

Cookson Plastics (Europe) Limited

Directors' report and financial statements

31 December 1997

Registered number 254260



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activity of the company is the manufacture of plastic material handling products.

Business review

The results for the year are shown in the profit and loss account.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

DA Gibb (resigned 19 January 1997)

D DeMichele

R Reivik

D F Colson

JM Prutton (resigned 19 January 1997)

AJ Sunter (appointed 19 January 1997)

No director has any beneficial interest in the company's shares.

A handwritten signature in black ink, appearing to be 'D DeMichele', written in a cursive style.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

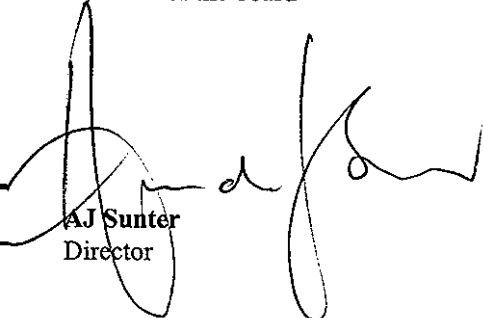
The directors who held office at the end of the financial year had the following interests in the ordinary shares of Cookson Group plc as recorded in the register of directors' share interests:

	Ordinary shares of 50p		Options on ordinary shares (Executive Share Option Scheme)		Options on ordinary shares under SAYE Share Option Scheme	
	31 Dec 1997	1 Jan 1997	31 Dec 1997	1 Jan 1997	31 Dec 1997	1 Jan 1997
D DeMichele	3,219	-	442,446	361,636	3,023	6,244
R Reivik	3,219	-	50,696	36,740	3,023	6,244
DF Colson	500	500	77,231	42,755	3,023	6,244
AJ Sunter	-	-	5,830	-	-	-

The options in ordinary shares have been granted over a period of years to the above individuals at the appropriate option prices based on market values in accordance with the terms of the various share option schemes adopted by Cookson Group plc shareholders.

Directors also participate in the Cookson Group Share Savings Scheme which is open to all employees. Participants save monthly fixed sums and in due course have the option to acquire Cookson Group plc shares at a fixed price, up to the value of their savings.

By order of the board



AJ Sunter
Director

ON BEHALF OF THE BOARD



Blackall Industrial Estate
Hamberts Road
South Woodham Ferrers
Essex
CM3 5UE

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.



KPMG Audit Plc
6 Lower Brook Street
IPSWICH
Suffolk
IP4 1AP

Report of the auditors to the member of Cookson Plastics (Europe) Limited.

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

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

KPMG Audit Plc

Chartered Accountants
Registered Auditor

24 September 1998.

Profit and loss account

for the year ended 31 December 1997

	<i>Note</i>	1997 £000	1996 £000
Turnover		1,059	907
Staff costs	4	(594)	(430)
Depreciation and other amounts written off tangible fixed assets	7	(158)	(108)
Other operating charges		(1,439)	(889)
Operating loss		(1,132)	(520)
Other interest receivable and similar income	5	24	14
Loss on ordinary activities before taxation	2	(1,108)	(506)
Tax on loss on ordinary activities	6	349	359
Loss for the financial year		(759)	(147)
Retained (loss)/profit brought forward		(22)	125
Retained loss carried forward		(781)	(22)

The results for the year are equivalent to the total recognised gains and losses for the year. Accordingly, a separate statement of recognised gains and losses has not been prepared.

The historical cost loss is not materially different from the reported loss for the year and so a note of the historical cost loss for the year has not been presented.

All the results of the company are from continuing activities.

Balance sheet

at 31 December 1997

	Note	1997 £000	1996 £000	1996 £000
Fixed assets				
Tangible assets	7		2,904	2,661
Current assets				
Stocks	8	407		659
Debtors	9	1,123		1,445
Cash at bank and in hand		241		100
		<u>1,771</u>	<u>2,204</u>	
Creditors: amounts falling due within one year	10	(1,112)	(1,143)	
Net current assets			659	1,061
Total assets less current liabilities			<u>3,563</u>	<u>3,722</u>
Creditors: amounts falling due after more than one year	11		(4,320)	(3,720)
Net (liabilities)/assets			<u>(757)</u>	<u>2</u>
Capital and reserves				
Called up share capital	12		24	24
Profit and loss account			(781)	(22)
Deficit on equity shareholders' funds	13		<u>(757)</u>	<u>2</u>

These financial statements were approved by the board of directors on 21 September 1998 and were signed on its behalf by:


AJ Sunter
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Fundamental Accounting Policy

The accounts have been prepared on a going concern basis as Cookson Group plc have agreed to provide sufficient funds as required.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of Cookson Group plc, and its cashflows are included within the consolidated cashflow statement of that company.

