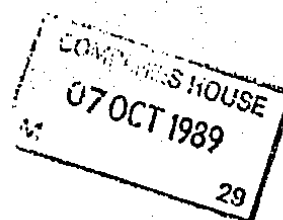


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COOKSON PLASTICS LIMITED

Directors' Report and Financial Statements
for the year ended 31st December 1988



Donald H. Bates & Co.,
Chartered Accountants,
Stoke-on-Trent.

COOKSON PLASTICS LIMITED
Directors' Report and Financial Statements
for the year ended 31st December, 1988

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COOKSON PLASTICS LIMITED

Directors

M. Batey - Chairman and Managing Director
F. Bradshaw
B.L. Hepburn
C.J. Williamson

Secretary and Registered Office

K.J. Sutton E.C.I.S
Uttoxeter Road, Meir, Stoke-on-Trent.

Auditors

Donald H. Bates & Co, Chartered Accountants, Stoke-on-Trent.

Directors' Report

Results and Dividends

£'000's

The Company's profit for the year after taxation amounted to:-

9

Which it is proposed to be added to Distributable Reserves.

Principal activities and Review of the Business

The company is a management company for the Plastics Sector of the Ceramics & Plastics Division of Cookson Group plc.

Directors and their interests

The Directors who have acted during the year are shown below. None of these Directors has any beneficial interest in the company's shares. Interests in the shares of Cookson Group Plc were as follows:-

	<u>Ordinary Shares of 50p</u>		<u>Options on Ordinary Shares</u> <u>(Executive Share Option</u>	
	<u>1.1.88</u>	<u>31.12.88</u>	<u>Scheme)</u> <u>1.1.88</u>	<u>31.12.88</u>
M. Batey (appointed 1.1.88)	15,268	41,564	44,980	90,946
F. Bradshaw	17,245	43,798	30,250	66,002
B.L. Hepburn (" 1.1.88)	Nil	Nil	Nil	20,000
F.F.C. Munro	See note below		See note below	

As Mr. F.F.C. Munro is also a director of Cookson Group plc his share interests at 1st January 1988 are shown in that company's accounts and he resigned as a director of Cookson Plastics Limited on 15th June 1988.

Mr. C.J. Williamson was appointed a director of the company on 1st April 1989 and, being eligible, offers himself for election at the forthcoming Annual General Meeting.

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 4 to the financial statements.

COOKSON PLASTICS LIMITED

Directors' Report (continued)

Close company status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution will be placed before the Annual General Meeting, to re-appoint Donald H. Bates & Co., as auditors for the ensuing year.

By order of the Board

K.J. Sutton

15th May 1989

Secretary

Auditors' Report

To the Members of COOKSON PLASTICS LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, but incorporating an additional depreciation charge based on current values of tangible fixed assets, give a true and fair view of the state of affairs of the company at 31st December 1988 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Donald H. Bates . 6

Donald H. Bates & Co,
Chartered Accountants,
Stoke-on-Trent.

15th May 1989

COOKSON PLASTICS LIMITED

Statement of Accounting Policies for the year ended 31st December 1988

1. Basis of Accounting

The financial statements are prepared under the historical cost convention but incorporating an additional depreciation charge based on current values of tangible fixed assets.

2. Depreciation

Depreciation is provided on all tangible fixed assets and consists of:-

- a) The amount required to write off the original cost of each asset in equal instalments over its expected useful life.
- b) An additional charge, transferred to Tangible Assets Replacement Reserve, to provide total depreciation on the estimated current replacement value of assets.

The expected useful lives of assets are reviewed regularly and are as follows:-

Motor Vehicles and Equipment - 5 years

Expenditure on computer software is charged against revenue as it is incurred.

3. Pension Costs

Eligible employees of the company are members of pension and life assurance plans operated by Cookson Group plc. The costs 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.

