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COMPANIES HOUSE 15/07/95

# Report & Accounts 1995



Plysu is a leading international manufacturer of plastics products for industrial and domestic use. Founded in 1945, the group operates in ten locations, its divisional structure reflecting the range of products and the processes used in their manufacture.

The group's blow-moulded containers are sold mainly for the packaging of liquids such as lubricating oil, chemicals and detergents. Plysu is also the major supplier of lightweight polyethylene containers to the UK's leading milk and juice producers. Injection-moulding is used to manufacture kitchen and laundry accessories, storage bins and garden products, and a range of caps and dispensing devices, predominantly for use with the group's containers. Plysu also manufactures a range of welded PVC protective clothing that guards against environmental contamination.

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# Chairman's statement



We have concluded a year of good progress. A 19% improvement in pre-tax profit is a manifestation of that progress though it has to be remembered that results in the previous year were disappointing. More importantly perhaps the profit improvement is indicative of the recovery which has been achieved against a background of massive raw material price increases and in competitive markets where economic conditions have not all been favourable.

Improved volumes have been a key feature of the recovery process but equally important we have continued to benefit from our policy of investment and restructuring to improve service and reduce costs.

*Profit improvement has been achieved against a background of massive raw material price increases*

One crucial area of cost has been largely outside our control. At the half year I referred to the swingeing increases in raw material prices which we had suffered.

Little did I know at that stage how much more there was yet to come. Since July 1994 the market prices for polymers have doubled. With a number of our customers we have contracts which incorporate raw material price escalation clauses and it has been possible to recover this staggering increase in selling prices but with some delay. However, with our non-contracted customers this has inevitably become progressively more difficult. Our year end results have been seriously affected by this situation.

As to the future of polymer prices, there remains a degree of uncertainty. Further increases can only jeopardise the prospects for some plastics packaging products where alternative materials may benefit from the price differentials which have been established by our suppliers. It is to be hoped that they recognise this risk before it is too late.

I referred last year to the reorganisation and restructuring upon which we were engaged. The success of this process has been essential to the progress which has been achieved in the year and will continue to be crucial to the development of our strategies. There has been much improved focus on the areas which offer the greatest potential for profitable growth and it is these areas which will have priority in the allocation of corporate resources.

Consistent with that policy we have acquired Thermakeep in Scotland thereby extending still further our coverage of the market for our dairy and juice containers. We are the leading producers of plastics bottles for this market which is still growing at approximately 20% per annum. We shall continue to invest and to capitalise on our strengths in the technology of blow moulding lightweight containers to maintain that leadership position and to improve earnings.

In Europe we have acquired a business at Montpont not far from Lyon in France enlarging very substantially our coverage of markets for containers in Continental Europe. Our general containers businesses have been undergoing significant change whilst we have reduced costs and improved performance. In northern Europe some of our markets have been slow to recover but in the UK there is welcome volume growth and we are well positioned to continue the improvement in earnings which is now being achieved.

Our Housewares business has been operating in a very competitive environment during a period of relative stagnation in some of the markets which it serves. Its achievement in these circumstances has been creditable and a continuing search for new products and new markets has met with some success. Our Closures division continues to make an important contribution and we will be developing plans for expansion of that business. Plysu Protection Systems has benefited from the new products which it has introduced and continues to perform satisfactorily.

Increasingly we will concentrate effort and resource on those areas where we have competitive technological and market advantage and where we can achieve

higher returns. Our success requires also that we continue to invest to maintain technological leadership and increase capacity in growth markets. During the year we have kept abreast of the requirements of our fast growing Dairy and Juice business and that, together with the acquisitions in Scotland and France, not to mention the effect of increased raw material prices on our working capital, have left our gearing ratio several points higher than last year at 24%. We believe that this is an acceptable level in the circumstances and given the potential cash flows which we will generate. Our balance sheet remains strong and we are well positioned to pursue our strategies for growth.

I am pleased to say we have made considerable progress in our aim to produce results that will in turn provide better returns for our shareholders. That progress has required considerable commitment from our employees who have been faced with the need for change and have been confronted with new and sometimes difficult challenges. They have responded admirably and I take this opportunity to thank them for their excellent support.

The outlook is one of generally improving trading conditions. This provides a reassuring background for our future prospects and for our continued recovery.



David O'Shaughnessy  
Chairman

# Chief executive's review

This has been another year of significant change for Plysu, which has included the enhancement of our divisional structure with the addition of the new divisional managing directors which is now allowing the Executive Board to devote more time to the achievement of our corporate goals.

The year has shown an improvement in turnover to £100 million, being around 12% ahead of last year, whilst pre tax profits at £6.5 million are some 19% ahead;

this despite raw material prices doubling progressively from July onwards, to which the chairman has already referred in his statement. Our capital expenditure for the year combined with costs associated with our two acquisitions, Plysu Montpont, near Lyon in France, and Thermakeep, a company predominantly

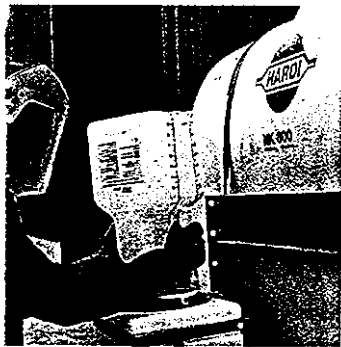
manufacturing dairy containers in Scotland, shows a total investment of £12 million – in line with last year's record level.

Environmental issues have been well to the forefront of our thinking during the year and we have actively supported the V-WRAG operation as the logical precursor to the Valpak organisation; this being the intended packaging industry body for the control of the environmental levy to be introduced next year. In addition we have also supported the establishment of the Plastics Material Organisation, which will form an integral part of Valpak.

*Environmental issues have been well to the forefront of our thinking*

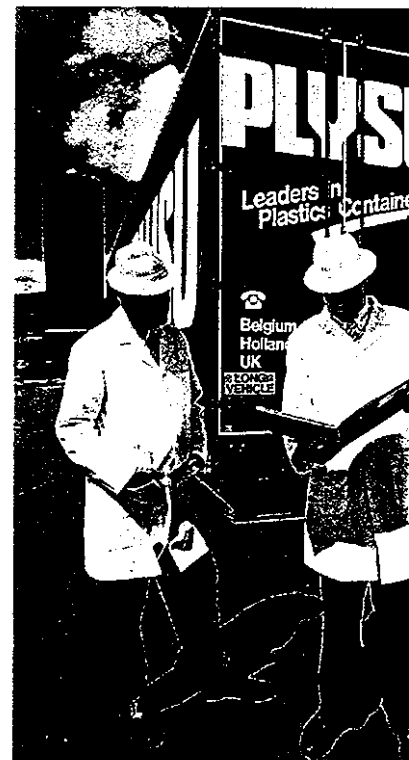
Our investment last year in a plastics recycling plant with Milton Keynes Borough is now on stream, giving us the unique potential of being able to substitute 15% of our output with recycled raw material. Significantly, this is the national target for the year 2001 set by the recently enacted European Directive on packaging waste.

The current relatively high cost of polymer tends to disadvantage plastics containers over other materials; however, by recycling waste polymer the financial impact can be reduced.



