

COMPANY REGISTRATION NUMBER 3088344

CARCLO TECHNICAL PLASTICS LIMITED
REPORT AND ACCOUNTS
31 MARCH 2005



CARCLO TECHNICAL PLASTICS LIMITED

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YEAR ENDED 31 MARCH 2005

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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

Auditors

Ernst & Young LLP
Registered Auditor
Leeds

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2005

The directors present their report and the accounts of the company for the year ended 31 March 2005.

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.

During the year further rationalisation took place in order to match capacity to demand and the directors are satisfied with the progress made to reduce the cost base of the company.

Results and dividends

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

The directors have not recommended a dividend.

The directors and their interests in 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 2005	At 1 April 2004
Mr R J Brooksbank	33,818	-
Mr E Cook	30,000	30,000
Mr I Williamson	<u>385,505</u>	<u>352,041</u>

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

Mr R J Brooksbank was appointed on 1 April 2004.

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

	Options held 1 Apr 2004	Granted in period	Lapsed in period	Options held 31 Mar 2005
Mr R J Brooksbank	-	210,000	-	210,000
Mr E Cook	154,000	50,000	20,000	184,000
Mr I Williamson	574,000	-	-	574,000
	8,649+	-	8,649+	-

+ indicates granted under Carclo Sharesave Option Scheme 2000.

Policy on the payment of creditors

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

At 31 March 2005 the company had an average of 48 (2004 – 56) days purchases outstanding in trade creditors.

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2005

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those accounts, the directors are required to:

select suitable accounting policies, as described on pages 10 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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

prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disabled employees

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

Employee involvement

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

Post balance sheet event

On 7 June 2005 the company announced the closure of its manufacturing site at Eaglescliffe. An impairment review of the assets was undertaken at the year end and it was anticipated that they would realise their carrying values.

CARCLO TECHNICAL PLASTICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2005

Auditors

Ernst & Young LLP have notified the company of their intention not to seek re-election as the company's auditors at the forthcoming annual general meeting.

A resolution to appoint KPMG LLP as the company's auditors will be put to the members at the forthcoming annual general meeting.

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: 1 December 2005

CARCLO TECHNICAL PLASTICS LIMITED

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

YEAR ENDED 31 MARCH 2005

We have audited the company's accounts for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note on Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 26. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

Fundamental accounting concept

The company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The parent company has agreed to provide sufficient funds to the company for these purposes; it has also agreed not to recall the amounts advanced to the company which as at 31 March 2005 amounted to £54,115,585 (see notes 16 and 17) until all other creditors have been met. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would result should continuing finance cease to be made available.

CARCLO TECHNICAL PLASTICS LIMITED

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

YEAR ENDED 31 MARCH 2005

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Leeds

Date: *1 December 2005*

CARCLO TECHNICAL PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
Turnover			
Continuing operations		22,739,352	24,905,114
Discontinued operations		—	1,277,119
	3	<u>22,739,352</u>	<u>26,182,233</u>
Operating loss:			
Continuing operations		(25,917,865)	(2,436,927)
Discontinued operations		—	(326,594)
	4	<u>(25,917,865)</u>	<u>(2,763,521)</u>
Profit on disposal of fixed assets	7	—	246,000
Loss on disposal of discontinued operations	8	—	(5,393,624)
		<u>(25,917,865)</u>	<u>(7,911,145)</u>
Net interest payable	9	2,403,829	2,420,109
Loss on ordinary activities before taxation		<u>(28,321,694)</u>	<u>(10,331,254)</u>
Tax on loss on ordinary activities	11	125,265	(1,829,888)
Loss for the financial year	24	<u>(28,446,959)</u>	<u>(8,501,366)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss of £28,446,959 attributable to the shareholders for the year ended 31 March 2005 (2004 - loss of £8,501,366).

The notes on pages 10 to 22 form part of these accounts.

CARCLO TECHNICAL PLASTICS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31 MARCH 2005

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2005	2004
	£	£
Reported loss on ordinary activities before taxation	(28,321,694)	(10,331,254)
<i>Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount</i>	<u>859</u>	<u>859</u>
Historical cost loss on ordinary activities before taxation	<u>(28,320,835)</u>	<u>(10,330,395)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(28,446,100)</u>	<u>(8,500,507)</u>

The notes on pages 10 to 22 form part of these accounts.

