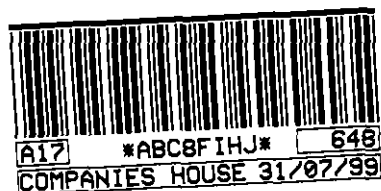


Begg & Co Thermoplastics Limited

**Financial statements
for the year ended 31 October 1998**

Registered no: 574711



Begg & Co Thermoplastics Limited

**Financial statements
for the year ended 31 October 1998**

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Begg & Co Thermoplastics Limited**Directors and advisers****Directors**

Mrs J L Begg (Chairman)
M W C Begg
Mrs M Begg
Mrs J C W Brown
Mrs M Gouldson

Secretary

Mrs M Gouldson

Registered auditors

Reeves & Neylan
20 Star Hill
Rochester
Kent
ME1 1UU

Bankers

Midland Bank Plc
184 High Street
Bromley
Kent
BR1 1HE

Registered office

37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Begg & Co Thermoplastics Limited

Directors' report for the year ended 31 October 1998

The directors submit their annual report and the audited financial statements for the year ended 31 October 1998.

Results and dividends

The company made a profit for the year after taxation of £56,692 (1997: loss £ 111,637) which has been transferred to reserves.

Owing to the continuing working capital requirements of the company the directors do not recommend the payment of a dividend.

Principal activities and review of the business

The company's principal activities continued to be supplying and compounding plastic moulding powders and other ancillary activities.

During the year, the company has maintained its position in this market sector. It is the intention of the directors to continue to seek opportunities to expand and consolidate the business.

Fixed assets

The changes in fixed assets during the year are summarised in note 8 to the accounts.

Donations

The company made charitable donations in the year of £310 (1997: £250).

Directors and their interests

The directors who have held office during the year and their shareholdings at 31 October 1998 and 1 November 1997 were as follows:-

	31 October 1998	1 November 1997
	Ordinary £1 shares	Ordinary £1 shares
Mrs J L Begg	2	2
M W C Begg	998	998
Mrs M Begg	-	-
Mrs J C W Brown	998	998
Mrs M Gouldson	-	-

Begg & Co Thermoplastics Limited**Directors' report
for the year ended 31 October 1998****Directors' responsibilities**

The directors are required by United Kingdom company law to prepare financial statements for each financial year which 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements 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 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.

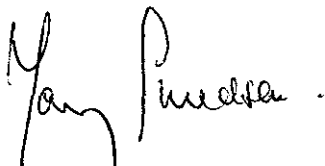
Elective resolutions

Elective resolutions are in force to dispense with the holding of Annual General Meetings, to dispense with the laying of accounts and reports before the company in general meetings and to dispense with the obligation to appoint auditors annually.

Year 2000 issue

The directors have considered the risks and uncertainties associated with the year 2000 issue and are of the opinion that the business will be adequately prepared to deal with this matter. The company is taking steps to ensure that its systems and those of major customers and suppliers, are compliant before, during and after the millennium.

No significant capital or revenue costs are expected in relation to this matter.

By order of the board

Mrs M Gouldson
Secretary

7 July 1999

Report of the auditors to the shareholders of Begg & Co Thermoplastics Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 the company's affairs as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Reeves and Neylan

Chartered Accountants and Registered Auditors
Rochester
7 July 1999

Begg & Co Thermoplastics Limited**Profit and loss account
for the year ended 31 October 1998**

	Note	1998 £	1997 £
Turnover	1	3,275,892	4,681,918
Cost of sales		(2,509,797)	(3,816,497)
Gross profit		766,095	865,421
Operating expenses	2	(816,209)	(930,768)
Pension refund		270,472	-
Operating profit/(loss)	3	220,358	(65,347)
Interest receivable and other income		591	-
Interest payable and similar charges	6	(56,068)	(46,290)
Profit/(loss) on ordinary activities before taxation		164,881	(111,637)
Tax on profit/(loss) on ordinary activities	7	(108,189)	-
Profit/(loss) on ordinary activities after taxation	15	56,692	(111,637)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

Begg & Co Thermoplastics Limited

Balance sheet
at 31 October 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	8		475,589		547,573
Current assets					
Stocks	9	330,652		343,918	
Debtors	10	673,504		904,781	
Cash at bank and in hand		162,465		-	
		1,166,621		1,248,699	
Creditors: amounts falling due within one year	11	(1,230,642)		(1,363,128)	
Net current liabilities			(64,021)		(114,429)
Total assets less current liabilities			411,568		433,144
Creditors: amounts falling due after more than one year	12		(74,781)		(153,049)
Net assets			336,787		280,095
Capital and reserves					
Called up share capital	14		1,998		1,998
Other reserve	15		185,000		185,000
Profit and loss account	15		149,789		93,097
Equity shareholders' funds	16		336,787		280,095

The financial statements were approved by the board of directors on
and signed on their behalf by:-