THE CIBA LINKPAK REFILL/REUSE SYSTEM IN PRACTICE

CHARLES (LEFT) AND CHRISTOPHER WAGNER OF THERMAKEEP PLASTICS, THE NEWLY ACQUIRED OPERATION IN GLASGOW



Plysu plc

Financial highlights

	1995	1994
	£000	£000
Sales	99,543	88,785
Profit before tax	6,475	5,429
Earnings per share	9.0p	7.3p
Dividends per share	7.0p	7.0p

Containers UK

The new management team has made significant strides in its objectives to further improve efficiency, particularly at the Woburn Sands plant, where advanced techniques, including the concept of cell manufacturing, have been introduced. The resulting high productivity and better material control have enabled customer service levels to be enhanced.

This has underpinned our resolve to improve our speed to market with new products. This has been evidenced by those products introduced last year gaining considerable ground, particularly in the consumer products area. Our new fabric conditioner containers are to be seen on many supermarket shelves.



Many of these products are produced on machinery brought in last year to provide greater efficiency, particularly with the use of recycled material from our joint venture with Milton Keynes Borough, mentioned earlier.



PHILIP CORKE, MANAGING DIRECTOR OF CONTAINERS UK DIVISION (LEFT), WITH ASHOK PATEL ON THE PRODUCTION LINE FOR UNIPART CONTAINERS AT WOBURN SANDS. UNIPART USES CONTAINERS WITH 25% PCR MATERIALS FOR ITS RANGE OF LUBRICATING PRODUCTS

## Dairy & Juice

James Crick, the new managing director of this Division, was appointed in August 1994 and came from within our industry. Our objectives are to enhance further our already high levels of service and efficiency, and to maintain our position as lowest cost producer, thereby preserving our leading position in this market.

I am pleased to be able to report that volume growth of approximately 20% per annum continues both as a result of the decline of doorstep delivery, as well as the increasing customer preference for our style of plastics milk and juice containers, despite a cost disadvantage in smaller sizes. In order to satisfy this growing demand, our new plants at Littleborough and Yate are now fully operational with limited further room for expansion still available.

We also remain committed to the prospect of 'in-dairy' blow-moulding operations where volumes have reached economically justifiable levels.



WES BROWN, TEAM LEADER (LEFT), JEFF ABBOTT, SHIFT MANAGER (CENTRE), WITH JAMES CRICK ON THE TWO PINT SQUARE LINE AT NEWPORT PAGNELL

## *We aim to enhance our leading position in this market*

In addition Thermakeep was acquired at the end of the year, being a manufacturer predominantly of dairy containers in Glasgow. This acquisition will strengthen our position in Scotland and the north of England whilst significantly reducing our distribution costs and giving our local customers greater confidence.

Recent press comment regarding a major supermarket's intention to substitute plastics bottles for all its carton milk packaging will undoubtedly stimulate demand for the smaller sizes of bottle and accelerate our already significant investment plans for this business.

The two pint container has captured further volume during the year and is now growing at the anticipated rate. More new products are being introduced, of which the most significant has been the one pint container, which will be seen in increased numbers during the coming year.

The drive to maintain our position as the lowest cost producer to justify our market leadership continues unabated and further important efficiency improvements were introduced during the year. Additional high output equipment is planned for this year.





## Continental

We welcomed in February our most recent divisional managing director Robert De Regge, a Belgian national, who came to us from within the polymer industry.

We have seen some economies improving, but with significant over capacity in this marketplace, particularly in northern Europe, where margins are under increasing pressure, further cost improvements are in hand. As elsewhere, the process is one of conscious, planned and continual improvement.

We intend to maintain our strategy of providing a truly pan-European service. The acquisition in Montpont, near Lyon from Somagic Industrie in October 1994 is a demonstration of that intent. This facility is currently being developed to service France and south-west Europe.

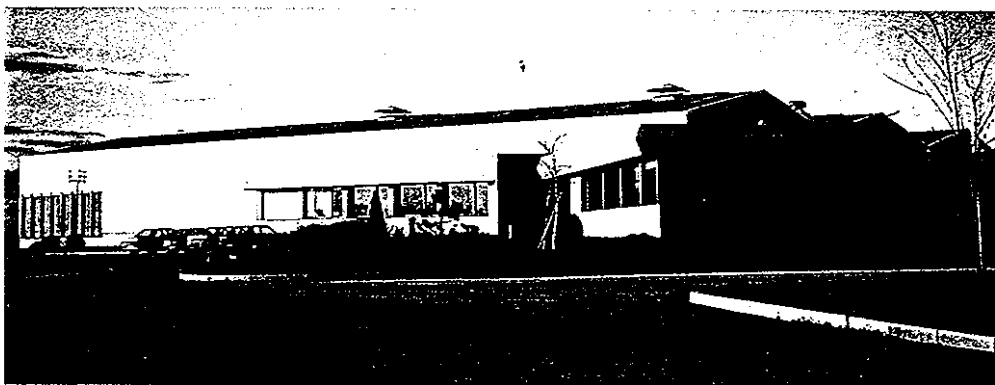
We have ambitious plans for the introduction of new products. During the year we saw the successful launch



BRIAN LODGE (LEFT), A MEMBER OF THE DESIGN AND DEVELOPMENT TEAM, WITH ROBERT DE REGGE

of a growing number of innovative developments, especially in lightweight containers where we have particular expertise.

*Our strategy is to  
provide a truly  
pan-European service*



MONTPONT, NEAR LYON,  
THE NEWLY ACQUIRED  
FRENCH OPERATION

elf

elf  
SPORTI SUPER  
15W40

## Housewares

Turnover at £6.4 million shows a decline over last year of 9%, reflecting the continued depressed state of the home improvement market, and an exceptionally wet spring which adversely affected sales of garden wares.

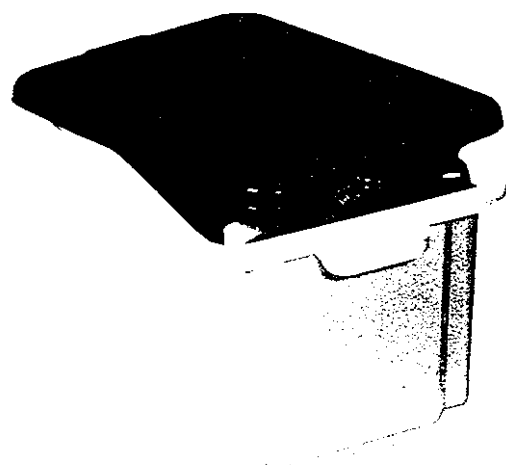
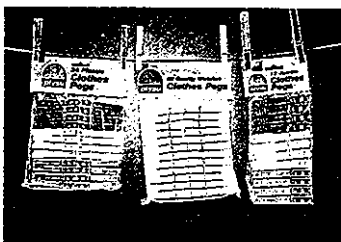
The major review of the housewares operation announced last year has resulted in renewed interest in our range and a broader customer base.

New colours and an increasing use of post-consumer recycled (PCR) material throughout the range will spearhead the development of our business. New markets include local authority collection schemes and exports, particularly to Continental Europe, the Middle East and the Far East.

To support these developments, a specialist blow-moulding facility was opened in the last quarter under the direct control of the Housewares division. This gives greater security of supply, particularly for garden wares, and is a unique combination in this industry.



*New colours  
and an increasing use  
of PCR material  
throughout the range*





## *Plysu aims to be the purveyor of the complete packaging solution*

### Closures

This operation becomes ever more important to our strategic goal of being the purveyor of the complete packaging solution – bottle and closure – increasingly demanded by our customers. The objective of further reducing our cost base through significant capital investment is an ongoing feature of this division.



