

COMPANIES HOUSE

2899888

CLEAREX PLASTICS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997



CLEAREX PLASTICS LIMITED

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CLEAREX PLASTICS LIMITED

Registered in England
on 22 February 1994
Number 2899888

COMPANY INFORMATION

CHAIRMAN

JOHN BUNKER

REGISTERED OFFICE

Fence Houses
HOUGHTON LE SPRING
Tyne & Wear
DH4 5RF

DIRECTORS

JOHN BUNKER
JOHN DICKINSON
ALAN COLES

SECRETARY

ALAN COLES

TRADING ADDRESS

Fence Houses
HOUGHTON LE SPRING
Tyne & Wear
DH4 5RF

AUDITORS

HIGGINSON AND COMPANY
81-83 High Street North
Dunstable
Beds
LU6 1JJ

BANKERS

National Westminster Bank Plc
The Galleries
Washington Centre
Tyne & Wear
NE38 7SG

CLEAREX PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors submit their report together with the audited financial statements for the year ended 31st December 1997.

Results and Dividends

The turnover for the year totalled £2.25m, generating pre tax profits of £114,904. The directors are satisfied with the performance of the company and through a combination of increased investment and sales effort confidently expect to increase both turnover and profitability.

Parent Company

Clearex Plastics ceased to be a subsidiary of Octo Industries Limited during the year. The company is now a fully independent trading organisation.

Principle Activities and Business Review

The principal activity of the company is that of the manufacture of plastic products and components by injection, vacuum form and polyurethane foam moulding.

Share Capital

The authorised ordinary share capital of the company was increased from £1,000 to £150,000. The newly issued share capital subscribed for of £99,998 attracted a premium of £236,543 which has been reflected on the company balance sheet.

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 and loss of the company for the that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLEAREX PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1997

Directors and their Interest in Shares

The directors who served during the year and their interests, together with the interests of their families, in the share capital of the company was as follows:

		Ordinary Shares of £1 each	
		31st December 1997	31st December 1996
JOHN BUNKER	(Appointed 09/05/97)	50,000	-
JOHN DICKINSON	(Appointed 09/05/97)	50,000	-
LUCIO SANDRIN	(Resigned 09/05/97)	-	-
DEREK ROBINSON	(Resigned 09/05/97)	-	-
ALAN COLES		-	-

Political and Charitable Donations

During the year, the company made no political donations or charitable contributions.

AUDITORS

A resolution will be made to reappoint Messrs Higginson & Co as auditors to the company.

By Order of the Board

ALAN COLES, Secretary

31st March 1998

CLEAREX PLASTICS LIMITED

AUDITORS REPORT TO THE MEMBERS

ON THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 and 12.

Respective responsibilities of the directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 information and explanations which we consider 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 the 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 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

31st March 1998

81-83 High Street North
Dunstable
Beds
LU6 1JJ



HIGGINSON AND COMPANY
Accountants
& Registered Auditors

CLEAREX PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1997

		<u>1997</u> £	<u>1996</u> £
	Notes		
<u>TURNOVER</u>	2	2,241,357	2,229,121
Cost of sales		(1,633,217)	(1,724,080)
<u>GROSS PROFIT</u>		608,140	505,041
Net operating expenses		(485,720)	(486,648)
<u>OPERATING PROFIT</u>	3	122,420	18,393
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		122,420	18,393
Interest		(7,516)	(5,043)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		114,904	13,350
Tax on profit/(loss) on ordinary activities		(24,034)	(2,586)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		90,870	10,764
Dividends		(109,637)	-
		(18,767)	10,764
Balance brought forward		94,580	83,816
Transfer from reserves		101,015	-
<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>£176,828</u>	<u>£94,580</u>

The notes on page 11 to 17 form part of these financial statements.

