

UKAP LIMITED

Annual Report and Accounts

31st January 2000



UKAP LIMITED

Directors: L Welsh
J G Austin FCA

Secretary: D T Austin BA, ACA

Registered Office: Stirling House
21 – 25 Station Lane
Hornchurch
Essex RM12 6JL

Registered Number: 1579960 (England and Wales)

Auditors: KPMG
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers: National Westminster Bank plc
6 High Street
Chelmsford
Essex CM1 1BL

Solicitors: Wollastons
Brierley Place
New London Road
Chelmsford
Essex CM2 0AP

UKAP LIMITED

Annual Report and Accounts – 31st January 2000

| <i>Contents:</i> | <i>Page:</i> |
|-----------------------------|--------------|
| Directors' Report | 1 |
| Directors' Responsibilities | 3 |
| Report of the Auditors | 4 |
| Profit and Loss Account | 5 |
| Balance Sheet | 6 |
| Notes to the Accounts | 7 - 12 |

UKAP LIMITED

Directors' Report

The Directors have pleasure in submitting their report and accounts of UKAP Limited for the year ended 31st January 2000.

PRINCIPAL ACTIVITY

The principal activity of the company during the year under review was the sale, distribution and recycling of plastic materials.

RESULTS

Turnover rose by 15% from £8.2 million to £9.4 million.

The Profit on Ordinary Activities Before Taxation amounted to £864,043 (1999 £705,596).

The Profit on Ordinary Activities After Taxation amounted to £599,335 compared with £484,216 in the previous year.

The directors recommend the payment of a final dividend of £140,000.

After providing for dividends the retained profit transferred to reserves amounted to £384,335 (1999 £309,216).

REVIEW OF BUSINESS

The expectation of strong organic growth foreseen in last year's report became reality with high levels of demand in all product lines. Competition continued with pressure experienced on gross margins, which was countered by greater efficiencies.

The Board believe that the comprehensive service of material supply, stock holding and recycling offered to its customers should ensure further exciting growth for the future.

FIXED ASSETS

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

UKAP LIMITED

Directors' Report - Contd.

DIRECTORS AND THEIR INTERESTS

The directors have no interests in the shares of the company.

The directors at 31st January 2000 and their interests in the £1 Ordinary Shares of the Parent Undertaking, Maple Holdings Limited, were as follows:

| | <u>31.1.00</u> <u>No.</u> | <u>31.1.99</u> <u>No.</u> |
|------------|------------------------------|------------------------------|
| L Welsh | 200,850 | 200,850 |
| J G Austin | 236,600 | 236,600 |

At the forthcoming Annual General Meeting L Welsh retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

AUDITORS

A resolution to re-appoint KPMG as auditors, will be put to the members at the Annual General Meeting.

Approved by the Board 24th March 2000
and signed on its behalf



D T Austin BA, ACA
Secretary

UKAP LIMITED

Directors' Responsibilities

Company law requires the directors 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 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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 for taking reasonable steps for the prevention and detection of fraud and irregularities.

UKAP LIMITED

Auditors' Report

to the Shareholders of UKAP Limited

We have audited the accounts on pages 5 to 12.

Respective Responsibilities of Directors and Auditors:

The Directors are responsible for preparing the directors' report and, as described on page 3 the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for the audit, or if the information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

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 accounts. It also includes an assessment of significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion:

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st January 2000, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


24th March 2000

KPMG
Chartered Accountants
Registered Auditors
St Nicholas House
Park Row
Nottingham
NG1 6FQ