A NEW DESIGN AND USE OF PCR MATERIAL COMBINED SUCCESSFULLY TO LAUNCH THIS BOTTLE AND CLOSURE RANGE

Several new products were introduced, in particular a new fabric conditioner 'jigger' closure to complement our new range of containers.


Turnover was around £6 million last year with approaching a billion closures manufactured. Next year will see this operation becoming a division in its own right, with yet further development planned.

### Plysu Protection Systems

Sales were ahead of last year and the new products introduced earlier are now starting to achieve more significant sales. Further new products and materials are planned for introduction in 1995-1996 to enhance our position in the market for personal protection equipment. Costs were well under control during the period, helping to raise the profitability of this division over the previous year.

### Outlook

The theme is one of continual improvement, both to our cost base and to the service we give to our customers. This year has demonstrated the success of the steps already taken. I am confident that with greater material price stability, this formula will allow us to maintain good progress.

  
Malcolm Macintyre  
Chief Executive

## *The Plysu story*

- |   |   |
|---|---|
| 1945 Plysu is founded by James Summerlin and Rohan Sturdy. They make PVC macintoshes by high frequency welding. | 1987 First multi-layer barrier layer containers are launched. A factory is acquired at Littleborough.   |
| 1947 Company moves to present headquarters site at Woburn Sands.  | 1988 Newport Pagnell dairy factory and Kempston injection moulding plant are built.   |
| 1952 Housewares Division formed. It makes first sponge mop in the UK.   | 1989 First post-consumer recycled containers are manufactured.  |
| 1959 Blow-moulding begins.  | 1991 Daily output of milk containers reaches one million.   |
| 1969 First high-volume blow-moulding Uniloy machine is installed.   | 1992 SEP Group is acquired with factories in Gent in Belgium and Kerkrade in the Netherlands.   |
| 1971 Plysu is floated on the London Stock Exchange.   | 1993 Yate dairy factory is acquired.  |
| 1974 Group acquires stake in venture to blow-mould containers in the Netherlands. Rohan Sturdy retires.         | 1994 Daily output of milk containers reaches two million. James Summerlin retires and becomes honorary life president. Plysu Montpont, the first French operation, is acquired. |
| 1983 A range of lightweight milk containers is launched.  | 1995 Thermakeep, the Glasgow-based blow-moulder is acquired.  |
| 1984 Plysu acquires remaining stake in the Netherlands joint venture.   |   |

Plysu plc

## Report of the directors

for the year ended 31st March 1995

### Business review

The Chairman's Statement and Chief Executive's Review on pages 2 to 13 outline the significant developments during the year and future prospects of the group.

### Dividends and group profit

An interim dividend of 2.0p (1994: 2.0p) per share was paid on 2nd February 1995. A final dividend of 5.0p (1994: 5.0p) is proposed to be paid on 17th July 1995 to holders of ordinary shares on the register at the close of business on 22nd June 1995. If approved this will result in a total dividend for the year of 7.0p (1994: 7.0p).

Dividends account for £3,337,000 of the profit on ordinary activities after taxation and the remaining £931,000 is added to group reserves as retained profit for the year.

### Fixed assets

Information relating to tangible fixed assets is given in note 10 to the financial statements.

The directors are of the opinion that the market value of land and buildings is in excess of the net book value shown in the financial statements.

### Directors

The names of the directors at the end of the year are set out on page 16. Their interests in the ordinary shares of the company at 31st March 1995 and 30th May 1995 are shown in the table on page 16.

D H O'Shaughnessy is the chairman of the company and a member of the Remuneration and Audit Committees. He is a non-executive director of Barry Wehmiller International plc and Britton Group plc and he is a director of Pira International. He joined the board of Metal Box in 1979 and was subsequently a director of Carnaud Metal Box until retirement in 1992.

F M St L Bircher is chairman of the Remuneration Committee and a member of the Audit Committee. He is a director of Jones & Shipman plc and a member of the International Advisory Board of British Nuclear Fuels and was a director of Powell Duffryn plc until his retirement on 31st December 1994.

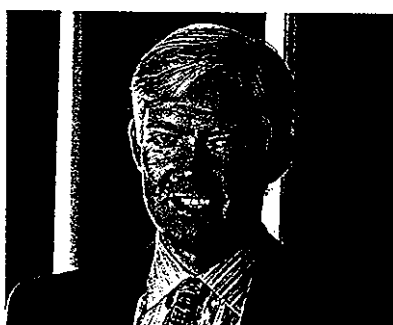
A B Brooker is chairman of the Audit Committee and a member of the Remuneration Committee. He is chairman of Kode International Plc and of E T Heron & Co Ltd. He is also a director of Aukett Associates Plc and Eastern Counties Newspapers Ltd.

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### Executive directors



Malcolm Macintyre CEng



Stephen Nobbs FCA



Nicholas Templeton-Ward BA

Plysu plc

## Report of the directors

continued

M V S Macintyre, S S Nobbs and N D Templeton-Ward have service contracts expiring on 31st December 1997. No other director has a service contract.

C S J Summerlin retired as a director of the company on 14th July 1994 but continues as honorary life president of the group.

J R Hill resigned as a director of the company on 19th August 1994.

### Directors' interests in shares in Plysu plc

The executive directors hold share options as part of the Plysu Executive Share Option Scheme and Plysu Savings Related Share Option Scheme. The non-beneficial interests of M V S Macintyre and S S Nobbs are as trustees of the Plysu Employee Profit Share Scheme.

A statement of all transactions by each director of the company and his family interests in the ordinary shares of the company during the 12 months prior to the date of this notice, together with copies of all directors' service contracts, will be available for inspection during normal business hours at the company's registered office until the date of the annual general meeting. This statement will also be available for inspection at the Brewery Conference Centre on the day of the annual general meeting from 11.45am until the conclusion of the meeting.

### Directors' and officers' liability insurance

Such insurance has been in place during the year.

### Corporate governance

The directors give their full support to the recommendations of the Cadbury Committee on the financial aspects of corporate governance and are implementing the Committee's Code of Best Practice. Fifteen of the Code's nineteen requirements have been fully complied with throughout the year.

A further two of the Code's requirements, dealing with the definition of decisions reserved for the board and access by board members to independent professional advice were formally adopted by the board on 17th May 1994, having previously been agreed and understood by the board. The eighteenth requirement, requiring the directors to report on the business's ability to continue as a going concern, is complied with for the first time in this report. The directors were unable to comply with the final requirement dealing with a report by the directors on the company's internal controls until appropriate guidance was published. This guidance is now available but is not yet effective and the directors expect to report on the company's internal controls in their next annual report.

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### Non-executive directors



Frederick Bircher MA



Alan Brooker JP DL FCA



Plysu plc

## Report of the directors

continued

### Directors and their interests in shares in Plysu plc at 31st March

	Age	Year of appointment	1995 Ordinary shares	1995 Ordinary shares under option	1994 Ordinary shares	1994 Ordinary shares under option
D H O'Shaughnessy	60	1993	8,000	—	6,000	—
M V S Macintyre	52	1982	10,663	139,396	8,163	137,357
M V S Macintyre (non-beneficial)			190,481	—	230,861	—
S S Nobbs	46	1987	16,596	124,055	16,596	119,516
S S Nobbs (non-beneficial)			190,481	—	230,861	—
N D Templeton-Ward	44	1991	—	146,348	—	135,000
F M St L Bircher	62	1991	600	—	600	—
A B Brooker	63	1988	2,000	—	2,000	—

There have been no changes in the directors' interests as listed above between 31st March 1995 and 30th May 1995.

