

**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**Report and Financial Statements**

**31 August 2001**

**Deloitte & Touche**  
**Chartered Accountants**  
**Mountbatten House**  
**1 Grosvenor Square**  
**Southampton**  
**SO15 2BZ**



**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**REPORT AND FINANCIAL STATEMENTS 2001**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Director's report</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Cash flow statement</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTOR**

M A Reid

**SECRETARY**

D J Reid

**REGISTERED OFFICE**

Unit 3  
81 Somerford Road  
Christchurch  
Dorset  
BH23 3LX

**BANKERS**

Barclays Bank PLC  
61 Old Christchurch Road  
Bournemouth  
Dorset  
BH1 1ER

**SOLICITORS**

Turners  
Wessex House  
Wimborne  
Dorset  
BH21 1PN

Blake Lapthorn  
21 Brunswick Place  
Southampton  
SO15 2AQ

**AUDITORS**

Deloitte & Touche  
Mountbatten House  
1 Grosvenor Square  
Southampton  
SO15 2BZ

**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

## **DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the period from 27 June 2000 to 31 August 2001.

## **INCORPORATION**

The company was incorporated as Downin Two Limited on 27 June 2000 and subsequently extended its accounting reference date from 30 June 2001 to 31 August 2001. The first set of accounts covers the period from 27 June 2000 to 31 August 2001. The company changed its name to Plastic Injection Limited on 1 September 2000.

## **ACTIVITIES**

The principal activity of the company is the manufacture of plastic fasteners and precision moulded custom components. This trade was formerly undertaken by Downin Four Limited (previously known as Plastic Injection Limited). For further details see note 21 to the accounts.

## **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The director is disappointed with the results for the period, which are set out on page 5. Short term manufacturing conditions remain poor, although the director expects to see some upturn in conditions for the medium term. The director does not propose the payment of a dividend.

## **DIRECTORS AND THEIR INTERESTS**

The directors in office who served throughout the period and their beneficial interests in the company's issued ordinary share capital were as follows:

**Ordinary shares of 10p each at 31 August 2001**

	<b>31 August 2001</b>	<b>27 June 2000 (or date of appointment if later)</b>
M A Reid (appointed 27 June 2000)	1,000,000	20
J C Morgan (appointed 12 September 2000, resigned 1 November 2000)	500,000	500,000
N Bradbury (appointed 12 September 2000, resigned 1 February 2002)	-	-
G S Corsi (appointed 27 June 2000, resigned 12 September 2000)	-	-

Hallmark Registrars Limited and Hallmark Secretaries Limited resigned as first director and first company secretary respectively on 27 June 2000. G S Corsi was appointed company secretary on 27 June 2000 and resigned on 12 September 2000 and Nigel Bradbury was appointed in his stead. Nigel Bradbury resigned as company secretary on 1 February 2002 and Mrs D J Reid was subsequently appointed.

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

United Kingdom company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**DIRECTOR'S REPORT (continued)**

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES (continued)**

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

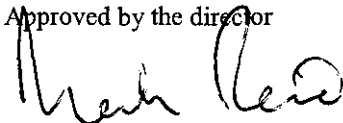
**SHARE CAPITAL**

The company was incorporated with an authorised share capital of 2,000,000 ordinary shares of £1 each, of which two £1 shares were issued at par. On 25 August 2000, each of the issued and authorised shares of £1 each in the capital of the company was subdivided into 10 ordinary shares of 10p each. On 1 September 2000, 1,999,980 10p ordinary shares were allotted for £1.

**AUDITORS**

Deloitte & Touche were appointed first auditors and offer themselves for reappointment in accordance with section 385 of the Companies Act 1985.