CLEAREX PLASTICS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u> £	<u>1996</u> £
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>		
Profit for the financial period	90,870	10,764
Unrealised surplus on revaluation of fixed assets	(329,362)	-
Total recognised gains and losses since last annual report	<u>£(238,492)</u>	<u>£10,764</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	114,904	13,350
Historical cost profit on ordinary activities before taxation	<u>£114,904</u>	<u>£13,350</u>
Historical cost profit of the period Retained after taxation, extraordinary items and dividends	<u>£(18,767)</u>	<u>£10,764</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Profit for the financial period	90,870	10,764
Dividends	(109,637)	-
	(18,767)	10,764
Other recognised gains and losses Relating to the year (net)	(228,347)	-
	(247,114)	10,764
New share capital subscribed	336,541	-
Net additions to shareholders' funds	89,427	10,764
Opening shareholders' funds	423,944	413,180
Closing shareholders' funds	<u>£513,371</u>	<u>£423,944</u>

CONTINUING OPERATIONS

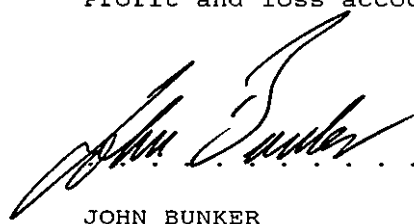
None of the company's trading activities commenced or discontinued during the period.

CLEAREX PLASTICS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1997

	Notes	<u>1997</u>	<u>1996</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	7	561,982	577,031
<u>CURRENT ASSETS</u>			
Stocks	8	151,219	109,585
Debtors	9	483,387	350,022
Cash at bank and in hand		545	90,990
		<u>635,151</u>	<u>550,597</u>
CREDITORS: amounts falling due within one year		<u>(524,784)</u>	<u>(324,817)</u>
<u>NET CURRENT ASSETS</u>		<u>110,367</u>	<u>225,780</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>672,349</u>	<u>802,811</u>
CREDITORS: amounts falling due after more than one year	11	(111,986)	(378,867)
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	12	26,992	-
Other provisions		20,000	-
		<u>£513,371</u>	<u>£423,944</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	13	100,000	2
Share premium account		236,543	-
Revaluation reserve	14	-	329,362
Profit and loss account		176,828	94,580
		<u>£513,371</u>	<u>£423,944</u>


 JOHN BUNKER

Approved on
 31st March 1998

The notes on page 11 to 17 form part of these financial statements.

CLEAREX PLASTICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	<u>1997</u>	<u>1996</u>
		£	£
<u>NET CASH (OUTFLOW)/INFLOW FROM</u>			
<u>OPERATING ACTIVITIES</u>	1	(36,681)	158,543
<u>RETURNS ON INVESTMENTS AND</u>			
<u>SERVICING OF FINANCE</u>			
Interest received		817	691
Interest paid		(8,333)	(5,734)
Dividends paid		(109,637)	-
<u>Net cash outflow from returns on</u>			
<u>investments and servicing of</u>			
<u>finance</u>		(117,153)	(5,043)
<u>TAXATION</u>			
Corporation tax movement		103	(30,000)
<u>Tax paid</u>		103	(30,000)
<u>INVESTING ACTIVITIES</u>			
Payments to acquire tangible			
fixed assets		(276,304)	(130,256)
Receipts from sales of tangible			
fixed assets		10,165	9,826
<u>Net cash outflow from investing</u>			
<u>activities</u>		(266,139)	(120,430)
<u>Net cash (outflow)/inflow before</u>			
<u>financing</u>		(419,870)	3,070
<u>FINANCING</u>			
Issue of share capital		336,541	-
Repayment of amounts borrowed		(17,758)	44,106
<u>Net cash inflow from financing</u>		318,783	44,106
<u>(Decrease)/increase in cash and</u>			
<u>cash equivalents</u>		<u>£(101,087)</u>	<u>£47,176</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

AS AT 31ST DECEMBER 1997

1. RECONCILIATION OF OPERATING PROFIT TO NET
CASH OUTFLOW/(INFLOW) FROM OPERATING
ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Operating profit	122,420	18,393
Depreciation charges	45,121	74,912
Loss/(profit) on sale of tangible fixed assets	7,720	(3,358)
(Increase)/decrease in stock	(41,634)	12,194
(Increase)/decrease in debtors	(133,365)	129,512
Decrease in creditors	(36,943)	(73,110)
Net cash (outflow)/inflow from operating activities	<u>£(36,681)</u>	<u>£158,543</u>