UKAP LIMITED

Profit and Loss Account – Year Ended 31st January 2000

| | Note | 2000 £ | 1999 £ |
|--|-------------|-------------------------|-------------------------|
| TURNOVER | 2 | 9,417,980 | 8,216,009 |
| Cost of sales | | <u>(7,524,849)</u> | <u>(6,642,139)</u> |
| GROSS PROFIT | | 1,893,131 | 1,573,870 |
| Distribution costs | | (640,973) | (513,975) |
| Administrative expenses | | <u>(467,215)</u> | <u>(449,450)</u> |
| OPERATING PROFIT | 3 | 784,943 | 610,445 |
| Interest receivable and similar income | 6 | <u>79,100</u> | <u>95,151</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 864,043 | 705,596 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 7 | <u>(264,708)</u> | <u>(221,380)</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 15 | 599,335 | 484,216 |
| DIVIDENDS | 8 | <u>(215,000)</u> | <u>(175,000)</u> |
| RETAINED PROFIT FOR THE YEAR | | 384,335 | 309,216 |
| RETAINED PROFIT B/FWD | | <u>2,272,530</u> | <u>1,963,314</u> |
| RETAINED PROFIT C/FWD | | <u><u>2,656,865</u></u> | <u><u>2,272,530</u></u> |

In both the current and preceding financial years all the turnover and operating profit of the company related to continuing activities.

In both the current and preceding financial years the company had no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been prepared.

In both the current and preceding financial years there was no difference between profit on ordinary activities before taxation and the retained profit for the year as shown above, and their historical equivalent.

The notes on pages 7 to 12 form part of these Accounts

UKAP LIMITED

Balance Sheet as at 31st January 2000

| | Note | 2000 £ | 1999 £ |
|---|------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | <u>143,588</u> | <u>140,330</u> |
| CURRENT ASSETS | | | |
| Stocks | 11 | 368,370 | 261,401 |
| Debtors due within one year | 12 | 1,849,857 | 1,385,325 |
| Debtors due after more than one year | 12 | <u>1,731,000</u> | <u>1,383,000</u> |
| Total debtors | 12 | 3,580,857 | 2,768,325 |
| Cash at bank and in hand | | <u>194,478</u> | <u>82,487</u> |
| | | 4,143,705 | 3,112,213 |
| CURRENT LIABILITIES | | | |
| Creditors : Amounts falling due within one year | 13 | <u>(1,580,428)</u> | <u>(930,013)</u> |
| NET CURRENT ASSETS | | <u>2,563,277</u> | <u>2,182,200</u> |
| NET ASSETS | | <u><u>2,706,865</u></u> | <u><u>2,322,530</u></u> |
| <i>Represented by:</i> | | | |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 50,000 | 50,000 |
| Profit and loss account | | 2,656,865 | 2,272,530 |
| EQUITY SHAREHOLDERS' FUNDS | 15 | <u><u>2,706,865</u></u> | <u><u>2,322,530</u></u> |

The Accounts on pages 5 to 12 were approved by the Board of Directors on 24th March 2000 and were signed on its behalf by:



J G Austin – Finance Director

The notes on pages 7 to 12 form part of these Accounts

UKAP LIMITED

Notes to Accounts - 31st January 2000

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

(b) Tangible Fixed Assets

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life. Plant and Machinery and Equipment is written off over 4 to 10 years and Vehicles over 3 to 4 years.

(c) Stocks

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

(d) Deferred Taxation

Deferred taxation is provided using the liability method for all significant timing differences between profit for tax purposes and profit for accounting purposes, to the extent that a liability is expected to crystallise in the future. The liability is calculated at the rate at which it is estimated that it will be payable.

(e) Lease and Hire Purchase Contracts

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits so as to spread the costs over the life of the lease.

Income from operating leases is accounted for so as to spread the income over the life of the lease.

(f) Foreign Currencies

Balances denominated in foreign currencies are translated at the rate 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 arising on settlement or translation are charged or credited to the profit and loss account as incurred.

(g) Pension Costs

The company contributes to employees personal pension plans, which are money purchase schemes. Contributions are charged to the profit and loss account as incurred.

(h) Turnover

Turnover represents the invoiced value of goods sold and commissions receivable in the ordinary course of business, stated net of value added tax.

(i) Cash Flow Statement

The company is exempt from the requirement of FRS 1 (Revised 1996) to prepare a cash flow statement, as 100% of the voting rights of the company's shares are controlled by Maple Holdings Limited. The consolidated financial statements of Maple Holdings Limited, which include the company, are publicly available from Companies House.

