

COMPANY REGISTRATION NUMBER 1786038

**CARCLO TECHNICAL PLASTICS (MITCHAM)  
LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 MARCH 2006**

TUESDAY



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# **CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

## **ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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# **CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

## **COMPANY INFORMATION**

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**The board of directors**

Mr P N Ward  
Mr R J Brooksbank  
Mr E Cook  
Mr M J Day  
Mr I Hood  
Mr I Williamson

**Company secretary**

Mr E Cook

**Registered office**

47 Wates Way  
Mitcham  
Surrey  
CR4 4HR

**Auditor**

KPMG Audit Plc  
Registered Auditor  
Leeds

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

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The directors present their report and the accounts of the company for the year ended 31 March 2006.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the manufacture and sale of precision plastic components mainly for the medical and pharmaceutical industries together with the manufacture and sale of plastic lenses for optical and other purposes.

Group strategy is to grow the specialist medical and optical business. In order to facilitate this the optical business of fellow subsidiary undertaking Carclo Technical Plastics (Slough) Limited was transferred into the company on 27 May 2005 at net book value of £2,947,000.

Operating margins before redundancy costs in the year have fallen to 1.4% from 2.8% in the previous year. The company is focusing on improving margins in the coming year.

The major risks to the company are seen as globalisation and the loss of major customers. These risks are minimised by the company marketing at group level and covering sales by long term supply agreements.

### RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached accounts.

The directors do not recommend a dividend ( 2005: £nil).

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

		At 31 March 2006	At 1 April 2005
Mr P N Ward	ordinary	-	-
Mr R J Brooksbank	ordinary	50,000	33,818
Mr M J Day	ordinary	-	-
Mr I Hood	ordinary	-	-
Mr I Williamson	ordinary	<u>412,305</u>	<u>385,505</u>

No director had any beneficial interest in the shares of the company.

Also a director of the company was Mr S D Pottage who resigned on 29 August 2006. Mr E Cook was appointed on 29 August 2006.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 MARCH 2006

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The directors have also been granted options on the shares of the parent company as follows:

	Options held 1 Apr 2005	Granted in period	Lapsed in period	Options held 31 Mar 2006
Mr P N Ward	99,000	23,000	-	122,000
Mr R J Brooksbank	210,000	67,000	-	277,000
Mr M J Day	10,000	-	-	10,000
Mr I Williamson	574,000	123,000	180,000	517,000

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND ACCOUNTS

The directors are responsible for preparing the Directors' Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with UK Accounting Standards.

The accounts are required by law to 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 these accounts, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

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### AUDITOR

A resolution to re-appoint KPMG Audit Plc as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 384 of the Companies Act 1985.

Registered office:  
47 Wates Way  
Mitcham  
Surrey  
CR4 4HR

Signed by order of the directors



MR E COOK  
Company Secretary

Date: 26 January 2007

# **CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

**YEAR ENDED 31 MARCH 2006**

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We have audited the accounts of Carclo Technical Plastics (Mitcham) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These accounts have been prepared on the basis of 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 auditor's 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 auditor**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

*Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).*

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 1985. 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 our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the 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.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED *(continued)*

YEAR ENDED 31 MARCH 2006

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### Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts for the year ended 31 March 2006.

*Klaus Meier*

KPMG AUDIT PLC

Registered Auditor  
Leeds

Date: *26 January 2007.*



# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER	2	15,657,521	11,300,229
OPERATING (LOSS)/PROFIT	3	(8,205)	118,869
Interest receivable	6	214,760	126,060
Interest payable and similar charges	7	(100,576)	(48,911)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		105,979	196,018
Tax on profit on ordinary activities	8	(79,733)	(84,441)
PROFIT FOR THE FINANCIAL YEAR		26,246	111,577

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 20 form part of these accounts.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

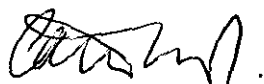
## BALANCE SHEET

31 MARCH 2006

	Note	2006 £	Restated 2005 £
<b>FIXED ASSETS</b>			
Tangible assets	9	6,082,674	4,302,257
<b>CURRENT ASSETS</b>			
Stocks	10	1,708,034	949,383
Debtors due within one year	11	7,738,159	2,559,589
Debtors due after one year	11	1,690,503	5,287,257
Cash in hand		345,540	320,398
		11,482,236	9,116,627
<b>CREDITORS: Amounts falling due within one year</b>	13	(8,074,407)	(3,954,627)
<b>NET CURRENT ASSETS</b>		3,407,829	5,162,000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,490,503	9,464,257
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(6,352,500)	(6,352,500)
<b>NET ASSETS</b>		3,138,003	3,111,757
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	18	3,500,000	3,500,000
Profit and loss account	19	(361,997)	(388,243)
<b>SHAREHOLDERS' FUNDS</b>	20	3,138,003	3,111,757

These accounts were approved by the board of directors on the 26 January 2007 and were signed on its behalf by:

Mr P N Ward  
Director



Mr E Cook  
Director



Date: 26 January 2007

The notes on pages 9 to 20 form part of these accounts.

