

**Pentre Group Limited**

Annual report and accounts  
for the year ended 31 March 2002

Registered number: 2514415



## Directors' report

For the year ended 31 March 2002

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 March 2002.

### Directors' responsibilities

United Kingdom company law requires the directors to prepare accounts 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 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 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

### Principal activity and business review

On 31 March 2001 the company acquired the businesses of all its UK subsidiary companies and commenced to trade on 1 April 2001 as a manufacturer of cable reels and drums.

The businesses of the company's subsidiary undertakings are progressing satisfactorily.

### Results and dividends

The loss for the year, after taxation, amounted to £1,220,388 (2001 – £5,378). The directors do not recommend the payment of a dividend (2001 – £nil).

### Directors

The directors who served during the year were as follows:

Mr. P.A. Gartside (Chairman)

Mr. M.F. Seymour

Mr. H. W. Platt (Appointed 16 July 2001)

## Directors' report (continued)

### Directors Interests

Throughout the year Mr. P.A. Gartside, Mr. M.F. Seymour and Mr. H. W. Platt were directors of Locker Group plc of which the company is a wholly owned subsidiary. Their interests in the shares of the parent company are shown in the accounts of that company.

The directors had no beneficial interests in any contract entered into by the company during the year ended 31 March 2002.

### Supplier payment policy

The company's general policy is to pay suppliers to agreed terms for undisputed transactions subject to restrictions imposed by any undue incidence of late payment from the company's own customers. During the year, the company has not followed any code or standard on payment practice.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep informed on matters affecting them as employees and on the various factors affecting the performance of the company.

### Auditors

On 31 July 2002 Arthur Andersen resigned as auditors of the company and the directors appointed Deloitte & Touche to fill the casual vacancy. A resolution re-appointing Deloitte & Touche as auditors and permitting the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board,

  
J. G. Dalzell  
Company Secretary

Church Street  
Warrington  
Cheshire  
WA1 2SU

14 January 2003

## Independent auditors' report

### **To the members of Pentre Group Limited:**

We have audited the accounts of Pentre Group Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 18. These accounts have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Directors' report, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

### **Basis of audit opinion**

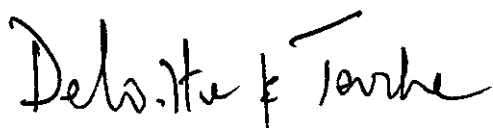
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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.

## Independent auditors' report (continued)

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 2002 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Deloitte & Touche". The script is cursive and fluid, with the ampersand being particularly stylized.**Deloitte & Touche**

Chartered Accountants and Registered Auditors

Manchester

14 January 2003

# Profit and loss account

For the year ended 31 March 2002

	Notes	2002 £	2001 £
<b>Turnover</b>	1	17,725,887	-
Cost of sales		(12,316,147)	-
<b>Gross profit</b>		5,409,740	-
Other operating expenses	2	(6,382,984)	(5,000)
<b>Operating loss</b>		(973,244)	(5,000)
Interest payable and similar charges	3	(86,195)	(2,684)
Loss on ordinary activities before taxation	4	(1,059,439)	(7,684)
Tax on loss on ordinary activities	6	(160,949)	2,306
<b>Retained loss for the year</b>	15	(1,220,388)	(5,378)

All activity has arisen from continuing operations.

There are no recognised gains or losses other than the loss for the year.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 March 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Intangible assets	7	1,923,854	2,025,110
Tangible fixed assets	8	5,270,399	5,813,203
Investments	9	2,019,852	2,019,852
		<u>9,214,105</u>	<u>9,858,165</u>
<b>Current assets</b>			
Stocks	10	2,008,813	2,051,452
Debtors	11	8,971,472	7,046,431
Cash at bank and in hand		1,232,179	1,736,775
		<u>12,212,464</u>	<u>10,834,658</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(18,223,823)</u>	<u>(16,189,615)</u>
<b>Net current liabilities</b>		<u>(6,011,359)</u>	<u>(5,354,957)</u>
<b>Total assets less current liabilities</b>		3,202,746	4,503,208
<b>Provisions for liabilities and charges</b>	13	<u>(283,126)</u>	<u>(363,200)</u>
<b>Net assets</b>		<u>2,919,620</u>	<u>4,140,008</u>
<b>Capital and reserves</b>			
Called-up share capital	14	2,926,581	2,926,581
Share premium account	15	1,212,190	1,212,190
Profit and loss account	15	<u>(1,219,151)</u>	<u>1,237</u>
<b>Equity shareholders' funds</b>	16	<u>2,919,620</u>	<u>4,140,008</u>

The accounts on pages 5 to 18 were approved by the board of directors on 14 January 2003 and signed on its behalf by:

P.A. Gartside

Director

14 January 2003

The accompanying notes are an integral part of this balance sheet.