2. ANALYSIS OF CHANGES OF CASH AND
CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 1st January 1997	90,990
Net cash inflow/(outflow)	<u>(101,087)</u>
Balance at 31st December 1997	<u>£(10,097)</u>

3. ANALYSIS OF THE BALANCES OF CASH AND THE CASH
EQUIVALENTS AS SHOWN ON THE BALANCE SHEET

	<u>31/12/97</u>	<u>1996</u>	<u>Change</u> <u>In period</u>
	£	£	
Cash at bank and in hand	545	90,990	(90,445)
Bank overdrafts	(10,642)	-	(10,642)
	<u>£(10,097)</u>	<u>£90,990</u>	<u>£(101,087)</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

AS AT 31ST DECEMBER 1997

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (Including Premium)	Loans and finance lease obligations
	£	£
Balance at 1st January 1997	2	70,119
Cash inflow/(outflow) from financing	336,541	(17,758)
Balance at 31st December 1997	<u>£336,543</u>	<u>£52,361</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared in accordance with applicable Accounting Standards.

(b) Turnover

Turnover represents the amount invoiced by the company in the normal course of business for goods supplied and services provided, excluding Value Added Tax.

(c) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and property held for investment, at rates calculated to write off the cost or valuation of each asset less its estimated residual value, over its expected useful life as follows:

Plant and Machinery	- 5 to 10 Years
Furniture and Equipment	- 4 to 10 Years
Motor Vehicles	- 25% WDV

(d) Amortisation of Goodwill

Goodwill is wholly written off in the year purchased.

(e) Stocks

Stocks are valued by the directors at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

(f) Deferred Taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to crystallise in the foreseeable future.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

1. ACCOUNTING POLICIES (Continued)

(g) Hire Purchase and Leased Assets

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding lease commitment is included as a liability.

Rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding commitment.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a payable basis.

(h) Pension Scheme

The company has a defined contribution pension scheme. The scheme is administered by an independent pension company. The payments due in this respect are charged to the profit and loss account when they become payable. The charge to the year in the profit and loss account amounted to £52,978

(i) Fixed Assets

All Fixed Assets are initially recorded at cost. Plant and Equipment have subsequently been revalued.

(j) Leasing and hire purchase commitments

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding lease commitment is included as a liability.

(k) Deferred Government Grant

The company obtained a grant under the Industrial Development Act 1982 to provide assistance for the initial capital expenditure incurred by the company. The grant is to be written off over the life of the assets to which it relates.

2. TURNOVER

The turnover and pre-tax profit are attributable to the principal activity of the company carried out wholly in the United Kingdom.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

3. OPERATING LOSS

	<u>1997</u> £	<u>1996</u> £
Net operating expenses for the year are:		
Administrative expenses	494,720	495,648
Other income	(9,000)	(9,000)
	<u>£485,720</u>	<u>£486,648</u>

Other operating income includes:

Government grants	<u>9,000</u>	<u>9,000</u>
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(a) This is stated after charging
or crediting:

	<u>1997</u> £	<u>1996</u> £
Directors remuneration	54,280	45,039
Auditor's remuneration - audit work	6,550	6,000
Auditor's remuneration - non-audit work	3,000	2,700
Depreciation	52,841	71,554
Hire of plant and machinery	1,998	1,966
Operating leases - land and buildings	<u>70,200</u>	<u>64,394</u>

	<u>1997</u> £	<u>1996</u> £
(b) Directors remuneration		
Directors remuneration	49,902	41,437
Directors national insurance contributions	4,378	3,602
	<u>£54,280</u>	<u>£45,039</u>