### Directors' share options

Director and date of grant of option	At 1st April 1994	Number of options Granted	Exercised	At 31st March 1995	Exercise price (pence)	Market price at date of exercise (pence)	Date from which exercisable	Expiry date
<b>M V S Macintyre</b>								
15th January 1987	60,000	—	—	60,000	148.3	—	15/01/90	15/01/97
1st October 1989	2,500	—	2,500	—	144.0	188.0	01/10/94	31/03/95
23rd January 1991	4,032	—	—	4,032	93.0	—	23/01/96	23/07/96
22nd December 1992	44,000	—	—	44,000	240.0	—	22/10/95	22/10/02
8th October 1993	1,825	—	—	1,825	189.0	—	08/10/98	08/03/99
10th January 1994	25,000	—	—	25,000	217.4	—	10/01/97	10/01/04
25th August 1994	—	4,539	—	4,539	152.0	—	25/08/99	25/02/00
<b>S S Nobbs</b>								
15th January 1987	36,000	—	—	36,000	148.3	—	15/01/90	15/01/97
23rd January 1991	14,516	—	—	14,516	93.0	—	23/01/96	23/07/96
22nd December 1992	44,000	—	—	44,000	240.0	—	22/12/95	22/12/02
10th January 1994	25,000	—	—	25,000	217.4	—	10/01/97	10/01/04
25th August 1994	—	4,539	—	4,539	152.0	—	25/08/99	25/02/00
<b>N D Templeton-Ward</b>								
22nd December 1992	110,000	—	—	110,000	240.0	—	22/12/95	22/12/02
10th January 1994	25,000	—	—	25,000	217.4	—	10/01/97	10/01/04
25th August 1994	—	11,348	—	11,348	152.0	—	25/08/99	25/02/00

The options granted on 1st October 1989, 23rd January 1991, 8th October 1993 and 25th August 1994 are under the Plysu Savings Related Share Option Scheme. All other options are under the Plysu Executive Share Option Scheme. M V S Macintyre exercised his 1989 Plysu Savings Related Share Option for 2,500 ordinary shares at a price of 144.0p on 1st March 1995. At the date he resigned as an executive director J R Hill held options over 129,000 ordinary shares under the Plysu Executive Share Option Scheme and subsequently exercised 60,000 at 148.3p on 15th March 1995 when the market price was 186.0p. The market price of the shares at 31st March 1995 was 189.0p, and the range during the year was 161.0p to 230.0p.

Plysu plc

## Report of the directors

continued

### Interests of 3% or more in the share capital of the company

	30th May 1995	31st May 1994
Prudential Portfolio Managers Limited*	3,989,801 (8.4%)	4,057,801 (8.5%)
Britannic Assurance plc	3,060,000 (6.4%)	2,370,000 (5.0%)
Prolific Asset Management Limited*	3,035,000 (6.3%)	2,985,000 (6.3%)
C S J Summerlin	2,690,452 (5.6%)	Not notifiable
Norwich Union Investment Management Limited*	2,385,575 (5.0%)	2,615,675 (5.5%)
Schroder Investment Management Limited*	2,098,982 (4.4%)	1,823,982 (3.8%)
Gartmore Investment Management Limited*	2,089,063 (4.4%)	1,824,000 (3.8%)
Hermes Pensions Management Limited*	1,734,801 (3.6%)	1,749,701 (3.6%)
General Accident plc	1,550,000 (3.2%)	Not notifiable

\* Includes all shares held and under control and/or management.

### Corporate governance *continued*

The auditors, KPMG, have confirmed that in their opinion: with respect to the directors' statement on going concern set out below, the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and the statement is not inconsistent with the information of which they are aware from their audit on the financial statements; and that the directors' statement above appropriately reflects the company's compliance with the other paragraphs of the Code in force specified by the Listing Rules for their review. They have carried out their review in accordance with the Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of the company's system of corporate governance procedures, or on the ability of the company to continue in operational existence.

### Going concern statement

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### Employees

Plysu actively encourages the involvement of its employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment. In addition to a regular magazine providing information on the group's developments there is regular consultation with employees through the works councils which are normally attended by at least one director.

It is the group's policy that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates. Employees who become disabled during their working life will be retained in employment wherever possible and given help with rehabilitation or training.

Plysu plc  
Five-year record

	<i>Years ended 31st March</i>				
	1991 £000	1992 £000	1993 £000	1994 £000	1995 £000
Group turnover					
United Kingdom					
Containers	47,190	46,336	47,574	48,943	59,259
Housewares	7,898	8,455	7,319	7,019	6,446
Protection Systems and other	1,511	1,604	1,661	1,369	1,380
	<u>56,599</u>	<u>56,395</u>	<u>56,554</u>	<u>57,331</u>	<u>67,085</u>
Continental Europe					
Containers	<u>8,666</u>	<u>9,635</u>	<u>29,878</u>	<u>31,454</u>	<u>32,458</u>
Total	<u>65,265</u>	<u>66,030</u>	<u>86,432</u>	<u>88,785</u>	<u>99,543</u>
Depreciation	<u>5,441</u>	<u>5,912</u>	<u>7,701</u>	<u>8,966</u>	<u>9,630</u>
Interest payable (net)	<u>1,035</u>	<u>364</u>	<u>51</u>	<u>556</u>	<u>862</u>
Group profit before tax	<u>7,522</u>	<u>9,473</u>	<u>10,808</u>	<u>5,429</u>	<u>6,475</u>
Expenditure on fixed assets and moulds	<u>5,610</u>	<u>6,183</u>	<u>12,274</u>	<u>14,451</u>	<u>8,398</u>
Earnings per share	<u>11.4p</u>	<u>13.9p</u>	<u>15.3p</u>	<u>7.3p</u>	<u>9.0p</u>
Dividends per share	<u>4.5p</u>	<u>6.0p</u>	<u>7.0p</u>	<u>7.0p</u>	<u>7.0p</u>
Shareholders' funds	<u>31,865</u>	<u>35,534</u>	<u>53,033</u>	<u>52,916</u>	<u>53,028</u>

1994 results are stated after charging £1,402,000 of exceptional reorganisation costs as detailed in note 3 on page 28. The acquisitions in the year were not material in the context of the group's turnover and operating profit and have therefore not been separately disclosed.

Plysu plc

## Report of the directors

continued

### Employee share schemes

There are three schemes under which employees may have an interest in the share capital of the company:

#### 1. *Plysu Employee Profit Share Scheme*

The total number of shares held in trust for employees is 190,481. No allocation was made to the scheme during the year (1994: nil).

#### 2. *Plysu Savings Related Share Option Scheme*

During the year the company has granted options to employees under the terms of this scheme on 221,421 shares at an option price of 152p each. The total of scheme options granted and outstanding at 31st March 1995 was on 657,913 shares at option prices between 93p and 239p, exercisable by the year 2001.

#### 3. *Plysu Executive Share Option Scheme*

No options were granted during the year (1994: 100,000). The total of scheme options granted and outstanding at 31st March 1995 was on 818,960 shares exercisable by 2004 at option prices between 148.3p and 240p.

### Political and charitable donations

The group made no political donations during the year. Donations to UK charities amounted to £1,000 (1994: £1,000).

### Research and development

It is the group's policy to commit sufficient funds to enable it to keep abreast of all relevant product, process, market and system developments in the fields in which it operates.