Approved by the director



**M A Reid**  
Director

Date: 16 May 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PLASTIC INJECTION LIMITED (formerly Downin Two Limited)**

We have audited the financial statements of Plastic Injection Ltd for the period from 27 June 2000 to 31 August 2001 which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the director and auditors**

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the director's report is not consistent with the financial statements, 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 director's report for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Date: 21 May 2002

**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**PROFIT AND LOSS ACCOUNT**  
**27 June 2000 to 31 August 2001**

	Note	27 June 2000 to 31 August 2001 £
<b>TURNOVER: continuing operations</b>	2	3,180,127
Cost of sales		(2,650,225)
		<hr/>
Gross profit		529,902
Distribution costs		(182,527)
Administrative expenses		(498,980)
		<hr/>
<b>OPERATING LOSS: continuing operations</b>	4	(151,605)
Interest receivable		14,727
Profit on disposal of fixed assets		72,956
Interest payable and similar charges	5	(12,671)
		<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(76,593)
Tax on loss on ordinary activities	6	30,000
		<hr/>
<b>RETAINED LOSS FOR THE FINANCIAL PERIOD</b>	16	(46,593)
		<hr/> <hr/>

There are no recognised gains or losses for the current financial period other than as stated above. Accordingly a statement of total recognised gains and losses has not been prepared.

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**BALANCE SHEET**  
**31 August 2001**

	Note	31 August 2001 £
<b>FIXED ASSETS</b>		
Tangible assets	7	418,776
<b>CURRENT ASSETS</b>		
Stocks	8	198,984
Debtors	9	930,250
Cash at bank and in hand		110,938
		1,240,172
<b>CREDITORS: amounts falling due within one year</b>	10	(385,482)
<b>NET CURRENT ASSETS</b>		854,690
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,273,466
<b>CREDITORS: amounts falling due after more than one year</b>	11	(73,868)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(18,000)
<b>NET ASSETS</b>		1,181,598
<b>CAPITAL RESERVES</b>		
Called up share capital	14	200,000
Share premium account	15	1,028,191
Profit and loss account	15	(46,593)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	16	1,181,598

Signed by the Director on 16 May 2002

**M A Reid**

Director





**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**CASH FLOW STATEMENT**  
**27 June 2000 to 31 August 2001**

	Note	27 June 2000 to 31 August 2001 £
Net cash outflow from operating activities	22	(454,164)
<b>Returns on investments and servicing of finance</b>		
Interest paid		(12,671)
Interest received		<u>14,727</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		2,056
<b>Taxation</b>		
Tax paid		-
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets		(57,844)
Sale of tangible fixed assets		<u>168,726</u>
<b>Net cash inflow from capital expenditure</b>		<u>110,882</u>
<b>Net cash outflow before financing</b>		(341,226)
<b>Financing</b>		
Issue of share capital		2
Hire purchase repayments		<u>(73,215)</u>
<b>Net cash outflow from financing</b>		<u>(73,213)</u>
<b>Decrease in cash in the period</b>	23	<u><u>(414,439)</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Note	27 June 2000 to 31 August 2001 £
Decrease in cash in the period		(414,439)
Cash outflow from decrease in debt		<u>73,215</u>
<b>Change in net debt resulting from cash flows</b>	23	(341,224)
Opening net funds	23	<u>333,359</u>
<b>Closing net debt</b>	23	<u><u>(7,865)</u></u>

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods, excluding VAT.

**Depreciation**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Motor vehicles	-	straight line over 4 years
Plant and equipment	-	straight line over 4 to 7 years
Leasehold improvements	-	straight line over 4 to 10 years
Freehold buildings	-	straight line over 50 years

No depreciation is provided on freehold land.

**Stocks**

Stocks and work-in-progress are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases**

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Differences resulting from exchange fluctuations have been reflected in the profit and loss account.

**Cash flow statement**

This is prepared by reference to the assets and liabilities (including cash) acquired as described in note 21.