4. PENSION COSTS

	<u>1997</u> £	<u>1996</u> £
Pension costs	<u>£52,978</u>	<u>£55,454</u>

5. TRANSACTIONS INVOLVING DIRECTORS

Management charges have been paid to group companies prior to the company ceasing to be a member of the Octo group of companies. The above transactions were authorised by the board.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax charge for year	(4,824)	2,586
Deferred taxation	26,992	-
Taxation under provided in Respect of previous years	<u>£1,866</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Total
	£	£	£	£
COST				
At 1st January 1997	701,394	15,545	41,414	758,353
Additions	264,714	-	11,590	276,304
Disposals	(335,121)	-	(20,200)	(355,321)
At 31st December 1997	<u>630,987</u>	<u>15,545</u>	<u>32,804</u>	<u>679,336</u>
DEPRECIATION				
At 1st January 1997	157,104	3,886	20,297	181,287
Charge for the year	36,098	3,886	5,137	45,121
Disposals	(98,631)	-	(10,423)	(109,054)
At 31st December 1997	<u>94,571</u>	<u>7,772</u>	<u>15,011</u>	<u>117,354</u>
NET BOOK VALUE				
At 31st December 1997	<u>£536,416</u>	<u>£7,773</u>	<u>£17,793</u>	<u>£561,982</u>
At 1st January 1997	<u>£544,255</u>	<u>£11,659</u>	<u>£21,117</u>	<u>£577,031</u>

The net book value of tangible fixed assets included an amount of £149,525 (1996 £41,722) in respect of assets held under finance leases and hire purchase contracts.

8. STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Raw materials	76,749	45,203
Work in progress	74,470	64,382
	<u>£151,219</u>	<u>£109,585</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

9. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	462,355	337,379
Prepayments	21,032	12,643
	<u>£483,387</u>	<u>£350,022</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Obligations under finance leases and hire purchase contracts	24,510	37,718
Bank overdraft	10,642	-
Trade creditors	196,267	198,361
Current corporation tax	-	2,855
Other taxes and social security	46,816	33,694
Other creditors	21,597	7,101
Accruals & deferred income	224,952	45,088
	<u>£524,784</u>	<u>£324,817</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Obligations under finance leases and H P	52,361	70,119
Group companies	-	240,123
Accruals and deferred income	59,625	68,625
	<u>£111,986</u>	<u>£378,867</u>

Finance leases/hp are analysed as follows:

In the second to fifth years inclusive	<u>52,361</u>	<u>70,119</u>
	<u>£52,361</u>	<u>£70,119</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

12. DEFERRED TAXATION

Deferred taxation provided in the accounts and the full potential provision calculated on the liability method at a rate of 21% are as follows:

	<u>PROVISION</u>	
	<u>1997</u>	<u>1996</u>
	£	£
Accelerated capital allowances	26,992	-
Other timing differences	-	-
	<u>26,992</u>	<u>-</u>
Taxation losses amounting to fnil	-	-
	<u>26,992</u>	<u>-</u>
Revaluation of property	-	-
Less: Advance corporation tax	-	-
TOTAL	<u><u>£26,992</u></u>	<u><u>-</u></u>

13. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised		
150,000 ordinary shares of £1 each	<u><u>£150,000</u></u>	<u><u>£1,000</u></u>
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	<u><u>£100,000</u></u>	<u><u>£2</u></u>

14. REVALUATION RESERVE

	<u>1997</u>	<u>1996</u>
	£	£
At 1st January 1997	329,362	329,362
Revaluation transfer	(329,362)	-
At 31st December 1997	<u><u>-</u></u>	<u><u>£329,362</u></u>

The directors have witten off the revalued element of fixed assets and transferred the net balance of £101,015 to reserves.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1997

14. REVALUATION RESERVE (Continued)

PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Government grants	
Balance brought forward	68,625	77,625
Released during year	<u>(9,000)</u>	<u>(9,000)</u>
Balance as at 31 December 1997	<u>59,625</u>	<u>68,625</u>

15. CONTINGENT LIABILITIES

In the event of the company not fulfilling the terms under which the Industrial Development grants have been received there exists a potential repayment of the monies received. No provision has been made in the accounts for any repayment contingency.

16. HOLDING COMPANY

Clearex Plastics Limited ceased to be a subsidiary of Octo Industries Limited during the year.

17. FINANCIAL COMMITMENT

At 31 December 1997 the company had annual committments under operating leases amounting to £70,200 per annum. This represents a lease in respect of the company's trading premises which expires in July 2001.