### Share capital

22,590 ordinary shares were issued to employees under the terms of the Plysu Savings Related Share Option Scheme and 84,000 ordinary shares were issued under the terms of the Plysu Executive Share Option Scheme.

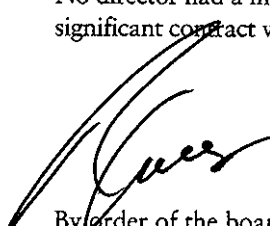
### Auditors

On 6th February 1995 the auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name.

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

### Other information

No director had a material interest during the year in any significant contract with the company or any subsidiary.



By order of the board

R G Lee FCIS

Secretary

30th May 1995

Plysu plc

## Directors' responsibilities

in respect of the preparation of financial statements

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

- select suitable accounting policies and 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 group 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 group and to prevent and detect fraud and other irregularities.

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## Report of the auditors

to the members of Plysu plc

We have audited the financial statements on pages 21 to 36.

### Respective responsibilities of directors and auditors

As described above, 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 group'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 affairs of the company and the group as at 31st March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG  
Chartered Accountants  
Registered Auditors  
Milton Keynes  
20th June 1995

## Group accounting policies

### 1. Financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with the Companies Act 1985 and applicable accounting standards.

### 2. Consolidation

The consolidated financial statements incorporate the assets and liabilities of the company and its subsidiary undertakings at 31st March 1995 and their results for the periods during the year to that date in which they were part of the group. Advantage is taken of the exemption provided by section 230 of the Companies Act 1985 and a separate profit and loss account of Plysu plc is not presented. The results of the company are disclosed in note 18. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the separable net assets acquired and is written off against the merger reserve on acquisition.

### 3. Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets to their residual values over their estimated useful economic lives as follows:

#### *Straight line*

Freehold buildings	50 years
Plant and machinery	5 to 10 years
Moulds	2 to 5 years

#### *Reducing balance*

Motor vehicles	25% to 33% per year
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No depreciation is provided on freehold land.

### 4. Stocks

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

### 5. 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 for deferred taxation is made if it is probable that such deferred taxation will be payable in the foreseeable future.

### 6. Foreign currencies

For consolidation purposes, attributable profits of overseas subsidiaries are translated into sterling at the average rate for the year and their assets and liabilities are translated at the rate ruling at the balance sheet date. The exchange differences arising are taken directly to reserves.

### 7. Pension costs

The company operates pension schemes in the UK providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The subsidiary companies in Continental Europe operate pension schemes providing benefits principally based upon contributions which are paid to an insurance company.

### 8. Government grants

Government grants are credited to the profit and loss account evenly during the development phase of the project to which they relate.

### 9. Leases

Rental charges for the group's operating leases are charged to the profit and loss account.

### 10. Research and development

The research and development costs of new products and services are written off in the year of expenditure except for projects where recovery is reasonably certain, in which case development costs may be capitalised and amortised over the period expected to benefit from the development.

Plysu plc

## Consolidated profit and loss account

for the year ended 31st March 1995

	Notes	1995 £000	1994 £000
Turnover	1	99,543	88,785
Cost of sales	3	(74,061)	(65,448)
Gross profit		25,482	23,337
Net operating expenses	2-3	(18,145)	(17,352)
Operating profit			
Before exceptional reorganisation costs		7,337	7,387
Exceptional reorganisation costs	3	-	(1,402)
Total operating profit on ordinary activities before interest		7,337	5,985
Interest receivable	6	61	89
Interest payable	6	(923)	(645)
Profit on ordinary activities before taxation		6,475	5,429
Taxation on profit on ordinary activities	7	(2,207)	(1,984)
Profit on ordinary activities after taxation		4,268	3,445
Appropriated for dividends paid and proposed	8	(3,337)	(3,331)
Retained profit for the year	18	931	114
Earnings per fully paid ordinary share	9	9.0p	7.3p
Earnings per fully paid ordinary share before exceptional reorganisation costs	9	9.0p	9.1p

All of the profits for the current and prior year relate to continuing activities. The acquisitions in the year were not material in the context of the group's turnover and operating profit and have therefore not been separately disclosed.

## Consolidated statement of total recognised gains and losses

for the year ended 31st March 1995

	1995 £000	1994 £000
Profit on ordinary activities after taxation	4,268	3,445
Exchange gains/(losses) on foreign currency net investments	2,465	(590)
Total recognised gains and losses for the financial year	6,733	2,855

Plysu plc  
**Balance sheets**  
as at 31st March 1995

	Notes	<i>Group</i>		<i>Company</i>	
		1995 £000	1994 £000	1995 £000	1994 £000
<b>Fixed assets</b>					
Tangible assets	10	60,051	57,450	42,089	41,927
Investments	11	—	—	18,706	14,856
		<u>60,051</u>	<u>57,450</u>	<u>60,795</u>	<u>56,783</u>
<b>Current assets</b>					
Stocks	12	7,957	5,739	5,302	3,591
Debtors	13	26,821	19,783	14,433	11,861
Cash		<u>2,214</u>	<u>2,189</u>	<u>6</u>	<u>7</u>
		<u>36,992</u>	<u>27,711</u>	<u>19,741</u>	<u>15,459</u>
<b>Creditors</b>					
Amounts falling due within one year	14	<u>(31,042)</u>	<u>(22,520)</u>	<u>(22,134)</u>	<u>(17,072)</u>
<b>Net current assets/(liabilities)</b>		<u>5,950</u>	<u>5,191</u>	<u>(2,393)</u>	<u>(1,613)</u>
<b>Total assets less current liabilities</b>		<u>66,001</u>	<u>62,641</u>	<u>58,402</u>	<u>55,170</u>
<b>Creditors</b>					
Amounts falling due after more than one year	14	(10,366)	(7,410)	(9,750)	(7,000)
<b>Provisions for liabilities and charges</b>	15-16	<u>(2,607)</u>	<u>(2,315)</u>	<u>(1,688)</u>	<u>(1,737)</u>
		<u>53,028</u>	<u>52,916</u>	<u>46,964</u>	<u>46,433</u>
<b>Capital and reserves</b>					
Called up equity share capital	17	4,769	4,759	4,769	4,759
Share premium account	18	312	163	312	163
Merger reserve	18	6,646	10,089	10,597	10,597
Profit and loss account	18	<u>41,301</u>	<u>37,905</u>	<u>31,286</u>	<u>30,914</u>
<b>Shareholders' funds</b>		<u>53,028</u>	<u>52,916</u>	<u>46,964</u>	<u>46,433</u>

These financial statements were approved by the board of directors on 30th May 1995 and were signed on its behalf by:

  
M V S Macintyre  
Chief executive  
30th May 1995



Plysu plc

# Consolidated cash flow statement

for the year ended 31st March 1995

	1995		1994	
	£000	£000	£000	£000
Net cash inflow from operating activities		12,781		12,885
Returns on investments and servicing of finance				
Interest received	61		89	
Interest paid	(903)		(645)	
Dividends paid	(3,331)		(3,324)	
Net cash outflow from returns on investments and servicing of finance		(4,173)		(3,880)
Taxation				
UK corporation tax paid	(1,123)		(3,008)	
Overseas tax paid	(365)		(160)	
Tax paid		(1,488)		(3,168)
Investing activities				
Purchase of tangible fixed assets	(8,398)		(14,451)	
Purchase of subsidiary undertakings (net of cash and cash equivalents acquired) – see note 20	(2,208)		14	
Sale of plant and machinery	359		344	
Net cash outflow from investing activities		(10,247)		(14,093)
Net cash outflow before financing		(3,127)		(8,256)
Financing				
Issue of ordinary share capital	(159)		(81)	
New unsecured loan repayable in over one year	(2,000)		(4,000)	
Repayments of amounts borrowed	282		522	
Net cash inflow from financing		(1,877)		(3,559)
Reduction in cash and cash equivalents		(1,250)		(4,697)
		(3,127)		(8,256)