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**2. TURNOVER**

In the opinion of the directors, the company only operates one class of business generated in the United Kingdom. Turnover attributable to geographical markets outside the United Kingdom totalled £48,899, of which £8,984 was to North America and £39,915 was to Europe.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	27 June 2000 to 31 August 2001 £
<b>Directors' emoluments</b>	
Salaries and taxable benefits	100,106
	<u>100,106</u>
	27 June 2000 to 31 August 2001 No.
Average number of persons employed in the period	92
	<u>92</u>
	27 June 2000 to 31 August 2001 £
<b>Staff costs incurred during the period in respect of the employees were:</b>	
Wages and salaries	1,413,266
Social security costs	118,732
	<u>1,531,998</u>

**4. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	27 June 2000 to 31 August 2001 £
Depreciation	
- owned assets	99,907
- assets held under hire purchase contracts	46,757
Rentals under operating leases - other leases	76,688
Auditors' remuneration	4,750
Profit on disposal of fixed assets	(21,127)
	<u>(21,127)</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	27 June 2000 to 31 August 2001 £
On assets held under hire purchase contracts	12,671
	<u>12,671</u>

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

	27 June 2000 to 31 August 2001 £
United Kingdom corporation tax at 30 %	-
Deferred tax	(30,000)
	<u>(30,000)</u>

The tax credit is disproportionate to the result for the period due to the availability of reliefs against the gain on the disposal of the freehold property.

**7. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Plant and equipment £	Short leasehold improve- ments £	Freehold property £	Total £
<b>Cost</b>					
Transfer of assets	86,236	1,154,822	35,897	74,103	1,351,058
Additions	-	57,844	-	-	57,844
Disposals	(49,984)	(56,627)	(35,897)	(74,103)	(216,611)
At 31 August 2001	<u>36,252</u>	<u>1,156,039</u>	<u>-</u>	<u>-</u>	<u>1,192,291</u>
<b>Depreciation</b>					
Transfer of assets	57,397	666,666	34,382	10,374	768,819
Charge for the period	8,264	136,525	640	1,235	146,664
Disposals	(49,984)	(45,353)	(35,022)	(11,609)	(141,968)
At 31 August 2001	<u>15,677</u>	<u>757,838</u>	<u>-</u>	<u>-</u>	<u>773,515</u>
<b>Net book value</b>					
At 31 August 2001	<u>20,575</u>	<u>398,201</u>	<u>-</u>	<u>-</u>	<u>418,776</u>

The net book value of the company's plant and equipment includes £202,550 in respect of assets held under hire purchase contracts.

On 1 September 2000, assets were transferred into the company with a cost of £1,351,058 and accumulated depreciation of £768,819 (see note 21). The assets have been included in the accounts at these amounts rather than as additions at their net book value of £582,239.

**8. STOCKS**

	31 August 2001 £
Raw materials and consumables	119,902
Finished goods and work-in-progress	79,082
	<u>198,984</u>

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**9. DEBTORS**

	<b>31 August 2001 £</b>
Trade debtors	628,674
Other debtors	2,625
Prepayments	298,951
	<u>930,250</u>

All amounts are due within one year.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 August 2001 £</b>
Trade creditors	197,945
Obligations under hire purchase contracts (note 11)	44,935
Taxation and social security	27,773
Other creditors including taxation and social security	72,619
Accruals	42,210
	<u>385,482</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31 August 2001 £</b>
Obligations under hire purchase contracts	<u>73,868</u>

Obligations under hire purchase contracts shown in notes 10 and 11 are secured on the related assets.

**12. BORROWINGS**

	<b>31 August 2001 £</b>
Other loans including leases and hire purchase contracts:	
Net of future finance charges:	
Within one year or on demand	44,935
Between one and two years	73,868
	<u>118,803</u>

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	31 August 2001 £
<b>Deferred taxation</b>	
Transfer (see note 21)	48,000
Profit and loss account credit	(30,000)
	<hr/>
At 31 August 2001	18,000
	<hr/>

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Not provided 2001 £	Provided 2001 £
Accelerated capital allowances	-	32,700
Revenue losses	-	(14,700)
	<hr/>	<hr/>
	-	18,000
	<hr/>	<hr/>

**14. CALLED UP SHARE CAPITAL**

	31 August 2001 £
Authorised:	
20,000,000 ordinary shares of £0.10 each	2,000,000
	<hr/>
Allotted, called up and fully paid:	
2,000,000 ordinary shares of £0.10 each	200,000
	<hr/>

The company was incorporated with an authorised share capital of 2,000,000 ordinary shares of £1 each, of which two £1 shares were issued at par on 27 June 2000. On 25 August 2000, each of the issued and authorised shares of £1 each in the capital of the company was subdivided into 10 ordinary shares of 10p each. On 1 September 2000, 1,999,980 10p ordinary shares were allotted for £1 in consideration for the business of Downin One Limited (see note 21).

