

Resin Trade Limited  
Annual report  
for the year ended 31 December 1997

Registered no: 2766120



# **Resin Trade Limited**

## **Annual report for the year ended 31 December 1997**

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**Director's report  
for the year ended 31 December 1997**

The director presents his report and the audited financial statements for the year ended 31 December 1997.

**Principal activities**

The principal activity of the company is plastic raw material distribution.

The profit and loss account for the year is set out on page 4.

**Review of business and future developments**

The level of business and the year end financial position were disappointing but the director has taken steps to dramatically reduce costs and has secured new distribution agreements which are expected to ensure future profitability.

**Director**

The director of the company at 31 December 1997, who was a director for the whole of the year ended on that date, and his interest in the shares of the company was:

	Ordinary shares of £1 each	
	1997 Number	1996 Number
R F G Bradwell	100,000	85,000

T Black-Roberts resigned as a director on 3 March 1997.

**Director's responsibilities**

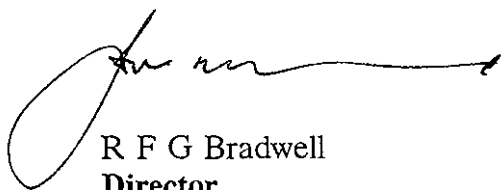
The director is required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997.

The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A handwritten signature in black ink, appearing to read 'R F G Bradwell', is written over a horizontal line.

R F G Bradwell  
Director

## Report of the auditors to the member of Resin Trade Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### Respective responsibilities of director and auditors

As described on pages 1 and 2 the company's director is responsible for the preparation of 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 judgements made by the director 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.

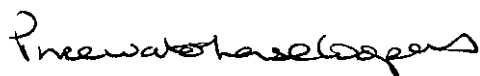
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the going concern basis for the preparation of the financial statements. The validity of this depends on the company returning to profitability and the continuing renewal of bank facilities. The financial statements do not include any adjustments that would result from a failure to achieve profitability or obtain continued support. Details of this uncertainty are described in note 1. Our opinion is not qualified in this respect.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

Nottingham

18 December 1998

## Profit and loss account for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover - continuing operations	2	11,820	12,538
Cost of sales - continuing operations		10,515	11,043
		<hr/>	<hr/>
Gross profit		1,305	1,495
Distribution costs		658	977
Administrative expenses		664	789
		<hr/>	<hr/>
Operating loss - continuing operations		(17)	(271)
Interest receivable and similar income		16	19
		<hr/>	<hr/>
		(1)	(252)
Interest payable and similar charges	5	167	159
		<hr/>	<hr/>
Loss on ordinary activities before taxation	6	(168)	(411)
Tax on loss on ordinary activities	7	-	71
		<hr/>	<hr/>
Loss for the financial year	19	(168)	(340)
		<hr/> <hr/>	<hr/> <hr/>

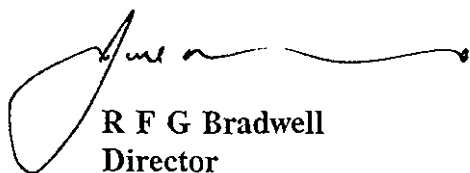
The company has no recognised gains and losses other than the profits and losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

## Balance sheet at 31 December 1997

	Notes	1997 £'000	1996 £'000
<b>Fixed assets</b>			
Tangible assets	8	54	85
<b>Current assets</b>			
Stocks	9	224	1,077
Debtors: falling due after more than one year	10	214	193
Debtors: falling due within one year	10	2,571	2,859
Cash at bank and in hand		237	199
		<u>3,246</u>	<u>4,328</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>3,409</u>	<u>4,486</u>
<b>Net current liabilities</b>		(163)	(158)
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(132)</u>	<u>-</u>
<b>Net liabilities</b>		<u><u>(241)</u></u>	<u><u>(73)</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	19	<u>(341)</u>	<u>(173)</u>
<b>Deficiency of equity shareholders' funds</b>	20	<u><u>(241)</u></u>	<u><u>(73)</u></u>

The financial statements on pages 4 to 15 were approved on 15 December 1998



R F G Bradwell  
Director

# **Cash flow statement for the year ended 31 December 1997**

	Notes	1997 £'000	1996 £'000
Net cash inflow /(outflow) from continuing operating activities	16	974	(796)
Returns on investments and servicing of finance			
Interest received		16	19
Interest paid		(167)	(159)
		<u>          </u>	<u>          </u>
Net cash outflow from returns on investments and servicing of finance		(151)	(140)
		<u>          </u>	<u>          </u>
Taxation			
UK corporation tax paid		-	(47)
		<u>          </u>	<u>          </u>
Capital expenditure			
Purchase of tangible fixed assets		(1)	(105)
Sale of tangible fixed assets		1	-
		<u>          </u>	<u>          </u>
		-	(105)
Net cash inflow /(outflow) before financing		823	(1,088)
Financing			
Long term loan advanced		132	-
		<u>          </u>	<u>          </u>
Increase/(decrease) in cash	17	<u>955</u>	<u>(1,088)</u>



## **Notes to the financial statements for the year ended 31 December 1997**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

The financial statements contain information about Resin Trade Limited as an individual company. The company and the unincorporated business controlled by the company together comprise a small group and the company is therefore exempt under S.248 of the Companies Act 1985 from preparing consolidated financial statements.

