

PLASTIC INJECTION LIMITED

Report and Financial Statements

31 August 2002

Deloitte & Touche
Southampton



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

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 Laphorn
21 Brunswick Place
Southampton
SO15 2AQ

AUDITORS

Deloitte & Touche
Chartered Accountants and Registered Auditors
Southampton

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 August 2002.

ACTIVITIES

The principal activity of the company is the manufacture of plastic fasteners and precision moulded custom components.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The director is disappointed with the results for the period, which are set out on page 4. 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 (2001: £nil).

DIRECTORS AND THEIR INTERESTS

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

	Ordinary shares of 10p	
	31 August 2002	31 August 2001
M A Reid	1,000,000	1,000,000
N Bradbury (resigned 1 February 2002)	-	-

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.

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.

AUDITORS

Deloitte & Touche offer themselves for reappointment in accordance with section 385 of the Companies Act 1985.

Approved by the director



M A Reid
Director

Date: 20 February 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASTIC INJECTION LIMITED

We have audited the financial statements of Plastic Injection Limited for the year ended 31 August 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 22. 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.

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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Southampton

Date: 24 February 2003

PLASTIC INJECTION LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 August 2002**

	Note	2002 £	2001 £
TURNOVER: continuing operations	2	2,656,820	3,180,127
Cost of sales		(2,024,553)	(2,438,020)
Gross profit		632,267	742,107
Distribution costs		(50,949)	(86,574)
Administrative expenses		(820,088)	(807,138)
OPERATING LOSS: continuing operations	4	(238,770)	(151,605)
Profit on disposal of fixed assets		-	72,956
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(238,770)	(78,649)
Interest receivable and similar income		4,144	14,727
Interest payable and similar charges	5	(11,569)	(12,671)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(246,195)	(76,593)
Tax on loss on ordinary activities	6	25,500	30,000
RETAINED LOSS FOR THE FINANCIAL YEAR	16	(220,695)	(46,593)

There are no recognised gains or losses for the current or previous financial years other than as stated above. Accordingly a statement of total recognised gains and losses is not presented.

PLASTIC INJECTION LIMITED

BALANCE SHEET

31 August 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	696,864	418,776
CURRENT ASSETS			
Stocks	8	198,258	198,984
Debtors	9	599,674	930,250
Cash at bank and in hand		198,531	110,938
		996,463	1,240,172
CREDITORS: amounts falling due within one year	10	(633,669)	(385,482)
NET CURRENT ASSETS		362,794	854,690
TOTAL ASSETS LESS CURRENT LIABILITIES		1,059,658	1,273,466
CREDITORS: amounts falling due after more than one year	11	(98,755)	(73,868)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	(18,000)
NET ASSETS		960,903	1,181,598
CAPITAL RESERVES			
Called up share capital	14	200,000	200,000
Share premium account	15	1,028,191	1,028,191
Profit and loss account	15	(267,288)	(46,593)
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	960,903	1,181,598

Signed by the Director on 20 February 2003.



M A Reid

Director

PLASTIC INJECTION LIMITED

CASH FLOW STATEMENT **Year ended 31 August 2002**

	Note	2002 £	2001 £
Net cash inflow/(outflow) from operating activities	21	179,378	(454,164)
Returns on investments and servicing of finance			
Interest paid	(11,569)	(12,671)	
Interest received	4,144	14,727	
Net cash (outflow)/inflow from returns on investments and servicing of finance		(7,425)	2,056
Taxation			
Tax paid		-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(8,628)	(57,844)	
Receipts from sale of tangible fixed assets	16,250	168,726	
Net cash inflow from capital expenditure		7,622	110,882
Net cash inflow/(outflow) before financing		179,575	(341,226)
Financing			
Issue of share capital	-	2	
Capital element of hire purchase repayments	(91,982)	(73,215)	
Net cash outflow from financing		(91,982)	(73,213)
Increase/(decrease) in cash in the period	22	87,593	(414,439)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2002 £	2001 £
Increase/(decrease) in cash in the period		87,593	(414,439)
Cash outflow from decrease in debt and lease financing		91,982	73,215
Change in net debt resulting from cash flows	22	179,575	(341,224)
New finance leases	22	(182,407)	-
		(2,832)	(341,224)
Opening net (debt)/funds	22	(7,865)	333,359
Closing net debt	22	(10,697)	(7,865)

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

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.

