

PRECISION POLYMERS AND RECLAIM (STROUD) LIMITED

(Company Number 3747491)

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR TO 30 APRIL 2002**



DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company for the Year to 30 April 2002.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the Company's state of affairs and of its profit or loss for the year. When they prepare these statements the Directors are required to:

1. Select suitable accounting policies and apply them consistently.
2. Make judgements and estimates which are reasonable and prudent.
3. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, at any time and with reasonable accuracy, the Company's financial position and which enable them to ensure that the Financial Statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

PRINCIPAL ACTIVITY

The Company's principal activity remains the manufacture, sale, and distribution of plastics and plastic materials.

DIRECTORS

The Directors of the Company throughout the Year and there interests, all of which are beneficial, in its issued ordinary shares were:

	ORDINARY SHARES HELD	
	30.4.02	30.4.01
Michael HUGHES	95	95
Lyn BRIDGE	95	95
Meryl WILLIAMS	10	10

DIVIDENDS

No dividends were paid during the Year or are proposed now,

DIRECTORS' REPORT - Continued

CLOSE COMPANY PROVISIONS

The Directors consider that the Company is a "Close Company" according to the terms of the Income and Corporation Taxes Act 1988.

AUDITORS

The Auditors, Trenfield Williams, have expressed their willingness to continue in office and a resolution for their reappointment will be put to the forthcoming Annual General Meeting.

This report takes advantage of the special exemptions available to small companies.

On behalf of the Board

Director

A handwritten signature in cursive script, appearing to read 'M. Williams', is written over the printed name 'M. Williams'.

TO THE SHAREHOLDERS OF PRECISION POLYMERS AND RECLAIM (STROUD) LIMITED

We have audited the Accounts of Precision Polymers And Reclaim (Stroud) Limited for the Year to 30 April 2002 that are set out on pages 4 to 11. They have been prepared according to the "Financial Reporting Standard for Smaller Entities (effective March 2000)", the historical cost convention, and the accounting policies described in Note 1.

Auditors' and Directors' Responsibilities

The Directors' Report describes the Directors' responsibility for preparing the Company's Accounts according to applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards and then to report to you whether, in our opinion, they give a true and fair view and are prepared properly in accordance with the Companies Act 1985. If we are of the opinion that the Directors' Report and the Accounts are inconsistent, that the Company has not kept proper accounting records, that we have not received all the information and explanations we require for our audit, or that information specified by law about directors' remuneration and transactions with the Company is not disclosed, we report on these matters too.

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

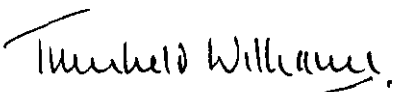
Basis of opinion

We conducted our audit according to 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 when they prepared the Accounts, and of whether the Company's Accounting Policies are appropriate, applied consistently, and adequately disclosed.

We planned and performed our audit to obtain all the information and explanations that we considered necessary to provide sufficient evidence to give us reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud, other irregularity, or error. To form our opinion we also evaluated the overall adequacy of the way that information is presented in the Accounts.

Opinion

Our opinion is that the Accounts give a true and fair view of the Company's state of affairs on 30 April 2002 and of its results for the Year which ended on that day and that they have been prepared properly in accordance with the provisions of the Companies Act 1985.



TRENFIELD WILLIAMS
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
13 TRIANGLE SOUTH
CLIFTON
BRISTOL BS8 1BB

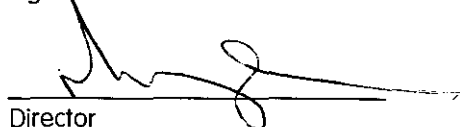
20 December 2002

BALANCE SHEET - 30 APRIL 2002

		30 April 2001
TANGIBLE FIXED ASSETS (Note 2)	172,630	184,770
CURRENT ASSETS		
Stock (Note 1)	52,618	27,850
Debtors (Note 3)	213,259	232,744
Cash at bank and in hand	-	8
	265,877	260,602
CREDITORS		
Amounts falling due within one year (Note 4)	214,086	259,507
NET CURRENT ASSETS	51,791	1,095
TOTAL ASSETS LESS CURRENT LIABILITIES	224,421	185,865
CREDITORS		
Amounts falling due after more than one year (Note 5)	(25,946)	(48,775)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 7)	(18,356)	(16,683)
	<u>£ 180,119</u>	<u>£ 120,407</u>
CAPITAL AND RESERVES		
Called up Share Capital (Note 8)	200	200
Revenue Reserves	179,919	120,207
EQUITY SHAREHOLDERS' FUNDS	<u>£ 180,119</u>	<u>£ 120,407</u>

These Accounts have been prepared according to the special provisions for small companies in Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000).