CARCLO TECHNICAL PLASTICS LIMITED

BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
Fixed assets			
Intangible assets	12	—	26,333,337
Tangible assets	13	5,390,253	6,598,664
		<u>5,390,253</u>	<u>32,932,001</u>
Current assets			
Stocks	14	2,191,965	2,932,717
Debtors	15	10,040,708	8,602,175
Cash in hand		706,482	209,245
		<u>12,939,155</u>	<u>11,744,137</u>
Creditors: amounts falling due within one year	16	<u>13,201,841</u>	<u>11,796,956</u>
Net current liabilities		<u>(262,686)</u>	<u>(52,819)</u>
Total assets less current liabilities		<u>5,127,567</u>	<u>32,879,182</u>
Creditors: amounts falling due after more than one year	17	<u>54,313,479</u>	<u>53,618,135</u>
Net liabilities		<u>(49,185,912)</u>	<u>(20,738,953)</u>
Capital and reserves			
Called-up equity share capital	22	1,000,000	1,000,000
Revaluation reserve	23	75,106	75,965
Profit and loss account	23	(50,261,018)	(21,814,918)
Equity shareholders' deficit	24	<u>(49,185,912)</u>	<u>(20,738,953)</u>



Mr R J Brooksbank
Director



Mr E Cook
Director

Date: 1 December 2005

The notes on pages 10 to 22 form part of these accounts.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

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, as modified by the revaluation of certain fixed assets, and in accordance with applicable United Kingdom company law and 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.

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 2005

2. Accounting policies *(continued)*

Depreciation

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

Freehold 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.

In the year ended 31 March 2005 the depreciable lives of certain items of plant and machinery were reviewed as a consequence of low utilisation levels in recent years resulting in their useful lives exceeding their current depreciable lives. As a consequence these asset lives were extended from 10 years to 12 years. The impact on the annual depreciation charge was to reduce it by £176,000.

Stocks

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

Hire purchase and leased assets

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

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

Pensions

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

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

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

2. Accounting policies *(continued)*

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.

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:

	2005	2004
	£	£
United Kingdom	17,295,430	19,370,837
Rest of Europe	3,718,976	5,034,040
Rest of World	1,724,946	1,777,356
	<u>22,739,352</u>	<u>26,182,233</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

4. Operating loss

The operating loss is arrived at as follows:

	Continuing Operations £	Discontinued Operations £	Total £
Year ended 31 March 2005			
Turnover	22,739,352	-	22,739,352
Finished goods and work in progress stock change	223,786	-	223,786
Raw materials and consumables	(11,845,278)	-	(11,845,278)
Employee costs (note 5)	(7,132,074)	-	(7,132,074)
Depreciation - owned assets	(1,022,701)	-	(1,022,701)
Goodwill amortisation	(1,462,963)	-	(1,462,963)
Goodwill impairment	(24,870,374)	-	(24,870,374)
Exceptional item	(29,387)	-	(29,387)
Government grant released	84,996	-	84,996
Operating lease rentals - plant and machinery	(120,722)	-	(120,722)
Operating lease rentals - property	(179,683)	-	(179,683)
Auditors' remuneration	(25,500)	-	(25,500)
Management charge	(400,000)	-	(400,000)
Other operating charges	(1,877,317)	-	(1,877,317)
	<u>(25,917,865)</u>	<u>-</u>	<u>(25,917,865)</u>

The exceptional item included above related to the completion of rationalisation of the moulding activities at Hatfield.

Year ended 31 March 2004

Turnover	24,905,114	1,277,119	26,182,233
Finished goods and work in progress stock change	(206,596)	121,603	(84,993)
Raw materials and consumables	(11,754,962)	(508,835)	(12,263,797)
Employee costs (note 5)	(8,836,088)	(641,486)	(9,477,574)
Depreciation - owned assets	(1,163,968)	(109,571)	(1,273,539)
Depreciation - assets held under finance leases	(32,078)	(14,364)	(46,442)
Goodwill amortisation	(1,462,963)	-	(1,462,963)
Exceptional item	(357,000)	-	(357,000)
Government grant released	84,996	-	84,996
Operating lease rentals - plant and machinery	(138,790)	(12,594)	(151,384)
Operating lease rentals - property	(330,413)	(70,000)	(400,413)
Auditors' remuneration	(27,000)	-	(27,000)
Management charge	(400,000)	-	(400,000)
Other operating charges	(2,717,179)	(368,466)	(3,085,645)
	<u>(2,436,927)</u>	<u>(326,594)</u>	<u>(2,763,521)</u>

The exceptional item included above related to the rationalisation of the moulding activities at Hatfield.