# **CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

In these accounts the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure';
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The corresponding amounts in these accounts are restated in accordance with the new policies.

#### **FRS21 'Events after the balance sheet date'**

FRS21 superseded SSAP17. Under the new standard dividends payable at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts.

The presentational requirements of FRS 25 'Financial instruments presentation and disclosure'

FRS 25 states that distributions to holders of equity instruments shall be debited directly to equity. The effect of the adoption of this standard is disclosed in note 14.

#### **Cash flow statement**

As permitted by FRS 1 (revised 1996) - 'Cash Flow Statements', the accounts do not include a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking and the ultimate holding company includes the company in its own published consolidated accounts.

#### **Related party transactions**

The company has taken advantage of the exemption to FRS 8 from disclosing transactions with related parties that are part of Carclo plc.

#### **Research and development**

Research and development expenditure is written off in the year in which it is incurred.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Fixed assets**

All fixed assets are initially recorded at cost. Freehold land and buildings were revalued as at 31 March 1999 with the revaluation deficit being taken to the profit and loss account. The transitional provisions of FRS 15 have been followed and accordingly, prior year valuations of land and buildings have not been updated.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Buildings	-	2%
Leasehold Property	-	12.5%
Plant & Machinery	-	10 - 20%
Motor Vehicles	-	25%

Freehold land is not depreciated.

Provision is made for any impairment.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overhead expenses.

#### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# **CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 MARCH 2006**

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### **1. ACCOUNTING POLICIES** *(continued)*

#### **Pensions**

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised on a liability or asset if the transactions or events that give rise to an obligation to pay more tax in the future or a right to pay less tax in future have occurred by the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

#### **Foreign currencies**

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end, except where they are covered by forward contracts in which case the rate appropriate to the forward contracts is used.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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### 1. ACCOUNTING POLICIES *(continued)*

#### Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these accounts for called up share capital and share premium account exclude amounts in relation to these shares.

### 2. TURNOVER

Turnover is the net invoiced value of goods and services provided by the company exclusive of VAT.

Turnover is attributable to one continuing activity, the manufacture of precision components. The geographical analysis of turnover is as follows:

	2006	2005
	£	£
United Kingdom	10,022,723	8,857,924
Rest of Europe	3,983,789	1,741,002
Rest of World	1,651,009	701,303
	<u>15,657,521</u>	<u>11,300,229</u>

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is arrived at as follows:

	2006 £	2005 £
Turnover	15,657,521	11,300,229
Finished goods and work in progress stock change	686,505	23,891
Raw materials and consumables	(5,951,067)	(3,966,934)
Employee costs (note 4)	(6,105,882)	(4,446,090)
Depreciation	(865,299)	(613,107)
Redundancy costs	(231,931)	(191,995)
Operating lease rentals - plant and machinery	(85,422)	(31,529)
Operating lease rentals - property	(387,240)	(154,500)
Auditors' remuneration - audit work	(8,367)	(12,020)
Management charge	(220,000)	(110,000)
Other operating charges	(2,497,023)	(1,679,076)
	<u>(8,205)</u>	<u>118,869</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 233 (2005 - 172).

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	5,405,310	3,902,174
Social security costs	530,592	365,220
Other pension costs	169,980	178,696
	<u>6,105,882</u>	<u>4,446,090</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Emoluments receivable	<u>212,215</u>	<u>202,231</u>

#### Emoluments of highest paid director:

	2006 £	2005 £
Total emoluments (excluding pension contributions)	<u>87,201</u>	<u>81,600</u>

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £21,066 (2005 - £17,538).

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2006	2005
	No	No
Defined benefit schemes	<u>4</u>	<u>4</u>

Mr R J Brooksbank and Mr I Williamson were also directors of the holding company and fellow subsidiary undertakings. Mr S D Pottage was also a director of fellow subsidiary undertakings. These directors received remuneration of £592,521 (2005 - £393,040), all of which was paid by the holding company or fellow subsidiary undertakings. The directors do not believe that it is practicable to apportion this amount between their service as directors of the holding company and the fellow subsidiary undertakings.