Plysu plc

## Notes to the cash flow statement

	1995 £000	1994 £000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	7,337	5,985
Depreciation charges	9,630	8,966
Profit on sale of fixed assets	(100)	(83)
Reorganisation provision	(820)	820
(Increase) in stocks	(1,895)	(127)
(Increase) in debtors	(5,574)	(100)
Increase/(decrease) in creditors and other provisions	4,203	(2,576)

Net cash inflow from operating activities	<u>12,781</u>	<u>12,885</u>
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### Analysis of changes in cash and cash equivalents

At 31st March	(2,470)	2,283
Net cash (outflow) before adjustments for the effect of foreign exchange rate changes	(1,250)	(4,697)
Effect of foreign exchange rate changes	199	(56)
At 31st March	<u>(3,521)</u>	<u>(2,470)</u>

### Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1995 £000	1994 £000	Change in year £000
Cash at bank and in hand	2,214	2,189	25
Bank overdrafts	(5,735)	(4,659)	(1,076)
	<u>(3,521)</u>	<u>(2,470)</u>	<u>(1,051)</u>

### Analysis of changes in financing during the year

	Share capital (including premium) £000	Loans £000	Finance leases £000
At 31st March 1994	4,922	7,542	-
Net cash inflows from financing	159	1,822	-
Acquired with Thermakeep	-	-	578
Foreign exchange rate adjustments	-	50	-
At 31st March 1995	<u>5,081</u>	<u>9,414</u>	<u>578</u>

Included in loans are short-term loans of £186,000 (1994: £265,000).

Plysu plc

## Other financial statements

### Note of consolidated historical cost profits and losses

for the year ended 31st March 1995

	1995 £000	1994 £000
Profit on ordinary activities before taxation	6,475	5,429
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>14</u>	<u>14</u>
Historical cost profit on ordinary activities before taxation	<u>6,489</u>	<u>5,443</u>
Historical cost profit for the year retained after taxation and dividends	<u>945</u>	<u>128</u>

### Reconciliation of movements in shareholders' funds

for the year ended 31st March 1995

	1995 £000	1994 £000
Profit on ordinary activities after taxation	4,268	3,445
Dividends	(3,337)	(3,331)
Other recognised gains and losses related to the year (net)	2,465	(590)
New share capital issued	10	16
Share premium on new share capital	149	75
Merger reserve arising on new shares	-	268
Goodwill written off in the year	<u>(3,443)</u>	<u>-</u>
Net addition to/(reduction in) shareholders' funds	112	(117)
Opening shareholders' funds	<u>52,916</u>	<u>53,033</u>
Closing shareholders' funds	<u>53,028</u>	<u>52,916</u>

## Notes to the financial statements

## 1. Turnover and operating assets

Turnover comprises the value of sales (excluding sales taxes and net of discounts) of goods and services in the normal course of business.

Classes of business	<i>Containers and other activities</i>		<i>Housewares and Closures</i>		<i>Group</i>	
	1995	1994	1995	1994	1995	1994
<i>Turnover</i>	£000	£000	£000	£000	£000	£000
Total sales	96,028	83,109	10,936	10,465	106,964	93,574
Inter-divisional sales	(2,931)	(1,343)	(4,490)	(3,446)	(7,421)	(4,789)
Sales to third parties	<u>93,097</u>	<u>81,766</u>	<u>6,446</u>	<u>7,019</u>	<u>99,543</u>	<u>88,785</u>
<i>Operating assets</i>						
Divisional operating assets	<u>53,726</u>	<u>53,719</u>	<u>10,164</u>	<u>7,947</u>	<u>63,890</u>	<u>61,666</u>
<i>Geographical segments</i>	1995	1994	Unallocated provisions and creditors			
<i>Turnover by destination</i>	£000	£000			(10,862)	(8,750)
United Kingdom	66,629	56,425	Shareholders' funds		<u>53,028</u>	<u>52,916</u>
The Netherlands	10,571	10,683				
Belgium	9,679	11,549				
France	8,974	6,942				
Rest of Europe	3,591	3,029				
Rest of the world	99	157				
Group	<u>99,543</u>	<u>88,785</u>				

	<i>Total sales</i>		<i>Inter-divisional sales</i>		<i>Sales to third parties</i>	
	1995	1994	1995	1994	1995	1994
<i>Turnover by origin</i>	£000	£000	£000	£000	£000	£000
United Kingdom	68,155	59,447	(1,070)	(1,141)	67,085	58,306
The Netherlands	16,270	15,666	(8)	(24)	16,262	15,642
Belgium	15,496	15,103	(35)	(266)	15,461	14,837
France	735	-	-	-	735	-
Group	<u>100,656</u>	<u>90,216</u>	<u>(1,113)</u>	<u>(1,431)</u>	<u>99,543</u>	<u>88,785</u>
<i>Operating assets</i>	1995	1994				
	£000	£000				
United Kingdom	40,094	39,862				
The Netherlands	12,639	11,750				
Belgium	10,048	10,054				
France	1,109	-				
Divisional operating assets	<u>63,890</u>	<u>61,666</u>				
Unallocated provisions and creditors	<u>(10,862)</u>	<u>(8,750)</u>				
Shareholders' funds	<u>53,028</u>	<u>52,916</u>				

Results by class of business and geographical segment have not been disclosed as, in the opinion of the directors, this would be seriously prejudicial to the interests of the group.

Plysu plc

# Notes to the financial statements

continued

2. Operating expenses	1995 £000	1994 £000
Distribution costs	7,363	6,539
Administration charges	10,782	10,813
	<u>18,145</u>	<u>17,352</u>

3. Operating profit	1995 £000	1994 £000
<i>Stated after charging:</i>		
Depreciation on tangible fixed assets	9,630	8,966
Auditors' remuneration:		
Audit fees	96	70
Non-audit fees	50	60
Charges under operating leases on hire of plant and machinery	53	92
Research and development costs	648	542
Net exchange gains	24	76
Exceptional reorganisation costs	-	1,402
<i>And after crediting:</i>		
Government grants	150	150
	<u>150</u>	<u>150</u>

In 1994 the exceptional reorganisation costs of £1,402,000 related to the UK Containers and Continental operations. £1,084,000 was charged to cost of sales and £318,000 to administration charges. Profits and losses on the sale of fixed assets which represent marginal adjustments to depreciation previously charged are now included in the profit and loss account in the same place as their related depreciation. Accordingly, £83,000 profit on sale arising in 1994 has been reallocated from a separate line after operating profit to cost of sales in the comparative figures.