The company is exempt from the requirement of Financial Reporting Standard No 8 to disclose transactions with group companies on the grounds that it is a wholly-owned subsidiary undertaking.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery - 5 - 20 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

Eligible employees of the company are members of pension and life assurance plans operated by Cookson Group plc. The cost of the benefits payable under the pension arrangements are met partly by employees' contributions and the balance by contributions paid to Cookson Group plc. Contributions to pension funds are charged against profits as payments are made.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Loss on ordinary activities before taxation

	1997 £000	1996 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit fees	10	10
- other services	2	-
Depreciation and other amounts written off tangible fixed assets	158	108
	<u>170</u>	<u>118</u>

3 Remuneration of directors

	1997 £000	1996 £000
Directors' emoluments:		
Remuneration as executives	131	250
	<u>131</u>	<u>250</u>

Retirement Benefits are accruing to the following number of directors under:

	1997 £000	1996 £000
Defined Benefit Scheme	-	-
Money Purchase Scheme	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Production and sales	8	10
Office and administration	5	5
	<hr/>	<hr/>
	13	15
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1997 £000	1996 £000
Wages and salaries	508	359
Social security costs	31	13
Other pension costs	55	58
	<hr/>	<hr/>
	594	430
	<hr/>	<hr/>

5 Other interest receivable and similar income

	1997 £000	1996 £000
Receivable from group undertakings	24	14
	<hr/>	<hr/>

6 Taxation

	1997 £000	1996 £000
UK corporation tax at 31% (1996: 33%) on the loss for the year on ordinary activities:		
group relief receivable	(349)	(359)
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Plant & machinery
	1997
	£000
<i>Cost</i>	
At beginning of year	2,769
Additions	423
Disposals	(24)
	<hr/>
At end of year	3,168
	<hr/>
<i>Depreciation and diminution in value</i>	
At beginning of year	108
Charge for year	158
Disposals	(2)
	<hr/>
At end of year	264
	<hr/>
<i>Net book value</i>	
At 31 December 1997	2,904
	<hr/> <hr/>
At 31 December 1996	2,661
	<hr/> <hr/>

8 Stocks

	1997	1996
	£000	£000
Raw materials and consumables	165	160
Finished goods and goods for resale	242	499
	<hr/>	<hr/>
	407	659
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Debtors: amounts falling due within one year

	1997 £000	1996 £000
Trade debtors	144	208
Other debtors	90	593
Group relief receivable	704	355
Prepayments and accrued income	185	289
	<u>1,123</u>	<u>1,445</u>

10 Creditors: amounts falling due within one year

	1997 £000	1996 £000
Trade creditors	120	219
Amounts owed to group undertakings	503	896
Accruals and deferred income	489	28
	<u>1,112</u>	<u>1,143</u>

11 Creditors: amounts falling due after more than one year

	1997 £000	1996 £000
Amounts owed to group undertakings	4,320	3,720
	<u>4,320</u>	<u>3,720</u>

12 Called up share capital

	1997 £000	1996 £000
<i>Authorised</i>		
30,000 ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>
<i>Allotted, called up and fully paid</i>		
24,000 ordinary shares of £1 each	24	24
	<u>24</u>	<u>24</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Loss for the financial year	(759)	(147)
Opening shareholders' funds	2	149
	<hr/>	<hr/>
Closing shareholders' funds	(757)	2
	<hr/>	<hr/>

14 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1997 Provided £000	Unprovided £000	1996 Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	-	337	-	187
Other timing differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	337	-	187
	<hr/>	<hr/>	<hr/>	<hr/>

15 Pension costs

As explained in the accounting policies set out on page 7, eligible employees of the company are members of pension and life assurance plans operated by Cookson Group plc. The pension cost charge for the year represents contributions payable by the company and amounted to £55,000 (1996: £58,000).

There were no contributions due to or from the company at the end of the year (1996: £nil).

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Cookson Group plc registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Cookson Group plc. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff, CF4 3UZ.