The costs were primarily redundancy costs.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

5. Particulars of employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 337 (2004 - 476).

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	6,379,504	8,442,318
Social security costs	551,604	786,696
Other pension costs	200,966	248,560
	<u>7,132,074</u>	<u>9,477,574</u>

6. Directors' emoluments

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

	2005	2004
	£	£
Emoluments receivable	<u>2</u>	<u>-</u>

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

	2005	2004
	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 £420,654 (2004 - Mr I Williamson, Mr C Mawe, Mr E Cook and Mr R Salt - £461,371), 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. Profit on disposal of fixed assets

In the prior year the profit on disposal of fixed assets related to the disposal of the property at Hatfield.

8. Loss on termination of discontinued operations

In the prior year the in house tool manufacturing operations were closed. The closure of the moulding operations in Hatfield were also completed. These closures resulted in a charge of £5,393,624 which included £1,125,357 excess depreciation charge to write down the tooling fixed assets to net realisable value.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

9. Net Interest payable

	2005	2004
	£	£
Interest payable on bank borrowing	116,925	204,872
Finance charges	2,987	15,540
Other inter company interest payable	2,286,060	2,199,697
Bank interest receivable	(2,143)	–
	<u>2,403,829</u>	<u>2,420,109</u>

10. Pensions

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

The group scheme is a defined benefit scheme, the assets of which are held in a trustee administered fund separate from those of the group. The scheme is no longer open to new entrants and has a rising age profile of members hence, under the projected unit method for determining scheme liabilities, the current service cost will increase as the members approach retirement.

The company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis for the purposes of FRS17.

The most recent full actuarial valuation of the scheme was performed at 31 March 2004 using the projected unit cost method. Since then the valuation has been updated by the scheme's actuary to assess the liabilities of the scheme as at 31 March 2005. This actuarial valuation revealed that the market value of assets was sufficient to cover only 89% (2004 - 90%) of the liabilities of the scheme. Full details of this valuation are given in the accounts of Carclo plc.

On the advice of the schemes' actuary the group made cash contributions to the scheme amounting to £2,423,000 during the financial year (2004 - £2,452,000). The SSAP 24 valuation showed a surplus applicable to the group amounting to £nil (2004 - surplus £nil). £1,462,000 has been charged to the group profit and loss account in respect of pensions during the year (2004 - £1,352,000). The total contributions made by the company to the schemes during the year were £200,966 (2004 - £248,560).

The financial assumptions used in calculating the liabilities for the scheme as at 31 March 2005 under FRS 17 are disclosed in full in the accounts of Carclo plc. In summary these are as follows:

Discount rate for assessing plan liabilities	5.5%
Rate of increase in salaries	3.0%
Rate of increase in pensions in payment	2.5% to 4.0%
Inflation rate	2.5%

The fair value of the assets held by the scheme as at 31 March 2005, along with the liabilities on the above basis, are as follows:

	Value as at 31 March 2005
	£
Total market value of assets	131,468,000
Present value of plan liabilities	<u>(155,877,000)</u>
Deficit in the schemes	(24,409,000)
Related deferred tax asset	<u>7,322,700</u>
Net pension liability	<u>(17,086,300)</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

11. Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	(402,565)	(1,783,954)
Adjustment in respect of prior years	527,830	552,323
Total current tax	125,265	(1,231,631)
Deferred tax:		
Origination and reversal of timing differences	—	(598,257)
Tax on loss on ordinary activities	125,265	(1,829,888)

(b) Factors affecting current tax charge

The tax charge/(credit) differs from the standard rate of corporation tax in the UK of 30% (2004 - 30%) for the following reasons:

	2005 £	2004 £
Loss on ordinary activities before taxation	(28,321,694)	(10,331,254)
Loss on ordinary activities at standard rate of tax of 30% (2004 - 30%)	(8,496,508)	(3,099,376)
Depreciation in excess of capital allowances	207,203	717,089
Permanent differences	7,912,239	454,033
Prior year adjustment	527,830	552,323
Short term timing differences	(25,499)	144,300
Total current tax (note 11(a))	125,265	(1,231,631)

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

12. Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2004 and 31 March 2005	<u>36,695,718</u>
Amortisation	
At 1 April 2004	10,362,381
Charge for the year	1,462,963
Impairment	<u>24,870,374</u>
At 31 March 2005	<u>36,695,718</u>
Net book value	
At 31 March 2005	—
At 31 March 2004	<u>26,333,337</u>