4. Staff costs including directors' emoluments	1995 £000	1994 £000
Wages and salaries	24,712	23,736
Social security costs	4,375	4,997
Cost to group of employees' pension funds (see note 21)	675	595
	<u>29,762</u>	<u>29,328</u>
	<u>29,762</u>	<u>29,328</u>
	<i>Numbers</i>	<i>Numbers</i>
Average number of employees involved in:		
Production	1,219	1,286
Administration, sales and distribution	318	304
	<u>1,537</u>	<u>1,590</u>
	<u>1,537</u>	<u>1,590</u>

Plysu plc

# Notes to the financial statements

continued

## 5. Directors' emoluments

	1995 £000	1994 £000
Fees as directors	73	72
Emoluments as executives	349	387
Pension contributions	24	25
Aggregate emoluments	446	484
Compensation for loss of office as executive of the company	65	-
	<u>511</u>	<u>484</u>
The emoluments, excluding pension contributions, of:		
The chairman	40	24
The former chairman	-	35
The highest paid director	120	114
	<u>160</u>	<u>173</u>
The emoluments, including pension contributions, of:		
The chairman	40	24
The former chairman	-	35
The highest paid director	127	120
	<u>167</u>	<u>179</u>

No element of directors' emoluments was performance-related. Details of directors' share options are set out in the Report of the Directors. The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	1995 Numbers	1994 Numbers		1995 Numbers	1994 Numbers
£0 - £5,000	1	-	£80,001 - £85,000	1	-
£10,001 - £15,000	2	2	£85,001 - £90,000	-	2
£20,001 - £25,000	-	1	£100,001 - £105,000	1	-
£35,001 - £40,000	2	1	£110,001 - £115,000	-	1
£75,001 - £80,000	-	1	£120,001 - £125,000	1	-
	<u>3</u>	<u>4</u>		<u>3</u>	<u>3</u>

## 6. Interest

	1995 £000	1994 £000
Interest receivable	61	89
Interest payable on overdrafts and bank loans wholly repayable within five years	(923)	(645)
Net interest	<u>(862)</u>	<u>(556)</u>

## 7. Taxation on profit for the year on ordinary activities

UK corporation tax at 33% (1994: 33%)	1,970	1,310
Adjustment in respect of previous years	(119)	(33)
Overseas tax	14	211
	<u>1,865</u>	<u>1,488</u>
Charge for deferred tax	342	496
	<u>2,207</u>	<u>1,984</u>

## 8. Dividends on fully paid ordinary shares

Interim of 2.0p (1994: 2.0p) paid 2nd February 1995	952	952
Proposed final of 5.0p (1994: 5.0p) payable 17th July 1995	2,385	2,379
	<u>3,337</u>	<u>3,331</u>

Plysu plc

# Notes to the financial statements

continued

## 9. Earnings per fully paid ordinary share

1995 1994

### Normal earnings per share

Earnings per fully paid ordinary share are calculated by dividing the profit attributable to ordinary shareholders of £4,268,000 (1994: £3,445,000) by 47,621,735

(1994: 47,490,944), the average number of ordinary shares in issue during the year

9.0p 7.3p

The earnings per share on a fully diluted basis are not materially different from the earnings per share on a normal basis.

### Earnings per share excluding exceptional reorganisation costs

£000 £000

Profit attributable to ordinary shareholders

4,268 3,445

Add reorganisation costs (2.9p per share)

– 1,402

Less tax effect of reorganisation costs (1.1p per share)

– (520)

Profit attributable to ordinary shareholders after adjusting for reorganisation costs

4,268 4,327

Earnings per share based on profits attributable to ordinary shareholders after adjusting for reorganisation costs divided by the average number of ordinary shares in issue during the year

9.0p 9.1p

## 10. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Total
Group	£000	£000	£000
<i>Cost or valuation</i>			
At 31st March 1994	27,250	95,624	122,874
Exchange rate adjustments	1,389	3,603	4,992
On acquisition of subsidiaries	300	3,149	3,449
Additions	50	8,348	8,398
Disposals	(26)	(2,730)	(2,756)
At 31st March 1995	28,963	107,994	136,957
<i>Depreciation</i>			
At 31st March 1994	(4,469)	(60,955)	(65,424)
Exchange rate adjustments	(340)	(2,827)	(3,167)
On acquisition of subsidiaries	(46)	(1,136)	(1,182)
Charge for year	(518)	(9,112)	(9,630)
Disposals	–	2,497	2,497
At 31st March 1995	(5,373)	(71,533)	(76,906)
At 31st March 1994			
<i>Net book value</i>	22,781	34,669	57,450
<i>Non depreciable assets content</i>			
Land	4,217	–	4,217
Assets in the process of commissioning	39	6,025	6,064
At 31st March 1995			
<i>Net book value</i>	23,590	36,461	60,051
<i>Non depreciable assets content</i>			
Land	4,291	–	4,291
Assets in the process of commissioning	169	3,153	3,322

Plysu plc

# Notes to the financial statements

continued

## 10. Tangible fixed assets *continued*

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
	£000	£000	£000
<b>Company</b>			
<i>Cost or valuation</i>			
At 31st March 1994	15,471	65,339	80,810
Additions	22	7,328	7,350
Disposals	(25)	(554)	(579)
Transfers to group companies	—	(195)	(195)
At 31st March 1995	<u>15,468</u>	<u>71,918</u>	<u>87,386</u>
<i>Depreciation</i>			
At 31st March 1994	(1,593)	(37,290)	(38,883)
Charge for year	(267)	(6,713)	(6,980)
Disposals	—	376	376
Transfers to group companies	—	190	190
At 31st March 1995	<u>(1,860)</u>	<u>(43,437)</u>	<u>(45,297)</u>
At 31st March 1994			
<i>Net book value</i>	<u>13,878</u>	<u>28,049</u>	<u>41,927</u>
<i>Non depreciable assets content</i>			
Land	3,593	—	3,593
Assets in the process of commissioning	39	6,005	6,044
At 31st March 1995			
<i>Net book value</i>	<u>13,608</u>	<u>28,481</u>	<u>42,089</u>
<i>Non depreciable assets content</i>			
Land	3,593	—	3,593
Assets in the process of commissioning	169	3,129	3,298

Included in plant and machinery of the group are assets held by Thermakeep under finance leases of net book value £578,000 (1994: £nil). There was no depreciation on these assets in the year (1994: £nil).

	1995	1994
	£000	£000
<b>Details of revalued assets of the group and company</b>		
Land and buildings at 1978 valuation	2,895	2,895
Aggregate depreciation thereon	(682)	(642)
Net book value	<u>2,213</u>	<u>2,253</u>
Historical cost of revalued assets	1,381	1,381
Aggregate depreciation based thereon	(531)	(505)
Net book value based on historical cost	<u>850</u>	<u>876</u>



## Notes to the financial statements

continued

## 11. Fixed asset investments at cost

	Ordinary shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
Company	£000	£000	£000
At 31st March 1994	9,998	4,858	14,856
Purchase of subsidiary undertakings	2,108	—	2,108
New loans	—	1,742	1,742
At 31st March 1995	<u>12,106</u>	<u>6,600</u>	<u>18,706</u>

Details of the company's trading subsidiary undertakings are set out on page 39.

## 12. Stocks

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Raw materials and consumables	4,192	3,253	3,006	2,349
Work in progress	466	303	268	173
Finished goods	3,299	2,183	2,028	1,069
	<u>7,957</u>	<u>5,739</u>	<u>5,302</u>	<u>3,591</u>

## 13. Debtors

Trade debtors	23,821	17,105	43	25
Amounts owed by subsidiary undertakings	—	—	13,828	11,510
Other debtors	2,803	1,539	421	241
Prepayments and accrued income	197	1,139	141	85
	<u>26,821</u>	<u>19,783</u>	<u>14,433</u>	<u>11,861</u>

£412,000 (1994: £370,000) of group other debtors and £34,000 (1994: £473,000) of group prepayments are due after more than one year.