UKAP LIMITED

Notes to Accounts - 31st January 2000

2. SEGMENTAL INFORMATION

The directors are of the opinion that there is only one activity. The geographical analysis of the company's turnover is:

| | 2000 £ | 1999 £ |
|----------------|------------------|------------------|
| United Kingdom | 9,259,321 | 8,040,998 |
| Other | 158,659 | 175,011 |
| | <u>9,417,980</u> | <u>8,216,009</u> |

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting) the following:

| | | |
|---|-----------------|-----------------|
| Auditors' audit remuneration | 5,400 | 5,000 |
| Depreciation of fixed assets | 53,506 | 55,629 |
| Operating Leases – Premises | 48,211 | 49,416 |
| Foreign exchange losses from trading transactions | 5,882 | 17,816 |
| Operating lease income - Premises | <u>(20,900)</u> | <u>(13,363)</u> |

4. DIRECTORS' EMOLUMENTS

| | | |
|---------------------------------------|----------------|---------------|
| Emoluments including benefits in kind | 107,821 | 83,925 |
| Money purchase pension contributions | 12,500 | 12,500 |
| | <u>120,321</u> | <u>96,425</u> |

The aggregate emoluments of the highest paid director were £107,821 (1999 £83,925). The company made pension contributions of £12,500 (1999 £12,500) to a money purchase scheme on his behalf. The retirement benefits are accruing to one (1999 one) director under the money purchase scheme.

5. STAFF COSTS

| | | |
|-----------------------|----------------|----------------|
| Wages and Salaries | 488,930 | 409,247 |
| Social Security Costs | 49,507 | 39,841 |
| Pension costs | 19,767 | 20,193 |
| | <u>558,204</u> | <u>469,281</u> |

Pension costs represent the total pension contributions paid by the company during the year.

The average number of employees including Directors
During the year was :

| | No. | No. |
|--------------------------------------|-----------|-----------|
| Sales, Administration and Management | 14 | 14 |
| Production | 4 | 4 |
| | <u>18</u> | <u>18</u> |

UKAP LIMITED

Notes to Accounts - 31st January 2000

| | 2000 £ | 1999 £ |
|---|---------------|---------------|
| <u>6. INTEREST RECEIVABLE AND SIMILAR INCOME</u> | | |
| On amounts owed by parent undertaking | 72,344 | 85,197 |
| On bank deposit | 6,756 | 9,954 |
| | <u>79,100</u> | <u>95,151</u> |

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | | |
|-----------------------------------|----------------|----------------|
| Corporation Tax at 30% (1999 31%) | 264,708 | 143,824 |
| Group Relief | - | 77,137 |
| Under Provision in previous year | - | 419 |
| | <u>264,708</u> | <u>221,380</u> |

The potential liability at 30% (1999 31%) in respect of deferred taxation not provided in the Balance Sheet was:

| | | |
|--------------------------------|------------|------------|
| Accelerated Capital Allowances | <u>Nil</u> | <u>Nil</u> |
|--------------------------------|------------|------------|

8. DIVIDENDS

| | | |
|---|----------------|----------------|
| First Interim paid on 19 th October 1999 | 75,000 | 75,000 |
| Proposed Final | 140,000 | 100,000 |
| | <u>215,000</u> | <u>175,000</u> |