4. Deferred Taxation

Provision is made for Deferred Taxation to the extent that, in the opinion of the directors, a liability will arise in the foreseeable future in respect of the excess of net book values of tangible fixed assets over their corresponding tax values.

COOKSON PLASTICS LIMITED

Profit and Loss Account for the year ended 31st December 1988

	<u>Notes</u>	<u>1988</u> <u>£000's</u>	<u>1987</u> <u>£000's</u>
Operating income less Costs	1	24	-
Interest payable	2	(6)	-
		---	---
<u>Profit on ordinary activities before taxation</u>		18	-
Tax on profit on ordinary activities	3	(8)	-
		---	---
<u>Profit on ordinary activities after taxation</u>		10	-
Additional Depreciation on Current Values of Tangible Fixed Assets		(1)	-
		---	---
<u>Profit for the financial year</u>		9	-
		---	---

Movements on reserves are shown in Note 10.

The notes on pages 8 to 11 are an integral part of this account.

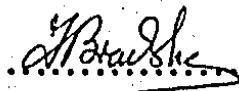
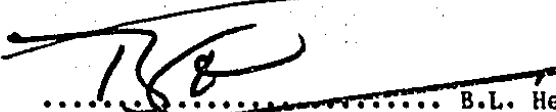
COOKSON PLASTICS LIMITED

Balance Sheet as at 31st December 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
<u>Fixed Assets</u>			
Tangible Assets	4	59	-
<u>Current Assets</u>			
Debtors	5	669	56
<u>Creditors</u>			
Amounts falling due within one year	6	(182)	-
<u>Net Current Assets</u>		487	56
<u>Total Assets less current liabilities</u>		546	56
<u>Creditors - Amounts falling due after more than one year</u>	7	(479)	-
<u>Provisions for Liabilities and Charges</u>	8	(1)	-
<u>Net Assets</u>		66	56
<u>Capital and Reserves</u>			
Called-up Share Capital	9	24	24
Other Reserves	10	1	-
Profit and Loss Account	10	41	32
		66	56

The notes on pages 8 to 11 are an integral part of this balance sheet.

The financial statements were approved by the Board of Directors on 13th March 1989 and signed on its behalf by:-

.....  F. Bradshaw)
)
  B.L. Hepburn)
) Directors

COOKSON PLASTICS LIMITED

Statement of Source and Application of Funds for the year ended 31st December 1988

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
<u>Source of Funds</u>		
Profit on ordinary activities before taxation	18	-
Items not involving the movement of funds:-		
Depreciation - historic	11	-
	---	---
<u>Total Generated from Operations</u>	29	-
	---	---
<u>Application of Funds</u>		
Purchase of Tangible Fixed Assets	41	-
Transfer of Tangible Fixed Assets from parent company	29	-
Increase in working capital		
Debtors	669	-
Creditors (excluding bank overdraft and corporation tax)	(155)	-
	---	---
	514	-
	---	---
	584	-
	---	---
Decrease in net liquid funds:-		
Bank overdraft	(20)	-
Loans - Group Companies	(535)	-
	---	---
	(555)	-
	---	---
	29	-
	---	---

The notes on pages 8 to 11 are an integral part of this statement.

COOKSON PLASTICS LIMITED

Notes to the financial statements for the year ended 31st December 1988

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
1. <u>Operating Income less Costs</u>		
Other operating income	(471)	-
Staff Costs: Wages and salaries	138	-
Social Security Costs	12	-
Other Pension Costs	5	-
Other Employee Costs	18	-
Depreciation	11	-
Other Operating Charges	263	-
	---	---
	(24)	-
	===	===
Costs included above:-		
Directors' Remuneration	49	-
Auditors' Remuneration	2	-
	---	---
	---	---
2. <u>Interest Payable</u>		
To Group Companies	6	-
	---	---
3. <u>Tax on Profit on Ordinary Activities</u>		
Based on taxable profit for the year:-		
Corporation Tax at 35%	7	-
Deferred Taxation at 35%	1	-
	---	---
	8	-
	---	---
4. <u>Tangible Fixed Assets</u>		
	<u>Plant and Equipment</u>	
	<u>£'000</u>	
<u>Cost</u>		
At 1.1.88	-	
Additions:-		
External	41	
Group	29	