### 6. INTEREST RECEIVABLE

	2006	2005
	£	£
Interest from group undertakings	<u>214,760</u>	<u>126,060</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest payable on bank borrowing	<u>100,576</u>	<u>48,911</u>

### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2006	2005
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	297,436	229,989
Adjustments in respect of prior years	<u>33,537</u>	<u>15,348</u>
Total current tax	<u>330,973</u>	<u>245,337</u>
Deferred tax:		
Origination and reversal of timing differences	(253,867)	(160,896)
Adjustments in respect of prior years	<u>2,627</u>	<u>-</u>
Tax on profit on ordinary activities	<u>79,733</u>	<u>84,441</u>



# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

The tax charge differs from the standard rate of corporation tax in the UK of 30% (2005 - 30%) for the following reasons:

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>105,979</u>	<u>196,018</u>
Profit on ordinary activities at standard rate of tax of 30% (2005 - 30%)	31,794	58,805
Depreciation in excess of capital allowances	253,867	160,891
Permanent differences	11,775	10,293
Prior year adjustment	<u>33,537</u>	<u>15,348</u>
Total current tax (note 8(a))	<u>330,973</u>	<u>245,337</u>

### 9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Short Leasehold Land & Buildings £	Plant & Machinery £	Total £
<b>Cost or valuation</b>				
At 1 April 2005	1,760,882	91,311	9,265,368	11,117,561
Additions - non group	—	14,247	847,906	862,153
Additions - group	—	1,145,214	7,532,664	8,677,878
Disposals - non group	—	(357,709)	(882,769)	(1,240,478)
<b>At 31 March 2006</b>	<u>1,760,882</u>	<u>893,063</u>	<u>16,763,169</u>	<u>19,417,114</u>
Of which at 1999 valuation	<u>1,650,000</u>			
<b>Depreciation</b>				
At 1 April 2005	153,357	9,512	6,652,435	6,815,304
Charge for the year	26,717	90,986	747,596	865,299
Disposals - non group	—	(357,709)	(796,759)	(1,154,468)
On group acquisitions	—	344,623	6,463,682	6,808,305
<b>At 31 March 2006</b>	<u>180,074</u>	<u>87,412</u>	<u>13,066,954</u>	<u>13,334,440</u>
<b>Net book value</b>				
At 31 March 2006	<u>1,580,808</u>	<u>805,651</u>	<u>3,696,215</u>	<u>6,082,674</u>
At 31 March 2005	<u>1,607,525</u>	<u>81,799</u>	<u>2,612,933</u>	<u>4,302,257</u>

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

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Included in freehold land and buildings is land valued at £425,000 which is not depreciated.

Freehold land and buildings were revalued downwards to open market value for existing use basis as at 31 March 1999 by Eddisons Commercial Limited in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Had they not been impaired, on a historical cost basis, freehold land and buildings would have been included as follows:

	2006 £	2005 £
Cost	2,344,789	2,344,789
Cumulative depreciation based on cost	538,824	501,080

### 10. STOCKS

	2006 £	2005 £
Raw materials	549,582	477,436
Work in progress	111,237	181,287
Finished goods	1,047,215	290,660
	<u>1,708,034</u>	<u>949,383</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 11. DEBTORS

	2006 £	2005 £
Trade debtors	3,823,167	2,158,185
Amounts owed by group undertakings	4,691,025	5,313,037
Other debtors	3,546	5,852
Prepayments and accrued income	208,145	209,271
Deferred taxation (note 12)	702,779	160,501
	<u>9,428,662</u>	<u>7,846,846</u>

The debtors above include the following amounts falling due after more than one year:

	2006 £	2005 £
Amounts owed by group undertakings	<u>1,690,503</u>	<u>5,287,257</u>

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2006 £	2005 £
Included in debtors (note 11)	<u>702,779</u>	<u>160,501</u>

The movement in the deferred taxation account during the year was:

	2006 £	2005 £
Balance brought forward	160,501	(395)
Transfer on acquisition of the assets of Carclo Technical Plastics (Slough) Limited	291,038	-
Profit and loss account movement arising during the year	<u>251,240</u>	<u>160,896</u>
Balance carried forward	<u>702,779</u>	<u>160,501</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	<u>702,779</u>	<u>160,501</u>
	<u>702,779</u>	<u>160,501</u>

### 13. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank overdrafts	1,994,125	870,518
Trade creditors	1,330,608	1,346,013
Amounts owed to group undertakings	3,322,529	548,172
Corporation tax	297,436	229,989
Other taxation and social security	322,520	215,088
Other creditors	385,064	54,014
Accruals and deferred income	422,125	690,833
	<u>8,074,407</u>	<u>3,954,627</u>

The bank overdraft is secured by way of a fixed charge on the freehold land and buildings and floating charges on the other assets of the company. interest is payable at the floating rate of LIBOR + 1%.