7 July 1999

M W C Begg

M W C Begg
Director

Begg & Co Thermoplastics Limited

Cash flow statement for the year ended 31 October 1998

	Note	1998 £	1997 £
Reconciliation of operating profit/(loss) to net inflow from operating activities			
Operating profit/(loss)		220,358	(65,347)
Depreciation		92,413	88,471
Profit on sale of tangible fixed assets		(1,345)	(4,900)
Decrease in stocks		13,266	110,158
Decrease in debtors		231,277	377,651
Decrease in creditors		(129,453)	(491,184)
Net cash inflow from continuing operating activities	a	426,516	14,849
Cash flow statement			
Net cash inflow from operating activities		426,516	14,849
Return on investments and servicing of finance	a	(52,387)	(44,000)
Taxation	a	(108,189)	-
Capital expenditure	a	(8,474)	(237,772)
		257,466	(266,923)
Financing	a	(100,732)	53,546
Increase/(decrease) in cash		156,734	(213,377)
Reconciliation of net cash flow to movement in debt (note b)			
Increase/(decrease) in cash in the period		156,734	(213,377)
Decrease/(increase) in hire purchase contracts		6,252	(18,052)
Loan balance decrease/(increase)		81,870	(55,494)
		244,856	(286,923)
Net debt at 31 October 1997		(743,074)	(456,151)
Net debt at 31 October 1998	b	(498,218)	(743,074)

The notes to the cash flow statement are set out on page 8.

Begg & Co Thermoplastics Limited

Notes to the cash flow statement for the year ended 31 October 1998

Returns on investment and servicing of finance

	1998 £	1997 £
Interest received	591	-
Interest paid	(52,978)	(44,000)
	<u>(52,387)</u>	<u>(44,000)</u>

Taxation

Taxation paid on pension refund	<u>(108,189)</u>	<u>-</u>
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Capital expenditure

Payments to acquire tangible fixed assets	(27,474)	(242,672)
Receipts from sales of tangible fixed assets	19,000	4,900
	<u>(8,474)</u>	<u>(237,772)</u>

Financing

Capital element of hire purchase contracts	(18,862)	(1,948)
New bank loan	-	125,000
Loan repayments	(81,870)	(69,506)
	<u>(100,732)</u>	<u>53,546</u>

Hire purchase contracts

Creditor at 1 November 1997	18,052	-
New agreement	12,610	20,000
Capital repayments	(18,862)	(1,948)
Creditor at 31 October 1998	<u>11,800</u>	<u>18,052</u>

(b) Analysis of changes in net debt

	At 31 October 1997 £	Cash flow £	At 31 October 1998 £
Cash at bank and in hand	-	162,465	162,465
Bank overdraft	(501,231)	(5,731)	(506,962)
Loans	(223,791)	81,870	(141,921)
Hire purchase contracts	(18,052)	6,252	(11,800)
	<u>(743,074)</u>	<u>244,856</u>	<u>(498,218)</u>

Begg & Co Thermoplastics Limited

Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover represents the value of invoiced goods and services provided during the year and is stated net of value added tax.

Fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less its estimated residual value, evenly over its expected useful life as follows:-

	%
Long leasehold premises	over the remaining life of the lease
Plant and machinery	10
Office equipment	25
Motor vehicles	20

Stocks

Stocks are stated at the lower of cost and net realisable value. Manufactured compounds are valued at the lower of direct material cost and net realisable value.

Deferred taxation

Deferred taxation is provided under the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pension costs and refunds

Pensions relating to current service are funded by annual contributions to pension plans. Annual contributions in respect of current service are charged against trading profits in the year in which they arise.

Where refunds from the pension scheme are received after deduction of tax, these are treated as income in the year of receipt.

Operating leases

Lease payments incurred under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Assets held under hire purchase contracts are capitalised and depreciated over their estimated useful lives. The interest element is charged to the profit and loss account, having regard to the capital element outstanding.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date. Exchange gains and losses are treated as part of the profit on ordinary activities before taxation.

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

1 Turnover

Turnover arises from the principal activities of the company and is wholly attributable to markets within the EC.

2 Operating expenses

	1998 £	1997 £
Distribution costs	150,547	201,092
Administrative expenses	665,662	729,676
	<u>816,209</u>	<u>930,768</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	1998 £	1997 £
Profit on disposal of fixed assets	(1,345)	(4,900)
Depreciation of owned fixed assets	87,539	83,597
Depreciation of assets held under hire purchase contracts	4,874	4,874
Auditors' remuneration	5,000	5,000
Operating lease rentals - hire of plant and machinery	2,340	2,340
- other	3,750	3,750
Pension refund (see below)	<u>(270,472)</u>	<u>-</u>

During the year, the company received a refund from its pension fund

4 Directors' emoluments

	1998 £	1997 £
Fees	110,153	120,876
Pension costs	-	1,401
	<u>110,153</u>	<u>122,277</u>

Four directors have retirement benefits accruing under money purchase schemes.

