocation	–	357,709	(357,709)	–	–
At 31 March 2009	<u>4,322,452</u>	<u>1,302,771</u>	<u>22,821,097</u>	<u>27,020</u>	<u>28,473,340</u>
DEPRECIATION					
At 1 April 2008	600,974	291,977	20,030,696	–	20,923,647
Charge for the year	69,404	103,799	1,012,600	5,066	1,190,869
Exceptional impairment	–	310,000	59,000	–	369,000
On disposals	–	–	(2,207,210)	–	(2,207,210)
On group additions	–	–	184,293	–	184,293
Reallocation	–	350,025	(350,025)	–	–
At 31 March 2009	<u>670,378</u>	<u>1,055,801</u>	<u>18,729,354</u>	<u>5,066</u>	<u>20,460,599</u>
NET BOOK VALUE					
At 31 March 2009	<u>3,652,074</u>	<u>246,970</u>	<u>4,091,743</u>	<u>21,954</u>	<u>8,012,741</u>
At 31 March 2008	<u>3,721,478</u>	<u>653,085</u>	<u>4,599,434</u>	–	<u>8,973,997</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

9. TANGIBLE FIXED ASSETS *(continued)*

Included in freehold land and buildings is land valued at £700,000 (2008 - £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:

	2009	2008
	£	£
Cost	4,345,713	4,345,713
Cumulative depreciation based on cost	765,309	696,764

10. STOCKS

	2009	2008
	£	£
Raw materials	1,079,205	1,385,359
Work in progress	127,059	185,788
Finished goods	1,522,132	1,851,019
	<u>2,728,396</u>	<u>3,422,166</u>

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

11. DEBTORS

Due within one year

	2009	2008
	£	£
Trade debtors	2,835,173	5,773,875
Amounts owed by group undertakings	2,087,214	4,155,315
Corporation tax	720,097	82,901
Other debtors	373,132	125,166
Prepayments and accrued income	467,649	291,170
Deferred taxation (note 12)	2,043,401	2,079,098
	<u>8,526,666</u>	<u>12,507,525</u>

Due after more than one year:

	2009	2008
	£	£
Amounts owed by group undertakings	<u>2,425,106</u>	<u>666,825</u>

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

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

12. DEFERRED TAXATION

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

	2009 £	2008 £
Included in debtors (note 11)	<u>2,043,401</u>	<u>2,079,098</u>

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

	2009 £	2008 £
Balance brought forward	2,079,098	1,010,890
Profit and loss account movement arising during the year	(35,697)	1,068,208
Balance carried forward	<u>2,043,401</u>	<u>2,079,098</u>

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

	2009 £	2008 £
Excess of depreciation over taxation allowances	1,357,401	2,079,098
Tax losses	686,000	-
	<u>2,043,401</u>	<u>2,079,098</u>

There was an unrecognised deferred tax asset of £685,700 in the prior year. This had not been recognised due to uncertainty as to when relief would be obtained. This asset has been recognised in the current year because it is now clear that this relief will be obtained in the near future.

13. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Overdrafts	978,057	4,198,518
Trade creditors	1,798,302	2,227,360
Amounts owed to group undertakings	151,129	410,067
Other taxation and social security	98,322	504,520
Other creditors	654,531	327,536
Accruals and deferred income	1,062,397	1,163,413
	<u>4,742,738</u>	<u>8,831,414</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.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

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

	2009 £	2008 £
Amounts owed to group undertakings	15,391,116	15,407,341
Provision for site closure costs	595,000	—
	<u>15,986,116</u>	<u>15,407,341</u>

Amounts owed to group undertakings are non interest bearing.

The provision for site closure costs was established at 31 March 2009. This arises in respect of the closure of the Slough facility and relates to ongoing lease and other property related costs which are now deemed to be onerous.

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 £74,793 (2008 - £78,499). Contributions amounting to £5,606 (2008 - £9,562) were payable to the scheme at the year end and are included in creditors.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	7,998	-	55,527
Within 2 to 5 years	472,000	91,654	560,000	104,207
	<u>472,000</u>	<u>99,652</u>	<u>560,000</u>	<u>159,734</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

17. CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2009 the overdraft facilities amounted to £10,500,000 (2008 - £10,500,000) of which £1,652,000 (2008 - £3,157,000) 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 2009 the total bank facilities available to the parent company amounted to £20,000,000 (2008 - £20,000,000) of which £19,342,000 (2008 - £14,281,000) had been utilised.

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

18. SHARE CAPITAL

Authorised share capital:

	2009 £	2008 £
1,001,000 Ordinary shares of £1 each	<u>1,001,000</u>	<u>1,001,000</u>

Allotted, called up and fully paid:

	2009		2008	
	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>

19. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	72,529	5,816,260
Loss for the year	-	(797,707)
Other movements		
- transfer to/from revaluation reserve	(859)	859
Balance carried forward	<u>71,670</u>	<u>5,019,412</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Loss for the financial year	<u>(797,707)</u>	<u>(1,186,469)</u>
Net reduction to shareholders' funds	<u>(797,707)</u>	<u>(1,186,469)</u>
Opening shareholders' funds	<u>6,888,790</u>	<u>8,075,259</u>
Closing shareholders' funds	<u>6,091,083</u>	<u>6,888,790</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS *(continued)*

YEAR ENDED 31 MARCH 2009

21. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £134,950 (2008 - £Nil).

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.