## Statement of accounting policies

31 March 2002

The principal accounting policies are summarised below. They have been all applied consistently throughout the year and the preceding year.

### **Basis of accounting**

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

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Locker Group plc which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

### **Intangible fixed assets – goodwill**

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

### **Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less amounts written off. Provisions are made for impairment.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold and long leasehold land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	50 years
Leasehold buildings	50 years or the period of the lease if less
Plant and equipment	5 to 25 years
Motor vehicles	5 years

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

## Statement of accounting policies (continued)

### **Taxation**

Current tax, including UK corporation tax and foreign 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **Foreign currency**

Transactions in foreign currencies are recorded at rates of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of returns, VAT and other sales related taxes.

### **Pension costs**

The company contributes to a number of personal pension schemes on behalf of certain employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## Statement of accounting policies (continued)

### Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful economic life. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the year and future commitments is given in note 17b.

# Notes to the accounts

31 March 2002

## 1 Turnover

	2002 £	2001 £
United Kingdom	10,704,734	-
Overseas	7,021,153	-
	<u>17,725,887</u>	<u>-</u>

The directors are of the opinion that disclosure of further segmental information would be prejudicial to the business of the company.

## 2 Operating expenses

	2002 £	2001 £
Selling and distribution costs	1,648,228	-
Administrative expenses	4,734,756	5,735,000
Other operating income – Dividends from subsidiary companies	-	(5,730,000)
	<u>6,382,984</u>	<u>5,000</u>

Administrative expenses includes exceptional impairment of investment in subsidiaries £nil (2001 - £5,735,000)

## 3 Interest payable and similar charges (net)

	2002 £	2001 £
Group interest payable	86,195	-
Interest payable on finance leases	-	2,684
	<u>86,195</u>	<u>2,684</u>

## 4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Depreciation and amounts written off tangible fixed assets:		
- owned	781,348	-
- held under finance leases	7,761	-
Loss on disposal of fixed assets	114,130	-
Auditors' remuneration	41,698	-
Operating lease rentals - plant and machinery	133,446	-
Rent paid on premises	158,927	-
Rent paid on premises owned by a group company	170,000	-
Staff costs (see note 5)	<u>5,534,661</u>	<u>-</u>

## Notes to the accounts (continued)

### 5 Staff costs

The average monthly number of employees (including executive directors) was as follows:

	2002 Number employed	2001 Number employed
Manual	238	-
Clerical and technical	81	-
	<u>319</u>	<u>-</u>

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	5,020,457	-
Social security costs	441,726	-
Other pension costs (see note 17c)	72,478	-
	<u>5,534,661</u>	<u>-</u>

#### *Directors' remuneration:*

The directors received no emoluments from the company during the year (2001 - £nil).

No directors were members of the Locker Group pension scheme (2001 - nil).

### 6 Tax on loss on ordinary activities

The tax charge (credit) comprises:

	2002 £	2001 £
<b>Current tax</b>		
UK corporation tax	-	(2,306)
Adjustment of current taxation in respect of prior years	36,332	-
<b>Total current tax</b>	<u>36,332</u>	<u>(2,306)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	95,208	-
Adjustment of deferred taxation in respect of prior years	29,409	-
<b>Total deferred tax</b>	<u>124,617</u>	<u>-</u>
<b>Total tax on loss on ordinary activities</b>	<u>160,949</u>	<u>(2,306)</u>

## Notes to the accounts (continued)

### 6 Tax on loss on ordinary activities (continued)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2002 £	2001 £
Loss on ordinary activities before taxation	(1,059,439)	(7,684)
Loss on ordinary activities at standard UK corporation tax rate of 30% (2001 - 30%)	(317,832)	(2,306)
Effects of:		
Unrelieved tax losses carried forward	246,348	-
Capital allowances less than depreciation	26,288	-
Expenses not deductible for tax purposes	45,196	-
Adjustments to tax charge in respect of previous years	36,332	-
	<u>36,332</u>	<u>(2,306)</u>

At 31 March 2002 there were unrelieved tax losses carried forward of £964,469 (2001 - £143,309) which are considered irrecoverable.