UKAP LIMITED

Notes to Accounts - 31st January 2000

10. TANGIBLE FIXED ASSETS

| | Plant & Machinery £ | Vehicles & Equipment £ | Total £ |
|--|---------------------------|------------------------------|----------------|
| Cost | | | |
| At 1 st February 1999 | 178,809 | 193,140 | 371,949 |
| Additions | 6,140 | 71,309 | 77,449 |
| Disposals | - | (52,291) | (52,291) |
| | <hr/> | <hr/> | <hr/> |
| At 31st January 2000 | 184,949 | 212,158 | 397,107 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Depreciation | | | |
| At 1 st February 1999 | 142,317 | 89,302 | 231,619 |
| Provided during the year | 16,657 | 36,849 | 53,506 |
| Disposals | - | (31,606) | (31,606) |
| | <hr/> | <hr/> | <hr/> |
| At 31st January 2000 | 158,974 | 94,545 | 253,519 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Net Book Value 31st January 2000 | 25,975 | 117,613 | 143,588 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Net Book Value 31st January 1999 | 36,492 | 103,838 | 140,330 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

11. STOCKS

| | 2000 £ | 1999 £ |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables | 3,419 | 2,833 |
| Finished goods and goods for resale | 364,951 | 258,568 |
| | <hr/> | <hr/> |
| | 368,370 | 261,401 |
| | <hr/> <hr/> | <hr/> <hr/> |

The directors are of the opinion that there is no material difference between the purchased cost of stocks shown above and their replacement cost.

12. DEBTORS

| | | |
|---|-------------|-------------|
| <i>Debtors due within one year</i> | | |
| Trade Debtors | 1,832,391 | 1,368,024 |
| Prepayments and accrued income | 17,466 | 17,301 |
| | <hr/> | <hr/> |
| | 1,849,857 | 1,385,325 |
| <i>Debtors due after more than one year</i> | | |
| Amounts owed by parent undertaking | 1,731,000 | 1,383,000 |
| | <hr/> | <hr/> |
| | 3,577,374 | 2,768,325 |
| | <hr/> <hr/> | <hr/> <hr/> |

UKAP LIMITED

Notes to Accounts - 31st January 2000

| 13. CREDITORS: Amounts falling due within one year | 2000 £ | 1999 £ |
|---|------------------|------------------|
| Trade Creditors | 914,065 | 329,993 |
| Amounts owed to group undertakings | - | 77,137 |
| Corporation Tax | 182,708 | 143,824 |
| Other taxes and social security costs | 319,592 | 241,860 |
| Accruals and deferred income | 24,063 | 37,199 |
| Dividends payable | 140,000 | 100,000 |
| | <u>1,580,428</u> | <u>930,013</u> |

14. SHARE CAPITAL

Authorised:

| | | |
|------------------------------------|----------------|----------------|
| 250,000 Ordinary Shares of £1 each | <u>250,000</u> | <u>250,000</u> |
|------------------------------------|----------------|----------------|

Allotted, called up and fully paid:

| | | |
|-----------------------------------|---------------|---------------|
| 50,000 Ordinary Shares of £1 each | <u>50,000</u> | <u>50,000</u> |
|-----------------------------------|---------------|---------------|

15. RECONCILIATION OF THE MOVEMENT OF EQUITY SHAREHOLDERS' FUNDS

| | | |
|-----------------------------|------------------|------------------|
| At 1 st February | 2,322,530 | 2,013,314 |
| Profit for the year | 599,335 | 484,216 |
| Dividends | (215,000) | (175,000) |
| | <u>2,706,865</u> | <u>2,322,530</u> |

16. OPERATING LEASE COMMITMENTS

The company had the following annual commitments under non cancellable operating leases:

Land and Buildings

| | | |
|-------------------------------------|---------------|---------------|
| Leases expiring within 1 year | 2,931 | - |
| Leases expiring within 2 to 5 years | <u>28,470</u> | <u>44,842</u> |

UKAP LIMITED

Notes to Accounts - 31st January 2000

17. CONTINGENT LIABILITY

There were no contingent liabilities at the balance sheet date (1999 £nil).

18. CAPITAL COMMITMENTS

There were no capital commitments placed at the balance sheet date (1999: £Nil).

19. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Maple Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions and balances with entities which form part of the group. The consolidated financial statements within which this company is included, are publicly available from Companies House.

20. PARENT UNDERTAKING

The immediate and ultimate Parent Undertaking is Maple Holdings Limited, a company incorporated in the United Kingdom.