Comparative balances

During the year, the company has included within administrative expenses costs that have previously been classified as cost of sales and distribution costs, because in the director's opinion the change presents a more accurate reflection of the company's trading activities. This change has been reflected in the prior year figures by way of adjustments of £212,205 and £95,953 made to cost of sales and distribution costs respectively, to ensure consistency of presentation is achieved within the financial statements.

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
Short leasehold improvements	-	straight line over 10 years

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 tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

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

PLASTIC INJECTION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

2. TURNOVER

The company's turnover is derived from one class of business. The analysis by geographical area of the company's turnover is set out below:

	2002 £	2001 £
United Kingdom	2,529,293	3,135,606
Rest of Europe	127,527	44,521
	<u>2,656,820</u>	<u>3,180,127</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Director's emoluments	2002 £	2001 £
Salaries and taxable benefits	<u>38,415</u>	<u>100,106</u>

	No.	No.
Average number of staff employed in the period	<u>70</u>	<u>92</u>

Staff costs incurred during the period in respect of the employees were:

	£	£
Wages and salaries	1,051,799	1,413,266
Social security costs	<u>88,231</u>	<u>118,732</u>
	<u>1,140,030</u>	<u>1,531,998</u>

4. OPERATING LOSS

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

	2002 £	2001 £
Depreciation		
- owned assets	137,279	99,907
- assets held under hire purchase contracts	43,477	46,757
Rentals under operating leases - other leases	1,852	76,688
Auditors' remuneration	7,500	4,750
Profit on disposal of fixed assets	<u>(5,442)</u>	<u>(21,127)</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On assets held under hire purchase contracts	<u>11,569</u>	<u>12,671</u>

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
Analysis of tax charge on ordinary activities		
UK corporation tax at 30% (2001 : 30%)	-	-
Adjustment in respect of prior years	(7,500)	-
	<u>(7,500)</u>	<u>-</u>
Current tax credit	(7,500)	-
	<u>(7,500)</u>	<u>-</u>
Deferred tax		
Timing differences, origination and reversal	(17,738)	(27,434)
Adjustment in respect of prior years	(262)	(2,566)
	<u>(18,000)</u>	<u>(30,000)</u>
Total tax credit	<u>(25,500)</u>	<u>(30,000)</u>

Factors affecting the tax charge for the current period

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	%	%
Standard tax rate for period as a percentage of profits	30	30
Factors affecting the tax charge for the year:		
Capital allowances in excess of depreciation	6	-
Creation of tax losses	(33)	(37)
Movement in short term timing differences	(3)	7
Prior period adjustments	(3)	-
	<u>(3)</u>	<u>-</u>
Current tax credit for the year	(3)	-

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £55,324. The asset would be recovered if the company becomes profitable in the future.

PLASTIC INJECTION LIMITED

NOTES TO THE ACCOUNTS Year ended 31 August 2002

7. TANGIBLE FIXED ASSETS

	Motor vehicles	Plant and equipment	Short leasehold improve- ments	Total
	£	£	£	£
Cost				
At 1 September 2001	36,252	1,156,039	-	1,192,291
Additions	12,654	331,130	125,868	469,652
Disposals	(23,952)	-	-	(23,952)
At 31 August 2002	24,954	1,487,169	125,868	1,637,991
Depreciation				
At 1 September 2001	15,677	757,838	-	773,515
Charge for the period	8,877	159,759	12,120	180,756
Disposals	(13,144)	-	-	(13,144)
At 31 August 2002	11,410	917,597	12,120	941,127
Net book value				
At 31 August 2002	13,544	569,572	113,748	696,864
At 31 August 2001	20,575	398,201	-	418,776

The net book value of the company's plant and equipment includes £292,890 (2001: £202,550) in respect of assets held under hire purchase contracts.