Signed on behalf of the Board


Director

These Financial Statements were approved by the Board on 20 December 2002.

PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 30 APRIL 2002

		<i>Year to 30.4.01</i>
TURNOVER (Note 9)	710,134	817,775
Raw Materials and Consumables	(181,457)	(280,637)
Other External Charges	(95,895)	(110,454)
GROSS PROFIT	432,782	426,684
Staff Costs (Note 10)	(162,437)	(167,661)
Depreciation Note 1)	(12,140)	(12,140)
Other Operating Charges	(175,459)	(154,944)
OPERATING PROFIT	82,746	91,939
Interest payable (Note 11)	(9,232)	(14,374)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 12)	73,514	77,565
TAXATION (Note 13)	(13,802)	(15,480)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	59,712	62,085
DIVIDENDS	-	-
RETAINED PROFIT FOR THE YEAR	59,712	62,085
REVENUE RESERVES BROUGHT FORWARD	120,207	58,122
REVENUE RESERVES CARRIED FORWARD	<u>£ 179,919</u>	<u>£ 120,207</u>

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002

1. ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared according to the historical cost convention, prevailing Accounting Standards, the terms of the Companies Act 1985 and the provisions of Part VII of the Act available to small companies, and the "Financial Reporting Standard for Smaller Entities (effective March 2000)"

Depreciation

The provision for depreciation is calculated on the net cost of Tangible Fixed Assets in order to write off their cost over their estimated useful lives. Items of Plant and Machinery are written off evenly over periods of between five and twenty years depending on the characteristics of the asset in question and Motor Vehicles are written off evenly over seven years.

Stocks

Stocks are valued at the lower of cost or net realisable value.

Hire Purchase and Leases

Assets acquired under Hire Purchase, Lease Purchase, and Finance Lease agreements are included in Fixed Assets at their cash equivalent purchase price and depreciated according to the Company's usual depreciation policies. Payments under operating leases are charged against revenue as the expenditure is incurred.

Deferred Tax

The Company's policy is to provide for deferred tax in full by the liability method at rates currently in force. Tax is deferred because the tax relief obtained from capital allowances exceeds depreciation charged against the cost of relevant fixed assets.

Cash Flow Statement

The Company has not published a cash flow statement. It has chosen to take advantage of the exemption afforded by Financial Reporting Standard No. 1 on the grounds that it is a small company.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002 - Continued

2. TANGIBLE FIXED ASSETS

	Plant and Equipment	Motor Vehicles	Total
Cost			
1 May 2001	200,000	10,700	210,700
Additions	-	-	-
Disposals	-	-	-
30 April 2002	<u>200,000</u>	<u>10,700</u>	<u>210,700</u>
Depreciation			
1 May 2001	22,492	3,438	25,930
Eliminated on disposals	-	-	-
Charge for the Year	10,000	2,140	12,140
30 April 2002	<u>32,492</u>	<u>5,578</u>	<u>38,070</u>
Net Book Values			
30 April 2002	<u>£ 167,508</u>	<u>£ 5,122</u>	<u>£ 172,630</u>
30 April 2001	<u>£ 177,508</u>	<u>£ 7,262</u>	<u>£ 184,770</u>

On 30 April 2002 a motor vehicle with a net book value of £5,122 (2001 - £7,262) was held under a hire purchase contract. The Year's depreciation charge for this asset was £2,140 (2001 - £2,140).

3. DEBTORS

	30.4.02	30.4.01
Trade Debtors	185,538	222,056
Prepayments and Accrued Income	15,588	10,283
Other Debtors	12,133	405
	<u>£ 213,259</u>	<u>£ 232,744</u>

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002 - Continued

4. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	30.4.02	30.4.01
Bank Overdraft	99,451	88,825
Bank Loan	23,592	24,288
Other Loans	3,472	41,667
Trade Creditors	42,476	53,296
Accrued Charges and Deferred Income	13,689	28,423
Taxation and Social Security	5,695	4,968
Hire Purchase and Finance Leases	562	3,422
Corporation Tax	25,146	14,618
Other Creditors	3	-
	<u>£ 214,086</u>	<u>£ 259,507</u>

The Bank Loan and Overdraft are secured by a floating charge over all the assets and undertakings of the Company. This charge incorporates a fixed charge over Fixed Assets and Book Debts.

5. CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR	30.4.02	30.4.01
Bank Loan	25,946	44,996
Other Loans	-	3,472
Hire Purchase and Finance Leases	-	307
	<u>£ 25,946</u>	<u>£ 48,775</u>

All creditors are payable within five years

6. LOANS AND MATURITY OF DEBT

On 30 April 2002 the loan liability to the Company's bank was £49,538. This loan is repayable in monthly instalments of £1,966. At current interest rates this means that the loan should be repaid by June 2004.

When the Company's business was bought from its previous owner, £125,000 of the consideration was deferred to be repaid, interest free, over three years in monthly instalments of £3,473. £3,472 was outstanding on 30 April 2002. The final repayment was due in May 2002 and this debt is now settled entirely.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002 - Continued

7. PROVISIONS FOR LIABILITIES AND CHARGES	30.4.02	30.4.01
The provision is solely for deferred taxation:		
Provision at the beginning of the Year	16,683	13,732
Transfer from Profit and Loss account	1,673	2,951
Provision at the end of the Year	<u>£ 18,356</u>	<u>£ 16,683</u>
8. CALLED UP SHARE CAPITAL	30.4.02	30.4.01
Authorised:		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, issued and fully paid:		
200 Ordinary shares of £1 each	<u>£ 200</u>	<u>£ 200</u>
9. TURNOVER		
Turnover is the amount receivable for goods and services provided during the Year. It excludes Value Added Tax and trade discounts. All turnover was within the United Kingdom.		
10. STAFF COSTS		
During the Year the average weekly number of employees (including directors) was 11 (2001 - 12). Payroll costs were:		
	2002	2001
Wages, Salaries, and Expenses	147,817	152,530
Social security costs	14,620	15,131
	<u>£ 162,437</u>	<u>£ 167,661</u>
11. INTEREST PAYABLE AND SIMILAR CHARGES	2002	2001
On Bank overdrafts and loans repayable within five years	8,977	13,788
Hire Purchase and Finance Leases	255	586
	<u>£ 9,232</u>	<u>£ 14,374</u>

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002 - Continued

12. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2002	2001
The Profit on ordinary activities before taxation is stated after charging:		
Directors' Emoluments		
- remuneration and benefits as executives	£ -	£ -
Auditors' remuneration	£ 1,250	£ 1,250
13. TAX ON PROFIT ON ORDINARY ACTIVITIES	2002	2001
The provision is wholly for UK Corporation Tax:		
On the results of the Year	12,129	12,529
Deferred taxation	1,673	2,951
	<u>£ 13,802</u>	<u>£ 15,480</u>
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002	2001
Profit for the Financial Year	59,712	62,085
Dividends	-	-
	<u>59,712</u>	<u>62,085</u>
Opening shareholders' funds	120,407	58,322
Closing shareholders' funds	<u>£ 180,119</u>	<u>£ 120,407</u>

All shareholders' funds are attributable to equity interests.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 APRIL 2002 - Continued

15. LEASE COMMITMENTS

On 30 April 2002 the Company's minimum annual commitment to payments due under non - cancellable operating leases was:

	30.4.02	30.4.01
For Leasehold Premises		
Leases expiring within one year	-	-
Leases expiring within two to five year	-	-
Leases expiring after more than five years	62,044	62,044
	<u>£ 62,044</u>	<u>£ 62,044</u>

16. GUARANTEES

The Company has given an unlimited guarantee to secure the bank facilities granted to Extrusion and Moulding Compounds Ltd (EMC) and Capital Valley Plastics Ltd (CVP) which are Companies under common control. The guarantee is secured in the same way as this Company's own bank facilities. On 30 April 2002, EMC had relevant bank facilities totalling £92,415 and CVP had relevant facilities of £296,402. However the directors believe that these liabilities are covered sufficiently by the other companies own assets and so no provision is either made or called for in these financial statements.

17. TRANSACTIONS WITH DIRECTORS AND RELATED COMPANIES

The Company trades goods and services with Extrusion and Moulding Compounds Limited (EMC) and Capital Valley Plastics Limited (CVP) - Companies in which the directors of this Company have a controlling interest. The following transactions have taken place during the Year:

	Sales to EMC	Purchases from EMC	Sales to CVP	Purchases from CVP
Raw Materials	18,071	-	251,873	11,916
Management and Administration	-	-	-	48,000
	<u>£ 18,071</u>	<u>£ -</u>	<u>£ 251,873</u>	<u>£ 59,916</u>

On 30 April 2002, £44,702 was owed by EMC and £38,525 was owed by CVP.

18. CAPITAL COMMITMENTS

There were no Capital Commitments on 30 April 2002.