### 7 Intangible assets

	Goodwill £
<b>Cost</b>	
Beginning and end of the year	<u>2,025,110</u>
<b>Amounts written off</b>	
Beginning of the year	-
Charge for the year	<u>101,256</u>
End of year	<u>101,256</u>
<b>Net book value</b>	
End of year	<u>1,923,854</u>
Beginning of year	<u>2,025,110</u>

# Notes to the accounts (continued)

## 8 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant, equipment and motor vehicles £	Total £
<b>Cost</b>				
Beginning of year	920,387	1,584,770	10,176,711	12,681,868
Additions	-	59,571	344,505	404,076
Transfers from group companies	-	-	102,228	102,228
Transfers between categories	37,664	(37,664)	-	-
Transfers to group companies	-	-	(204,914)	(204,914)
Disposals	-	(65,609)	(702,041)	(767,650)
End of year	958,051	1,541,068	9,716,489	12,215,608
<b>Depreciation</b>				
Beginning of year	74,400	381,301	6,412,964	6,868,665
Charge for the year	15,825	39,723	733,561	789,109
Transfers from group companies	-	-	40,971	40,971
Transfers between categories	33,365	(33,365)	-	-
Transfers to group companies	-	-	(94,341)	(94,341)
Disposals	-	(38,658)	(620,537)	(659,195)
End of year	123,590	349,001	6,472,618	6,945,209
<b>Net book value</b>				
End of year	834,461	1,192,067	3,243,871	5,270,399
Beginning of year	845,987	1,203,469	3,763,747	5,813,203

Freehold and leasehold land and buildings include £334,335 (2001 - £334,335) of land which is not depreciated.

At 31 March 2002 the net book value of tangible fixed assets held under finance leases was £68,456 (2001 - £30,717).

## Notes to the accounts (continued)

### 9 Fixed asset investments

	Investment in subsidiary companies £
<b>Cost</b>	
Beginning and end of the year	7,749,852
<b>Amounts written off</b>	
Beginning and end of the year	5,730,000
<b>Net book value</b>	
Beginning and end of the year	2,019,852

The company holds 100% of the issued equity share capital of the following companies:

#### Incorporated in Great Britain:

*Pentre (Holdings) Limited	Intermediate holding company
*Locker Midland Properties Limited	Property investment company

#### Dormant companies incorporated in Great Britain:

Hearl Heaton & Sons Limited  
 \*I.R. Holdings Limited  
 \*Industrial Reels Limited  
 \*Pentre Engineering Limited  
 Pentre Steel Drums Limited  
 Pentre Reel and Drum Limited  
 \*Pentre Reels Limited  
 Pentre Timber Drums Limited  
 Warrington Wheel Co. Limited

#### Incorporated in Denmark

Pentre Group A/S Manufacturers of precision steel reels and drums.

#### Incorporated in Finland

Pentre Finland OY Manufacturers of timber drums and reels.

#### Incorporated in the Czech Republic

Kovotechnik Spol. s. r. o. Manufacturers of steel reels

\*Investment held by the company - all other investments are held by subsidiary undertakings.

## Notes to the accounts (continued)

### 9 Fixed asset investments (continued)

Group accounts have not been prepared as, at 31 March 2002, the company was a wholly-owned subsidiary of Locker Group plc. Copies of the accounts of Locker Group plc may be obtained from The Secretary, Locker Group plc, Church Street, Warrington, Cheshire.

In the opinion of the directors, the value of the company's investments in its subsidiaries is not less than the amount at which they are stated in the accounts.