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

5 Employee information

Staff costs for all employees including executive directors consist of:-

	1998 £	1997 £
Wages and salaries	433,500	478,176
Social security costs	41,890	53,118
Other pension costs	1,604	3,113
	<u>476,994</u>	<u>534,407</u>

The average weekly number of persons (including directors) employed during the year was:

	1998 Number	1997 Number
By activity		
Office and management	13	13
Compounding and supply	15	14
	<u>28</u>	<u>27</u>

The company operates four defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £1,604 (1997: £3,113).

Begg & Co Thermoplastics Limited**Notes to the financial statements
for the year ended 31 October 1998****6 Interest payable**

	1998 £	1997 £
Hire purchase contracts	1,494	586
Bank loans and overdrafts	54,574	45,626
Other interest	-	78
	<u>56,068</u>	<u>46,290</u>

7 Tax on profit/(loss) on ordinary activities

	1998 £	1997 £
Tax on pension refund at 40%	108,189	-
	<u>108,189</u>	<u>-</u>

The company has unrelieved trading losses of approximately £422,000 available to offset against future profits.

The company also has surplus Advanced Corporation Tax of approximately £11,000 and unrelieved capital losses of approximately £6,000 to carry forward at 31 October 1998.

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

8 Tangible fixed assets

	Total £	Long leasehold premises £	Plant and machinery £	Office equipment £	Motor vehicles £
Cost					
At 1 November 1997	1,063,930	152,784	844,364	25,312	41,470
Additions	40,084	-	11,972	15,502	12,610
Disposals	(40,340)	(-)	(10,630)	(-)	(29,710)
At 31 October 1998	1,063,674	152,784	845,706	40,814	24,370
Depreciation					
At 1 November 1997	516,357	87,456	384,513	22,414	21,974
Charge for year	92,413	8,166	71,606	5,245	7,396
Disposals	(20,685)	(-)	(1,063)	(-)	(19,622)
At 31 October 1998	588,085	95,622	455,056	27,659	9,748
Net book value					
At 31 October 1998	475,589	57,162	390,650	13,155	14,622
At 31 October 1997	547,573	65,328	459,851	2,898	19,496

The net book value of £ 475,589 (1997: £ 547,573) includes £ 14,622 (1997: £ 19,496) in respect of assets held under hire purchase.

9 Stocks

	1998 £	1997 £
Raw materials and consumables	330,652	343,918

10 Debtors

	1998 £	1997 £
Trade debtors	642,026	873,738
Corporation tax repayable	10,989	10,989
Other debtors	8,381	6,948
Prepayments	12,108	13,106
	673,504	904,781

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans	72,076	82,542
Bank overdraft	506,962	501,231
Obligations under hire purchase contracts	6,864	6,252
Trade creditors	507,677	603,752
Other taxes and social security costs	88,156	101,475
Directors' current accounts	24,867	41,782
Other creditors	2,934	-
Accruals	21,106	26,094
	<u>1,230,642</u>	<u>1,363,128</u>

The bank loan is secured by a first legal mortgage over the leasehold land and buildings of the company.

The bank overdraft is secured by a first mortgage debenture, being a fixed and floating charge, over the assets and undertakings of the company.

12 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loans	69,845	141,249
Obligations under hire purchase contracts	4,936	11,800
	<u>74,781</u>	<u>153,049</u>

Analysis of obligations

	1998 £	1997 £
Between one and two years	45,909	78,267
Between two and five years	28,872	74,782
	<u>74,781</u>	<u>153,049</u>

13 Deferred taxation

In view of the accumulated tax losses available, and the unrelieved Advanced Corporation Tax, no deferred tax liability exists.

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

14 Called up share capital

	1998 £	1997 £
Authorised		
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,998</u>	<u>1,998</u>

15 Reserves

	Total £	Profit and loss account £	Other reserve £
At 1 November 1997	278,097	93,097	185,000
Loss for the year	<u>56,692</u>	<u>56,692</u>	-
At 31 October 1998	<u>334,789</u>	<u>149,789</u>	<u>185,000</u>

The other reserve comprises a development reserve. The purpose of this reserve is for the provision of possible future developments of the company.

16 Reconciliation of movements in equity shareholders' funds

	1998 £	1997 £
Profit/(loss) for the financial year	54,692	(111,637)
Opening equity shareholders' funds	<u>280,095</u>	<u>391,732</u>
Closing equity shareholders' funds	<u>334,787</u>	<u>280,095</u>

Begg & Co Thermoplastics Limited

Notes to the financial statements for the year ended 31 October 1998

17 Capital commitments

	1998	1997
	£	£
Capital expenditure that has been contracted for but has not been provided in the financial statements	<u>14,905</u>	<u>nil</u>

18 Other financial commitments

The company has a financial commitment for the year ended 31 October 1999 of £3,750 for rentals in relation to land and buildings under an operating lease due to expire after more than five years and £2,340 for rentals relating to equipment due to expire in between two and five years.

19 Related party transactions

Included in other debtors is an amount due from Thornton Chemicals Limited of £6,948. The directors of Thornton Chemicals Limited are also the directors of Begg & Co Thermoplastics Limited.