At 31.12.88	70	

<u>Depreciation</u>		
At 1.1.88	-	
Charge for year	11	

At 31.12.88	11	

<u>Net Book Values:-</u>		
At 1.1.88	-	

At 31.12.88	59	

Plant and equipment includes Motor Vehicles and Fixtures and Fittings etc.

COOKSON PLASTICS LIMITED

Notes to the financial statements for the year ended 31st December 1988 (continued)

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>		
5. <u>Debtors</u>				
Amounts falling due within one year:				
Amounts owed by Group Companies	658	-		
Prepayments and accrued income	3	-		
Other Debtors	8	-		
Amounts falling due after more than one year:				
Amounts owed by Group Companies	-	56		
	---	---		
	669	56		
	===	===		
6. <u>Creditors</u>				
Amounts falling due within one year:				
Bank Overdraft	20	-		
Trade Creditors	22	-		
Amounts owed to Group Companies	97	-		
Accruals	32	-		
Corporation Tax	7	-		
Other Taxation and Social Security	4	-		
	---	---		
	182	-		
	===	===		
7. <u>Creditors</u>				
Amounts falling due after more than one year:				
Amount owed to Group Company	479	-		
	===	===		
8. <u>Provisions for Liabilities and charges</u>				
Deferred Taxation	1	-		
	---	---		
9. <u>Called-up Share Capital</u>				
	<u>Allotted, Called-up</u> <u>and fully paid</u>	<u>Authorised</u>		
	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Ordinary Shares of £1 each	24	24	30	30
	==	==	==	==

COOKSON PLASTICS LIMITED

Notes to the financial statements for the year ended 31st December 1988
(continued)

10. Reserves

	<u>Other Reserves</u> <u>£'000</u>	<u>Profit and</u> <u>Loss Account</u> <u>£'000</u>
At 1.1.88	-	32
Surplus for year	-	9
Additional Depreciation to asset replacement reserve	1	-
	---	---
	1	41
	---	---

11. Emoluments of the Directors and Senior Employees

The Emoluments of the Directors were:-

	<u>1988</u>	<u>1987</u>
Remuneration (including all benefits and pension contributions)	£48,546	Nil
The Directors Remuneration shown above (excluding pension contributions) includes:-		
Chairman	Nil	Nil
Highest Paid Director	£43,359	Nil

The following table gives the emoluments (excluding pension contributions) of the other directors and, senior employees having emoluments (excluding pension contributions) over £30,000.

	<u>Number of</u> <u>Directors</u>		<u>Number of</u> <u>Senior employees</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Nil	3	4		
35,001 - 40,000	-	-	1	-

12. Employees

The average weekly number of persons employed by the Company, including Directors, was as follows:-

	<u>1988</u>	<u>1987</u>
Administration	6	-

13. Commitments for Capital Expenditure

There were no commitments for capital expenditure that were not provided for in these financial statements (1987 - Nil)

COOKSON PLASTICS LIMITED

Notes on the financial statements for the year ended 31st December 1988 (continued)

14. Deferred Taxation

Details of the full potential liability and amount provided for in the year are as follows:-

	<u>1988</u>		<u>1987</u>	
	<u>Full Potential</u>	<u>Provided</u>	<u>Full Potential</u>	<u>Provided</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated Capital Allowances	2	1	-	-
	==	==	==	==

15. Ultimate Holding Company

The company was a wholly owned subsidiary of Cookson Ceramics Limited, which is incorporated in England the ultimate holding company being Cookson Group plc, which is also incorporated in England. In March 1989 the company became a wholly owned subsidiary of Cookson Group plc.