### 10 Stocks

	2002 £	2001 £
Raw materials and consumables	1,030,621	1,144,487
Work-in-progress	640,920	581,904
Finished goods	337,272	325,061
	<u>2,008,813</u>	<u>2,051,452</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 11 Debtors

	2002 £	2001 £
Trade debtors	3,445,917	4,586,224
Amounts owed by group undertakings	5,364,616	2,163,610
Other debtors	1,698	87,871
Taxation recoverable	-	11,790
Prepayments and accrued charges	159,241	196,936
	<u>8,971,472</u>	<u>7,046,431</u>

### 12 Creditors: Amounts falling due within one year

	2002 £	2001 £
Overdraft	625,118	575,363
Obligations under finance leases and hire purchase contracts	38,341	-
Trade creditors	1,964,906	2,775,366
Amounts due to group undertakings	15,030,955	12,016,495
Corporation tax	-	2,904
Other taxation and social security	25,924	173,242
Other creditors	59,577	4,453
Accruals and deferred income	479,002	641,792
	<u>18,223,823</u>	<u>16,189,615</u>

# Notes to the accounts (continued)

## 13 Provisions for liabilities and charges

	Deferred taxation £	Other provisions £	Total £
Beginning of year	63,113	300,087	363,200
Transfer to (from) profit and loss account	124,617	(204,691)	(80,074)
End of year	<u>187,730</u>	<u>95,396</u>	<u>283,126</u>

### Other provisions

	2002 £	2001 £
Restructuring	11,597	200,000
Onerous lease rentals	46,727	77,000
Leave pay	-	23,087
Warranty	37,072	-
	<u>95,396</u>	<u>300,087</u>

### Deferred taxation

	2002 £	2001 £
Accelerated capital allowances	187,729	106,435
Other timing differences	-	(43,322)
	<u>187,729</u>	<u>63,113</u>

## 14 Called-up share capital

	2002 £	2001 £
<i>Authorised</i>		
46,014,813 ordinary shares of 10p each	<u>4,601,481</u>	<u>4,601,481</u>
<i>Allotted, called up and fully paid</i>		
29,265,813 ordinary shares of 10p each	<u>2,926,581</u>	<u>2,926,581</u>

## Notes to the accounts (continued)

### 15 Reserves

The movement on reserves during the year comprises:

	Share premium account £	Profit and loss account £
Beginning of year	1,212,190	1,237
Retained loss for the year	-	(1,220,388)
End of year	<u>1,212,190</u>	<u>(1,219,151)</u>

### 16 Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Beginning of year	4,140,008	4,145,386
Loss for the year	(1,220,388)	(5,378)
End of year	<u>2,919,620</u>	<u>4,140,008</u>

### 17 Financial commitments

#### a) Contingent liabilities

The company has given guarantees for the bank overdrafts and other borrowings of group companies amounting to £11,182,174 (2001 - £12,305,049).

#### b) Commitments under operating leases

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 Land and buildings £	2001 Land and buildings £
Expiry date		
- within one year	56,250	98,075
- between two and five years	262,455	95,002
- after five years	10,222	10,222
	<u>328,927</u>	<u>203,299</u>

## Notes to the accounts (continued)

### 17 Financial commitments (continued)

	Plant and equipment £	Plant and equipment £
Expiry date		
- within one year	24,760	18,901
- between two and five years	100,277	108,079
- after five years	3,058	-
	<u>128,095</u>	<u>126,980</u>

#### c) Pensions

The company contributes to the Locker Group plc Group Personal Pension Plan which is a series of individual personal pension plans each of which is invested according to the wishes of the employee by a life assurance company independent of the company. The company makes agreed contributions to eligible UK participating employees' individual plans and makes a contribution to the administration costs of the plan for all employees.

The total cost of contributions to employees' personal pensions made by the company for the year ended 31 March 2002 was £72,478 (2001 - £Nil).

### 18 Ultimate controlling party

At 31 March 2002 the directors regard Locker Group plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party. On 22 July 2002 Locker Group plc became a subsidiary company of Locker Holdings plc. Therefore from 22 July 2002 the directors regard Locker Holdings plc, a company incorporated in England and Wales, as the ultimate parent company and ultimate controlling party.

Locker Group plc is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from Locker Group plc, Church Street, Warrington, Cheshire, WA1 2SU.

As a subsidiary undertaking of Locker Group plc, the company has taken advantage of the exemption in FRS8 "Related party disclosures" from disclosing transactions with other members of the group headed by Locker Group plc.