13. Tangible fixed assets

	Freehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or valuation				
At 1 April 2004	3,041,556	16,603,375	94,805	19,739,736
Additions - non group	6,758	155,979	—	162,737
Additions - group	—	262,616	12,281	274,897
Disposals - non group	—	(2,310,834)	—	(2,310,834)
Disposals - group	—	(1,290,520)	(12,281)	(1,302,801)
At 31 March 2005	<u>3,048,314</u>	<u>13,420,616</u>	<u>94,805</u>	<u>16,563,735</u>
Of which at 1999 valuation	<u>520,000</u>			
Depreciation				
At 1 April 2004	227,536	12,835,597	77,939	13,141,072
Charge for the year	53,432	959,884	9,385	1,022,701
Disposals - non group	—	(2,057,334)	—	(2,057,334)
Disposals - group	—	(1,105,553)	(5,375)	(1,110,928)
On group additions	—	177,971	—	177,971
At 31 March 2005	<u>280,968</u>	<u>10,810,565</u>	<u>81,949</u>	<u>11,173,482</u>
Net book value				
At 31 March 2005	<u>2,767,346</u>	<u>2,610,051</u>	<u>12,856</u>	<u>5,390,253</u>
At 31 March 2004	<u>2,814,020</u>	<u>3,767,778</u>	<u>16,866</u>	<u>6,598,664</u>

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

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

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:

	2005	2004
	£	£
Cost	3,071,575	3,064,817
Cumulative depreciation based on cost	379,335	326,762

Hire purchase agreements

Included within the net book value of £5,390,253 is £Nil (2004 - £1,373,909) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2004 - £46,442).

14. Stocks

	2005	2004
	£	£
Raw materials	723,773	1,688,311
Work in progress	275,368	388,720
Finished goods	1,192,824	855,686
	<u>2,191,965</u>	<u>2,932,717</u>

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

15. Debtors

	2005	2004
	£	£
Trade debtors	3,199,545	4,193,282
Amounts owed by group undertakings	6,094,788	1,706,412
Corporation tax repayable	401,727	1,783,106
Other debtors	190,691	646,949
Prepayments and accrued income	153,957	272,426
	<u>10,040,708</u>	<u>8,602,175</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

16. Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank overdrafts	1,794,361	2,207,520
Trade creditors	1,815,165	2,697,313
Amounts owed to group undertakings	8,219,333	3,272,280
Other taxation and social security	465,056	342,223
Hire purchase agreements	17,038	103,806
Other creditors	195,941	1,308,066
Accruals and deferred income	694,947	1,865,748
	<u>13,201,841</u>	<u>11,796,956</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.

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

	2005	2004
	£	£
Amounts owed to group undertakings	54,066,023	53,272,749
Hire purchase agreements	—	12,934
Accruals and deferred income	247,456	332,452
	<u>54,313,479</u>	<u>53,618,135</u>

18. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	17,038	103,806
Amounts payable between 1 and 2 years	—	12,934
	<u>17,038</u>	<u>116,740</u>

19. Deferred taxation

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

	2005	2004
	£	£
Provision brought forward	—	598,257
Profit and loss account movement arising during the year	—	(598,257)
Provision carried forward	<u>—</u>	<u>—</u>

There is an unrecognised deferred tax asset of £2,047,682 (2004 - £956,160). 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.

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

20. Commitments under operating leases

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	41,600	25,703	39,600	15,047
Within 2 to 5 years	30,900	49,702	117,420	79,669
After more than 5 years	—	—	70,000	—
	<u>72,500</u>	<u>75,405</u>	<u>227,020</u>	<u>94,716</u>

21. Contingent liabilities

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2005 the overdraft facilities amounted to £4,000,000 (2004 - £5,000,000) of which £1,338,000 (2004 - £600,000) 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 2005 the total bank facilities available to the parent company amounted to £35,300,000 (2004 - £36,800,000) of which £28,250,000 (2004 - £28,386,000) had been utilised.

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

22. Share capital

Authorised share capital:

	2005 £	2004 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	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>

23. Reserves

	Revaluation reserve £	Profit and loss account £
Balance brought forward	75,965	(21,814,918)
Loss for the year	—	(28,446,959)
Other movements		
- transfer to/from revaluation reserve	(859)	859
Balance carried forward	<u>75,106</u>	<u>(50,261,018)</u>

CARCLO TECHNICAL PLASTICS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2005

24. Reconciliation of movements in shareholders' deficit

	2005	2004
	£	£
Loss for the financial year	(28,446,959)	(8,501,366)
Opening shareholders' equity deficit	(20,738,953)	(12,237,587)
Closing shareholders' equity deficit	<u>(49,185,912)</u>	<u>(20,738,953)</u>

25. Post balance sheet event

On 7 June 2005 the company announced the closure of its manufacturing site at Eaglescliffe. An impairment review of the assets was undertaken at the year end and it was anticipated they would realise their carrying values.

26. 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.