

BRITTON PRECISION LIMITED

Report and Financial Statements

31 December 2002

**Deloitte & Touche
Nottingham**



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Searle
N James

SECRETARY

N James

REGISTERED OFFICE

Castle Court
41 London Road
Reigate
Surrey
RH2 9RJ

BANKERS

National Westminster Bank plc
1 Princes Street
London
EC2R 8PB

SOLICITORS

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

AUDITORS

Deloitte & Touche
Nottingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES

The principal activity of the company continues to be the manufacturing of polythene film.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Trading conditions continued to be difficult in the year. Action has been taken to improve profitability in 2003.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend payment of a dividend. The profit for the year of £28,000 (2001 - £354,000) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1 of the accounts.

The directors who served during the year and those in office at the year end were:

R J Searle

N James

None of the directors have any interest in the issued share capital of the company.

The interests of Mr N James and Mr R J Searle, directors of the ultimate parent company, are disclosed in the accounts of that company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R J Searle

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRITTON PRECISION LIMITED**

We have audited the financial statements of Britton Precision Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the 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 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 with the company is not disclosed.

We read the directors' report for the above year 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 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Nottingham

20 May 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	8,752	9,598
Cost of sales		(7,962)	(8,625)
GROSS PROFIT		790	973
Distribution costs		(306)	(295)
Administrative expenses		(433)	(430)
OPERATING PROFIT	4	51	248
Interest receivable and similar income		2	15
Interest payable and similar charges	5	(5)	(6)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48	257
Tax on profit on ordinary activities	6	(20)	97
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	13	28	354

All results are derived from continuing operations.

There were no other recognised gains or losses other than the profit for the financial year and for the preceding year. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET
31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	7	1,156	1,261
CURRENT ASSETS			
Stocks	8	634	353
Debtors	9	1,615	1,887
Cash at bank and in hand		548	149
		2,797	2,389
CREDITORS: amounts falling due within one year	10	(2,375)	(2,120)
NET CURRENT ASSETS		422	269
TOTAL ASSETS LESS CURRENT LIABILITIES		1,578	1,530
PROVISIONS FOR LIABILITIES AND CHARGES	11	(20)	-
NET ASSETS		1,558	1,530
CAPITAL AND RESERVES			
Called up share capital	12	5	5
Capital redemption reserve	13	2	2
Profit and loss account	13	1,551	1,523
EQUITY SHAREHOLDERS' FUNDS	13	1,558	1,530

These financial statements were approved by the Board of Directors on 11th May 2003

Signed on behalf of the Board of Directors



R J Searle

Director

NOTES TO THE ACCOUNTS**Year ended 31 December 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.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of all assets, except freehold land which is not depreciated. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Plant and machinery	10% per annum

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

The company has adopted FRS19 Deferred tax. 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 financial statements. 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

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The company pays contributions on behalf of the qualifying employees to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged directly to the profit and loss account.

Cash flow

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary undertaking of Britton Group (Holdings) Limited, is exempt from the requirement to prepare such a statement under Financial Reporting Statement 1 "Cash flow statement".

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activity after deduction of trade discounts and value added tax and is derived solely in the United Kingdom.

NOTES TO THE ACCOUNTS**Year ended 31 December 2002****3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2002 £'000	2001 £'000
Directors' emoluments		
Emoluments	-	-
Contributions to a defined contribution pension scheme	-	-
	<u>No</u>	<u>No</u>
 Members of a defined contribution pension scheme	 -	 -
 Average number of persons employed		
Production	82	82
Administration	10	10
	<u>92</u>	<u>92</u>
	£'000	£'000
 Staff costs during the year		
Wages and salaries	1,396	1,348
Social security costs	124	113
Pension costs	26	29
	<u>1,546</u>	<u>1,490</u>

4. OPERATING PROFIT

	2002 £'000	2001 £'000
Operating profit is after charging:		
Depreciation	169	198
Hire of plant and machinery	12	12
Auditors' remuneration		
Audit fees	9	10
Other services	3	4