**15. RESERVES**

	Share premium account 2001 £	Profit and loss account 2001 £
Premium on issue of shares	1,028,191	-
Retained loss for the period	-	(46,593)
	<hr/>	<hr/>
At 31 August 2001	1,028,191	(46,593)
	<hr/>	<hr/>

**PLASTIC INJECTION LIMITED**  
**(formerly Downin Two Limited)**

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31 August 2001 £
Loss for the financial period	(46,593)
New share capital subscribed	1,228,191
	<hr/>
Net addition to shareholders' funds	1,181,598
Opening shareholders' funds	<hr/> -
Closing shareholders' funds	<hr/> <u>1,181,598</u>

**17. ULTIMATE CONTROLLING PARTY**

M Reid, director, is the ultimate controlling party of the company by virtue of his direct and beneficial interests in the share capital of the company.

**18. RELATED PARTY TRANSACTIONS**

During the period, trading on normal commercial terms between Plastic Injection Limited and Genetix Limited, a company of which M Reid is a director and majority shareholder, amounted to sales of £664,395. Amounts due to and from Genetix Limited at the year end were £895 and £129,210 respectively and are included within creditors (note 10) and debtors (note 9). Sales of £1,856 were made to Genescreen Limited, a fellow group company of Genetix Limited.

Genetix Limited also purchased assets to the value of £10,875 from the company on normal commercial terms.

Rent and service charges of £76,688 have been paid to Morgan Management during the period, an entity in which J Morgan has a material interest. J Morgan was a director of Plastic Injection Limited during part of the period and is a shareholder.

Rent and service charges of £22,871 have been paid to Morgan Reid Management Limited, a company in which M Reid and J Morgan have a material interest. Property costs of £24,851 were paid to the same company. At the year end, Plastic Injection Limited owed Morgan Reid Management Limited £29,251 which is included in creditors (note 10).

**19. TRANSACTIONS WITH DIRECTORS**

During the period, M Reid, a director, purchased assets from the company for £16,850. The cost was considered to be the open market value at the time of sale.

At the year end, the company owed M Reid £65,771 which is shown in creditors (note 10). The balance is unsecured and interest-free.

**PLASTIC INJECTION LIMITED**  
(formerly Downin Two Limited)

**NOTES TO THE ACCOUNTS**  
**27 June 2000 to 31 August 2001**

**20. OPERATING LEASE COMMITMENTS**

At 31 August 2001, the company was committed to making the following payments in respect of operating leases for land and buildings during the next year:

	31 August 2001	
	Land and buildings	Other
	£	£
Leases which expire:		
Within one year	9,299	-
Between two and five years	-	445
	<u>          </u>	<u>          </u>

**21. TRANSFER OF TRADE AND ASSETS**

Under a scheme of reconstruction effected during August and September 2000, the manufacturing business together with all assets and goodwill of Downin Four Limited (previously known as Plastic Injection Limited) were transferred by a dividend in specie to Downin One Limited, and subsequently transferred by the liquidators of Downin One Limited to Downin Two Limited in return for shares. Downin Two Limited has since been renamed Plastic Injection Limited.

**22. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	27 June 2000 to 31 August 2001
	£
Operating loss	(151,605)
Depreciation charge	146,664
Decrease in stocks	43,317
Increase in debtors	(170,591)
Decrease in creditors	(300,822)
Profit on sale of fixed assets	(21,127)
	<u>                    </u>
Net cash outflow from operating activities	<u>(454,164)</u>

**23. ANALYSIS OF NET DEBT**

	At 1 September 2000	Cash flow	At 31 August 2001
	£	£	£
Cash at bank and in hand	525,377	(414,439)	110,938
Hire purchase contracts	(192,018)	73,215	(118,803)
	<u>          </u>	<u>          </u>	<u>          </u>
Net funds/(debt)	<u>333,359</u>	<u>(341,224)</u>	<u>(7,865)</u>