### 14. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Preference shares classed as financial liabilities	<u>6,352,500</u>	<u>6,352,500</u>

Following the adoption of FRS25 the company has reclassified certain classes of shares from shareholders' funds to liabilities.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 31 MARCH 2006

On 1 April 2005 the company adopted the presentational requirements of FRS 25 (Financial Instruments: Disclosure and Presentation). The rationale behind this change is detailed in the accounting policies note. The effect on the prior year was 165,000 preference shares of £1 each (with a share premium of £6,187,500) reclassified from share capital to creditors falling due after more than one year, increasing creditors due after more than one year to £6,352,000 and reducing net assets to £3,111,757.

#### 15. PENSIONS

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Full details of the financial assumptions used to assess the scheme's assets and liabilities can be found in the accounts of Carclo plc.

The company is also a member of a defined contribution pension scheme operated by Carclo plc. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £36,484 (2005 £30,646). Contributions amounting to £2,491 (2005 £2,314) were payable to the scheme at the year end and are included in creditors.

#### 16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	2,356	-	4,023
Within 2 to 5 years	-	25,836	-	17,700
After more than 5 years	496,800	-	154,500	-
	<u>496,800</u>	<u>28,192</u>	<u>154,500</u>	<u>21,723</u>

#### 17. CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2006 the overdraft facilities amounted to £2,000,000 (2005 - £2,000,000) of which £ nil (2005 - £ nil) had been utilised.

The company has also provided an upstream guarantee to the parent company, Carclo plc, in respect of certain bank loan and overdraft facilities. At 31 March 2006 the total bank facilities available to the parent company amounted to £29,550,000 (2005 - £35,300,000) of which £25,843,000 (2005 - £28,250,000) had been utilised.

There are fixed and floating charges over the company's assets in respect of the above guarantees.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 18. SHARE CAPITAL

#### Authorised share capital:

	2006 £	2005 £
3,500,000 Ordinary shares of £1 each	3,500,000	3,500,000
165,000 Preference shares of £1 each	165,000	165,000
	<u>3,665,000</u>	<u>3,665,000</u>

#### Allotted and called up:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	3,500,000	3,500,000	3,500,000	3,500,000
Preference shares of £1 each	165,000	165,000	165,000	165,000
	<u>3,665,000</u>	<u>3,665,000</u>	<u>3,665,000</u>	<u>3,665,000</u>

The ordinary shares and preference shares rank *pari passu* in all respects except that:

- the preference shareholders have the right to a special one-off cash dividend of 70 pence per share payable on 31 March 2003
- the preference shareholders have the right to receive a fixed rate cumulative preference cash dividend at the rate of 5% per annum on the amount paid up or credited as paid up on the preference shares
- the preference shareholders have no further right to participate in the profits of the company
- no dividends shall be declared or paid on the ordinary shares in respect of any financial year of the company unless and until the special dividend and any amount due and in arrears of the cumulative preference dividend have been paid

	No	£
Shares classified as liabilities	165,000	165,000
Shares classified as shareholders' funds	3,500,000	3,500,000
	<u>3,665,000</u>	<u>3,665,000</u>

As more fully explained in note 1, classifications within shareholders' funds are determined on different bases in the current year and comparative year due to the adoption of FRS 25.

# CARCLO TECHNICAL PLASTICS (MITCHAM) LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2006

### 19. RESERVES

	Share premium account £	Profit and loss account £
Balance brought forward	6,187,500	(388,243)
Prior year adjustment as a result of FRS 25 – reclassification of shareholders' funds	(6,187,500)	–
Balance brought forward as restated	–	(388,243)
Profit for year	–	26,246
Balance carried forward	–	(361,997)

As more fully explained in note 1, classifications within shareholders' funds are determined on different bases in the current year and comparative year due to the adoption of FRS 25. The adjustment to share premium and reserves to reflect this new policy is highlighted above.

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	26,246	111,577
Opening shareholders' funds originally £9,464,257 restated for prior year adjustment of £6,352,500 (see note 19)).	3,111,757	3,000,180
Closing shareholders' funds	<u>3,138,003</u>	<u>3,111,757</u>

### 21. ACQUISITION

On 27 May 2005 the assets and liabilities of fellow subsidiary undertaking, Carclo Technical Plastics (Slough) Limited, were acquired for their net book value of £2,947,000. The amount comprised fixed assets £1,811,000, working capital £1,740,000 and bank overdraft £604,000.

### 22. ULTIMATE PARENT COMPANY

The parent company and ultimate controlling party of the group of undertakings for which group accounts are drawn up and of which the company is a member is Carclo plc. Copies of Carclo plc's accounts can be obtained from Springstone House, 27 Dewsbury Road, Ossett, WF5 9WS.