

Hawkslease Finance Company Limited
Annual report and accounts
for the period ended 31 December 2002

Registered Number 4359903



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for the period ended 31 December 2002
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Hawkslease Finance Company Limited

Directors' report for the period ended 31 December 2002

The directors present their report and the audited financial statements of the company for the period ended 31 December 2002.

Principal activity

The principal activity of the company is to act as a holding company and provide finance to its subsidiaries.

Results and dividends

The profit for the period is set out in the profit and loss account on page 4. The directors propose that no dividend is paid. The retained profit for the period will be taken to reserves.

Review of the business

The company was incorporated on 24 January 2002. The financial statements are for the period from the date of incorporation until 31 December 2002. The directors consider the business to have performed satisfactorily during the period.

Directors and their interests

The directors who held office during the period are given below:

J A Ratcliffe	(appointed 4 November 2002)
J Reece	(appointed 24 January 2002)
A Currie	(appointed 24 January 2002, resigned 4 November 2002)

None of the directors at the period end, except J A Ratcliffe, have any beneficial interest in the issued ordinary share capital of the company. J A Ratcliffe held one ordinary share at the beginning and at the end of the period.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2002 and that applicable accounting standards have been followed.

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

Hawkslease Finance Company Limited

Auditors

The auditors, PricewaterhouseCoopers, were appointed during the period. Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. An elective resolution has been passed removing the requirement to reappoint auditors annually.

By order of the Board



J Reece

Director

24 October 2003

Hawkslease Finance Company Limited

Independent auditors' report to the members of Hawkslease Finance Company Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you if, in our opinion, the directors' 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with 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 affairs of the company at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

24 October 2003

Hawkslease Finance Company Limited

Profit and loss account for the period ended 31 December 2002

	Note	2002 £
Turnover		25,000
Operating expenses		(31,997)
Loss on ordinary activities before interest	1	(6,997)
Interest receivable and similar income	4	343,650
Interest payable and similar charges		(333,870)
Profit on ordinary activities before taxation		2,783
Taxation	5	(985)
Profit for the financial period	12	1,798

All of the activities of the Company relate to continuing operations.

There were no recognised gains or losses for the current financial period and preceding financial period other than the profit recognised in the profit and loss account.

There is no difference between the reported profits stated above and their historical cost equivalents.

Hawkslease Finance Company Limited

Balance sheet as at 31 December 2002

	Note	2002 £
Fixed assets		
Investments	6	1,891,101
Current assets		
Debtors	7	10,455,224
Creditors: amounts falling due within one period	8	(10,453,425)
Net current assets		1,799
Total assets less current liabilities		1,892,900
Creditors: amounts falling due after more than one period	9	(1,891,101)
Net assets		1,799
Capital and reserves		
Called up equity share capital	11	1
Profit and loss account	12	1,798
Equity shareholders' funds	13	1,799

The financial statements on pages 4 to 12 were approved by the board of directors on 24 October 2003 and were signed on its behalf by:

Director



Hawkslease Finance Company Limited

Statement of accounting policies

The financial statements are prepared under the historical cost convention in accordance with applicable accounting policies.

Fixed asset investments

Investments held as fixed assets are carried at cost less any provision for permanent diminution in value.

Turnover

Hawkslease Finance Company Limited operates one class of business, that of a management company, and in one geographical sector. Turnover represents amounts invoiced for services rendered net of attributable value added taxes, discounts, commissions and rebates. Turnover is recognised in the year to which the management services relate regardless of the timing of invoices or cash receipt.

Cash flow statement

As the company is a small company, the directors have taken advantage of the exemption from preparing a cash flow statement afforded to them in Financial Reporting Standard No 1 "Cash flow statements".

Foreign currencies

Balances denominated in a foreign currency at the period end are translated into sterling at the exchange rate ruling out the balance sheet date. Gains and losses due to currency transactions arising in the normal course of business are included in the profit and loss account.

Hawkslease Finance Company Limited

Notes to the financial statements for the period ended 31 December 2002

1 Operating loss

Auditors remuneration has been borne by another company.

2 Directors' remuneration

During the period, no director received any emoluments from the company.

3 Employee information

The company had no employees during the period.

4 Interest receivable and similar income

	2002 £
Bank interest receivable	35
Interest receivable on other loans	343,615
	343,650

Hawkslease Finance Company Limited

5 Taxation

	2002 £
Current taxation	
UK Corporation tax on profits for the year	985

The tax for the period is greater than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £
Profit on ordinary activities before tax	2,783
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	835
Expenses not deductible for tax purposes	150
Current tax charge for the year	985

There are no factors which are expected to affect the future tax charge.

6 Fixed Asset investments

	£
At 24 January 2002	-
Additions	1,891,101
At 31 December 2002	1,891,101

Investments principally comprise equity shares listed on a recognised exchange held as a fixed asset investment. The market value of these investments at 31 December 2002 was £2,264,000.

Hawkslease Finance Company Limited

7 Debtors

	2002 £
Share capital not paid	1
Amounts owed by related parties	10,450,707
Other debtors	4,516
	10,455,224

8 Creditors – amounts falling due within one year

	2002 £
Bank loan (note 10)	7,714,761
Amounts owed to related parties (note 10)	2,655,972
Corporation tax	985
Accruals and deferred income	81,707
	10,453,425

As at 31 December 2002, bank loans are guaranteed by Mr J A Ratcliffe, director and ultimate controlling party of the company.

9 Creditors – amounts falling due after more than one year

	2002 £
Amounts owed to related parties (note 10)	1,891,101

Hawkslease Finance Company Limited

10 Loans and other borrowings

	2002 £
Amounts due to related parties	4,547,073
Bank loans	7,714,761
	12,261,834
Maturity of debt:	
In one year or less, or on demand	10,370,733
In more than one year, but not more than two years	-
In more than two years, but not more than five years	-
In more than five years	1,891,101
	12,261,834

11 Called up share capital

	2002 £
Authorised	
1 ordinary share of £1 each	1
Allotted and unpaid	
1 ordinary share of £1	1

During the period 1 ordinary share of £1 was issued at par and remains unpaid at the period end.

12 Reserves

	Profit and loss account £
As at 24 January 2002	-
Retained profit for the financial period	1,798
As at 31 December 2002	1,798

Hawkslease Finance Company Limited

13 Reconciliation of movement in equity shareholders' funds

	2002 £
Profit for the period	1,798
Shares issued	1
Opening shareholders' funds	-
Closing shareholders' funds as at 31 December 2002	1,799

14 Commitments and contingent liabilities

There are no contingent liabilities or capital commitments as at 31 December 2002.

15 Transactions with related parties

During the period the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below:

	Value of transactions 2002 £	Balance payable/(receivable) at 31 December 2002 £
OTHER RELATED PARTIES		
Advisory fee receivable	25,000	(25,000)
Loans receivable	10,344,000	(10,344,000)
Interest receivable	333,870	(81,707)
Loans payable	2,858,388	2,655,972
Purchase of fixed assets investment	1,891,101	1,891,101

The other related parties referred to above, are deemed to be related parties by virtue of the fact that they have the same ultimate controlling party as Hawkslease Finance Company Limited (see note 17) and are as follows:

Ineos Vinyls Holdings Limited
Ineos Capital Limited

Hawkslease Finance Company Limited

16 Subsequent events

On 2 May 2003 the company acquired the entire called up share capital of Ineos Vinyls Holding Limited.

On 26 September 2003 the entire issued share capital of the company was acquired by Ineos Vinyls Group Limited.

17 Ultimate controlling party

The company is owned and controlled by Mr J A Ratcliffe.