#### **Basis of preparation - going concern**

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the company meeting the terms of the bank facility to ensure continuing financial support and returning to profitability. Realisation of certain assets including the loan to a director and to a subsidiary undertaking are dependent upon the return to profitability of the company and its subsidiary and if the company were unable to continue in operational existence adjustments would have to be made to reduce all assets to their recoverable amounts and to provide for further liabilities that might arise.

Whilst the director cannot guarantee the outcome of the matters mentioned above, he believes that actions have been taken which will return the company to profitability and that it is appropriate for the financial statements to be prepared on a going concern basis.

#### **Turnover**

Turnover which excludes Value Added Tax, represents the invoiced value of goods supplied.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	20%
Computer equipment	33 1/3%
Motor vehicles	25%

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes transport and handling charges. Where necessary, provision is made for slow-moving and defective stocks.

**Deferred taxation**

No provision is made since the directors do not anticipate a liability in the foreseeable future.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Operating leases**

Assets held under operating leases are not recorded in the balance sheet. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

**Pension scheme**

The company operates a defined contribution scheme. The pension cost charge represents the contributions payable by the company, to the fund, and amounted to £8,782 (1996: £33,541). There were no outstanding or prepaid contributions at the balance sheet date (1996: £Nil).

**2 Turnover**

The turnover and profit before taxation is attributable to wholesale distribution of plastic raw materials.

The geographical analysis of turnover was:

	1997 £'000	1996 £'000
United Kingdom	7,599	7,860
Rest of Europe	919	235
Far East	453	1,392
America	2,849	3,051
	<u>11,820</u>	<u>12,538</u>

### 3 Directors' emoluments

	1997 £'000	1996 £'000
Emoluments for management (including benefits in kind)	96	150
Compensation for loss of office	10	-
Pension contributions to a money purchase scheme	7	22

Benefits are accruing for 1 director under a money purchase scheme (1996:2).

### 4 Employee information

The average weekly number of employees during the year was as follows:

	1997 Number	1996 Number
Office and management	5	7
Productive and sales	3	2
	<u>8</u>	<u>9</u>

	1997 £'000	1996 £'000
Staff costs (for the above persons)		
Wages and salaries	245	285
Social Security costs	27	38
Other pension costs	9	34
	<u>281</u>	<u>357</u>

## 5 Interest payable and similar charges

	1997 £'000	1996 £'000
On bank loans and overdrafts	166	159
On loan from director	1	-
	<u>167</u>	<u>159</u>

## 6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1997 £'000	1996 £'000
Depreciation of tangible fixed assets	31	32
Staff costs (note 4)	281	357
Auditors' remuneration		
- audit	5	5
- other	1	1
Operating leases		
- land and buildings	25	29
- motor vehicles	33	31
	<u></u>	<u></u>

## 7 Tax on loss on ordinary activities

	1997 £'000	1996 £'000
United Kingdom corporation tax credit at 25% (1996: 25%):		
Current	-	71
	<u></u>	<u></u>

There are approximately £200,000 of trading losses available to carry forward against future profits.

**8 Tangible fixed assets**

	Motor vehicle £'000	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 1997	7	52	72	131
Additions	-	-	1	1
Disposals	-	-	(1)	(1)
	<u>7</u>	<u>52</u>	<u>72</u>	<u>131</u>
<b>At 31 December 1997</b>	<u>7</u>	<u>52</u>	<u>72</u>	<u>131</u>
<b>Depreciation</b>				
At 1 January 1997	-	17	29	46
Charge for year	-	17	14	31
	<u>-</u>	<u>34</u>	<u>43</u>	<u>77</u>
<b>At 31 December 1997</b>	<u>-</u>	<u>34</u>	<u>43</u>	<u>77</u>
<b>Net book value</b>				
At 31 December 1997	<u>7</u>	<u>18</u>	<u>29</u>	<u>54</u>
	<u>7</u>	<u>35</u>	<u>43</u>	<u>85</u>
<b>At 31 December 1996</b>	<u>7</u>	<u>35</u>	<u>43</u>	<u>85</u>