8. STOCKS

	2002 £	2001 £
Raw materials and consumables	110,597	119,902
Finished goods and work in progress	87,661	79,082
	<u>198,258</u>	<u>198,984</u>

9. DEBTORS

	2002 £	2001 £
Trade debtors	503,129	628,674
Other debtors	7,500	2,625
Prepayments and accrued income	89,045	298,951
	<u>599,674</u>	<u>930,250</u>

All amounts are due within one year.

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors	317,025	197,945
Obligations under hire purchase contracts (see note 12)	110,473	44,935
Other creditors including taxation and social security	123,803	100,392
Accruals and deferred income	82,368	42,210
	<u>633,669</u>	<u>385,482</u>

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

	2002	2001
	£	£
Obligations under hire purchase contracts (see note 12)	<u>98,755</u>	<u>73,868</u>

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

12. BORROWINGS

Other loans including leases and hire purchase contracts (net of future finance charges) fall payable as follows:	2002	2001
	£	£
Within one year or on demand	110,473	44,935
Between one and two years	98,755	73,868
	<u>209,228</u>	<u>118,803</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Movement in deferred taxation balance in the period	
Balance at 1 September 2001	18,000
Credit to profit and loss account	<u>(18,000)</u>
Balance at 31 August 2002	<u>-</u>

Analysis of deferred tax balance

	2002	2001
	£	£
Capital allowances in excess of depreciation	47,821	33,041
Short term timing differences	(7,440)	-
Losses	<u>(40,381)</u>	<u>(15,041)</u>
	<u>-</u>	<u>18,000</u>

PLASTIC INJECTION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

14. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
20,000,000 ordinary shares of £0.10 each	2,000,000	2,000,000
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £0.10 each	200,000	200,000

15. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account 2002 £	Profit and loss account 2002 £	Share premium account 2001 £	Profit and loss account 2001 £
At 1 September 2001	1,028,191	(46,593)	-	-
Premium on issue of shares	-	-	1,028,191	-
Retained loss for the period	-	(220,695)	-	(46,593)
At 31 August 2002	1,028,191	(267,288)	1,028,191	(46,593)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Retained loss for the financial period	(220,695)	(46,593)
New share capital subscribed	-	1,228,191
Net deduction from/addition to shareholders' funds	(220,695)	1,181,598
Opening shareholders' funds	1,181,598	-
Closing shareholders' funds	960,903	1,181,598

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 £607,707 (2001: £664,395). Amounts due from Genetix Limited at the year end were £119,461 (2001: £129,210), which is included within debtors (see note 9).

Rent and service charges of £153,554 (2001: £76,688) have been paid to Morgan Reid Management Limited during the period, an entity in which M Reid and J Morgan have material interests. J Morgan is a shareholder in Plastic Injection Limited.

19. TRANSACTIONS WITH DIRECTORS

At the year end, the company owed M Reid £65,771 (2001: £65,771), which is shown in creditors (see note 10). The balance is unsecured and interest-free.

PLASTIC INJECTION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

20. OPERATING LEASE COMMITMENTS

At 31 August 2002, the company was committed to making the following payments in respect of operating leases for land and buildings and other leases during the next year:

	31 August 2002		31 August 2001	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire:				
Within one year	-	-	9,299	-
Between two and five years	-	378	-	445
	<u>-</u>	<u>378</u>	<u>9,299</u>	<u>445</u>

21. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31 August 2002	31 August 2001
	£	£
Operating loss	(238,770)	(151,605)
Depreciation charge	180,756	146,664
Decrease in stocks	726	43,317
Decrease/(increase) in debtors	59,459	(170,591)
Increase/(decrease) in creditors	182,649	(300,822)
Profit on sale of fixed assets	(5,442)	(21,127)
Net cash inflow/(outflow) from operating activities	<u>179,378</u>	<u>(454,164)</u>

22. ANALYSIS OF NET DEBT

	At 1 September 2001	Cash flow	Other non-cash changes	At 31 August 2002
	£	£	£	£
Cash at bank and in hand	110,938	87,593	-	198,531
Hire purchase contracts	(118,803)	91,982	(182,407)	(209,228)
Net funds/(debt)	<u>(7,865)</u>	<u>179,575</u>	<u>(182,407)</u>	<u>(10,697)</u>