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Bank interest	<u>5</u>	<u>6</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2002 £'000	2001 £'000
Current tax		
UK corporation tax at 30% (2001: 30%) based on the profit for the year	-	-
Total current tax (note 6b)	-	-
Deferred tax		
Current year charge/(credit) at 30% (2001: 30%)	46	(97)
Adjustments in respect of prior periods	(26)	-
Total deferred tax (note 11)	20	(97)
Total tax charge/(credit) in the year	20	(97)

b) Factors affecting the tax charge for the year

The tax assessed for the current year differs to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	48	257
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	14	77
Effects of:		
Capital allowances in excess of depreciation	(39)	50
Expenses not deductible for tax purposes	1	1
Movement in other short term timing differences	(8)	(4)
Group relief not paid for	32	(124)
Current tax charge for the year (note 6a)	-	-

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 January 2002	607	3,463	4,070
Additions	-	64	64
At 31 December 2002	607	3,527	4,134
Accumulated Depreciation			
At 1 January 2002	73	2,736	2,809
Charge for the year	11	158	169
At 31 December 2002	84	2,894	2,978
Net book value			
At 31 December 2002	523	633	1,156
At 31 December 2001	534	727	1,261

Included in land and buildings is land with a value of £65,000 (2001: £65,000) which is not depreciated.

8. STOCKS

	2002 £'000	2001 £'000
Raw materials and consumables	449	187
Finished goods	185	166
	634	353

9. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	1,345	1,469
Amounts owed by group undertakings	208	364
Prepayments and accrued income	62	54
	1,615	1,887

NOTES TO THE ACCOUNTS**Year ended 31 December 2002****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002	2001
	£'000	£'000
Trade creditors	1,802	1,244
Amounts owed to group undertakings	378	271
Corporation tax	-	93
Other taxes and social security	90	156
Accruals and deferred income	105	356
	<u>2,375</u>	<u>2,120</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2002	2001
	£'000	£'000
Deferred taxation		
At 1 January	-	97
Charge/(credit) for the year	20	(97)
	<u>20</u>	<u>-</u>
At 31 December		

The amount of deferred taxation provided and not provided in the accounts are as follows:

	Provided	Not provided	Provided	Not provided
	2002	2002	2001	2001
	£'000	£'000	£'000	£'000
Accelerated capital allowances	24	-	-	(15)
Short term timing differences	(4)	-	-	(11)
	<u>20</u>	<u>-</u>	<u>-</u>	<u>(26)</u>

Deferred tax is provided as the company is profit making and expected to continue to be so. Timing differences on these items are therefore expected to reverse.

12. CALLED UP SHARE CAPITAL

	2002	2001
	£'000	£'000
Authorised		
7,000 Ordinary shares of £1 each	<u>7</u>	<u>7</u>
Called up allotted and fully paid		
4,500 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	2002 Share Capital £'000	2002 Capital redemption reserve £'000	2002 Profit And loss Account £'000	2002 Total Share- holders' funds £'000	2001 Total share- holders' funds £'000
At 1 January	5	2	1,523	1,530	1,176
Profit for the year	-	-	28	28	354
At 31 December	<u>5</u>	<u>2</u>	<u>1,551</u>	<u>1,558</u>	<u>1,530</u>

14. FINANCIAL COMMITMENTS

	2002 £'000	2001 £'000
Capital commitments		
Amounts contracted for but not provided	3	-
Amounts authorised not contracted for	<u>-</u>	<u>25</u>

Operating lease commitments

At 31 December 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	2002 £'000	2001 £'000
Operating leases which expire:		
Within one year	7	2
Within one to two years	13	14
Within two to five years	<u>-</u>	<u>11</u>
	<u>20</u>	<u>27</u>

None of the leases related to land and buildings.

15. PENSIONS

Certain employees are members of the group defined contribution scheme. Contributions paid during the year were £25,936 (2001 - £28,659).

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

16. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary and has taken advantage of the exemptions available under paragraph 3 (c) of FRS 8.

17. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company is Britton Group Limited. The ultimate parent company and controlling party, for which consolidated accounts are prepared, is Britton Group (Holdings) Limited, a company incorporated in Great Britain. Group accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

18. CONTINGENT LIABILITIES

From 4 July 1998 the company is party to a cross company and group guarantee with respect to parent company financing. There are consequently fixed and floating charges over the company's present and future property and assets.