**9 Stocks**

	1997 £'000	1996 £'000
Goods held for resale	<u>224</u>	<u>1,077</u>

**10 Debtors**

	1997 £'000	1996 £'000
<b>Amounts falling due after more than one year</b>		
Other debtors (see note 18)	<u>214</u>	<u>193</u>
<b>Amounts falling due within one year</b>		
Trade debtors	2,366	2,706
Other debtors	2	11
Prepayments	77	44
Corporation tax recoverable	71	71
Amounts due from group undertaking	55	27
	<u>2,571</u>	<u>2,859</u>
	<u>2,785</u>	<u>3,052</u>

**Group undertaking**

This represents amounts due from BR&M, an unincorporated business that acts as agent for Resin Trade Limited. BR&M operates from Rua Funchal, 538/65 - Vilaolimpla, 04551-060, Sao Paulo, Brazil. BR & M incurred a loss of £45,000 for the year ended 31 December 1997 and had net liabilities of £45,000 at 31 December 1997.

**11 Creditors: amounts falling due within one year**

	1997 £'000	1996 £'000
Bank overdraft	1,223	2,140
Trade creditors	2,005	1,625
Other creditors including taxation and Social Security	134	196
Accruals and deferred income	47	525
	<u>3,409</u>	<u>4,486</u>

The bank overdraft is secured by floating charges over debtors and stocks.

**12 Creditors: amounts falling due after more than one year**

	1997 £'000	1996 £'000
Loan from director	<u>132</u>	<u>-</u>

**13 Called up share capital**

	1997 £'000	1996 £'000
<b>Authorised</b>		
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# **14 Financial commitments**

The company had annual commitments under non-cancellable operating leases as follows:

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	-	-	-
Expiring between two and five years inclusive	25	24	20	13
	<u>25</u>	<u>24</u>	<u>20</u>	<u>13</u>
	<u><u>25</u></u>	<u><u>24</u></u>	<u><u>20</u></u>	<u><u>13</u></u>

Forward currency contracts had been entered into to the value of £741,532 (1996: £790,354). These matured on or before 30 March 1998.

There existed, at the balance sheet date, letters of credit worth £617,416 (1996: £870,873).

A guarantee of £200,000 (1996: £500,000) has been given by the company's bankers in favour of H M Customs and Excise.

Capital expenditure of £Nil had been contracted for at 31 December 1997 (1996: £Nil).

# **15 Related party transactions**

The director, R F G Bradwell, owns the head lease of The Coach House, Burton upon Trent and leases the property to Resin Trade Limited at an annual rental of £7,595 (1996: £8,000). The director has advanced an unsecured loan of £132,000 to the company which bears interest at a market rate.

Resin Trade Limited has provided finance of £56,275 to the group undertaking for general business expenditure, which was outstanding at 31 December 1997.

**16 Reconciliation of operating profit to net cash outflow from operating activities**

	1997 £'000	1996 £'000
Continuing operating activities		
Operating loss	(17)	(271)
Depreciation on tangible fixed assets	31	32
Decrease/(increase) in stocks	853	(391)
Decrease/(increase) in debtors	267	(628)
(Increase)/decrease in creditors	(160)	462
Net cash inflow /(outflow) from operating activities	<u>974</u>	<u>(796)</u>

**17 Analysis of debt**

	At 1 11 January 1997 £'000	Cashflow £'000	At 31 December 1997 £'000
Cash at bank and in hand	199	38	237
Bank overdraft	(2,140)	917	(1,223)
	<u>(1,941)</u>	<u>955</u>	<u>(986)</u>
Debt due after more than one year	-	(132)	(132)
	<u>(1,941)</u>	<u>823</u>	<u>(1,116)</u>

**18 Other debtors**

Included in other debtors are loans to directors comprising:

	1997 £	1996 £
R F G Bradwell	213,568	193,167
T Black-Roberts	-	6,100
	<u>213,568</u>	<u>199,267</u>

The loan to R F G Bradwell is interest free and has no scheduled repayment date. The maximum amount outstanding during the year was the closing balance.

Also included in prepayments is a reserve of £51,768 for the payment of corporation tax under a S419 assessment in respect of the director's loan account.



**19 Profit and loss account**

	£'000
At 1 January 1997	(173)
Loss for the year	(168)
	<hr/>
At 31 December 1997	(341)
	<hr/>

**20 Reconciliation of movements in shareholders' funds**

	1997 £'000	1996 £'000
Loss for the financial year	(168)	(340)
Opening shareholders' funds	(73)	267
	<hr/>	<hr/>
Closing shareholders' funds	(241)	(73)
	<hr/>	<hr/>

**21 Controlling party**

R F G Bradwell is the immediate and ultimate controlling party by virtue of his 100% ownership in the share capital of the company.