## 14. Creditors

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Amounts falling due within one year				
Bank loans and overdrafts	5,921	4,924	5,424	4,659
Trade creditors	14,411	10,124	8,911	7,540
Amounts due to subsidiary undertakings	—	—	95	—
Other taxes and social security	2,149	1,752	1,679	978
Corporation tax	1,821	1,453	1,880	1,050
Other creditors and accruals	4,165	1,888	1,760	466
Finance lease creditors	190	—	—	—
Proposed dividend	2,385	2,379	2,385	2,379
	<u>31,042</u>	<u>22,520</u>	<u>22,134</u>	<u>17,072</u>

## Notes to the financial statements

continued

14. Creditors *continued*

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Amounts falling due after more than one year				
Bank loans repayable within five years	9,228	7,277	9,000	7,000
Other creditors	750	133	750	-
Finance lease creditors repayable within five years	388	-	-	-
	<u>10,366</u>	<u>7,410</u>	<u>9,750</u>	<u>7,000</u>

All loans are unsecured except for £725,000 (1994: £114,000). Bank loans and overdrafts of £416,000 are secured on the assets of Thermakeep and £309,000 (1994: £114,000) are secured on the freehold of the Gent factory. £9,228,000 (1994: £7,167,000) of group and £9,000,000 (1994: £7,000,000) of company bank loans falling due after more than one year are repayable between one and two years.

## 15. Provisions for liabilities and charges

	Deferred taxation	Reorgan- isation provisions	Fair value provisions	Pensions	Total
	£000	£000	£000	£000	£000
<b>Group</b>					
At 31st March 1994	1,473	820	-	22	2,315
Acquired	68	-	-	-	68
Utilised	-	(820)	-	(22)	(842)
Charge to profit and loss account	342	-	-	-	342
On fair value provision	(200)	-	973	-	773
Movement on ACT recoverable	(1)	-	-	-	(1)
Movement on withholding tax	(57)	-	-	-	(57)
Exchange rate adjustments	9	-	-	-	9
At 31st March 1995	<u>1,634</u>	<u>-</u>	<u>973</u>	<u>-</u>	<u>2,607</u>
<b>Company</b>					
At 31st March 1994	1,737	-	-	-	1,737
Charge to profit and loss account	(48)	-	-	-	(48)
Movement on ACT recoverable	(1)	-	-	-	(1)
At 31st March 1995	<u>1,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,688</u>

## 16. Deferred taxation

	1995		1994	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
<b>Group</b>				
Accelerated capital allowances	2,195	1,790	2,127	2,110
Other timing differences	292	-	269	-
On reorganisation provision	-	-	(328)	-
On fair value provisions	(200)	-	-	-
Advance corporation tax	(596)	-	(595)	-
Withholding tax	(57)	-	-	-
	<u>1,634</u>	<u>1,790</u>	<u>1,473</u>	<u>2,110</u>

Plysu plc

# Notes to the financial statements

continued

## 16. Deferred taxation *continued*

	1995		1994	
	<i>Provided</i>	<i>Unprovided</i>	<i>Provided</i>	<i>Unprovided</i>
	£000	£000	£000	£000
<b>Company</b>				
Accelerated capital allowances	2,127	1,790	2,127	2,110
Other timing differences	214	—	205	—
Advance corporation tax	(596)	—	(595)	—
Withholding tax	(57)	—	—	—
	<u>1,688</u>	<u>1,790</u>	<u>1,737</u>	<u>2,110</u>

No provision is made for taxation which would arise in the event of the distribution of the retained profits of overseas subsidiaries unless such a distribution is proposed.

## 17. Equity share capital of the company

	1995	1994
	£000	£000
<b>Authorised</b>		
At 31st March: 54 million ordinary shares of 10p each (1994: 54 million)	<u>5,400</u>	<u>5,400</u>
<b>Allotted, called up and fully paid</b>		
At 31st March 1994: 47,587,429 ordinary shares of 10p each	4,759	
106,590 shares issued on exercise of share options for £159,564	10	
At 31st March 1995: 47,694,019 ordinary shares of 10p each	<u>4,769</u>	

Details of share options are given in the Report of the Directors.

Note: The company's adjusted share price for capital gains tax purposes on 31st March 1982 was 35.97p before indexation.

## 18. Reserves

	<i>Share premium account</i>	<i>Merger reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£000	£000	£000	£000
<b>Group</b>				
At 31st March 1994	163	10,089	37,905	48,157
Retained profit for the year	—	—	931	931
Premium on issue of shares (nominal value £10,659)	149	—	—	149
Goodwill written off in the year	—	(3,443)	—	(3,443)
Currency translation differences on foreign currency net investments	—	—	2,465	2,465
At 31st March 1995	<u>312</u>	<u>6,646</u>	<u>41,301</u>	<u>48,259</u>
<b>Company</b>				
At 31st March 1994	163	10,597	30,914	41,674
Retained profit for the year	—	—	372	372
Premium on issue of shares	149	—	—	149
At 31st March 1995	<u>312</u>	<u>10,597</u>	<u>31,286</u>	<u>42,195</u>

The cumulative amount of goodwill written off resulting from acquisitions of subsidiary undertakings made up until 31st March 1995 was £5,241,000 (1994: £1,798,000). The company's profit for the year before dividends was £3,709,000 (1994: £3,987,000).

Plysu plc

# Notes to the financial statements

continued

## 19. Commitments

	<i>Group</i>		<i>Company</i>	
	1995 £000	1994 £000	1995 £000	1994 £000
Capital expenditure				
Authorised by the directors and not provided for in the accounts:				
Committed	2,587	1,000	2,393	900
Not committed	1,194	2,000	1,194	1,600
Operating leases				
Commitments for payments in the next year for plant and machinery under operating leases expiring as follows:				
Within one year	57	69	57	50
Between two and five years	–	98	–	98
	57	167	57	148

## 20. Purchase of subsidiary undertakings

	<i>On acquisition</i> £000	<i>Fair value adjustments</i> £000	<i>Fair value net assets</i> £000
Net assets acquired of Thermakeep Plastics Limited and Plysu Montpont S.A.			
Tangible fixed assets	2,937	(670)	2,267
Stocks	190	(64)	126
Debtors	822	(10)	812
Bank loans and overdrafts	(416)	–	(416)
Creditors	(1,481)	–	(1,481)
Deferred tax	(68)	200	132
Other provisions	–	(973)	(973)
Net assets	1,984	(1,517)	467
Goodwill			3,443
Purchase consideration			3,910
The purchase consideration was financed as follows:			
Deferred consideration			1,708
Contingent consideration			750
Cash			1,128
Acquisition costs (£143,000 accrued at 31st March 1995)			324
			3,910

	1995 £000	1994 £000
Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings		
Cash consideration (including acquisition costs) paid on acquisition	1,309	243
Deferred consideration paid before 31st March 1995	483	–
Bank overdrafts and loans acquired	416	–
Cash at bank and in hand acquired	–	(257)
Net outflow/(inflow) of cash and cash equivalents	2,208	(14)

## 20. Purchase of subsidiary undertakings *continued*

On 5th October 1994 Plysu France S.A. acquired title to 70% of the issued share capital of Plysu Montpont S.A. for 70% of the consideration with the remaining 30% of the shares being purchased on 30th March 1995. On 23rd March 1995 the company entered into an agreement to acquire all of the share capital of Thermakeep Plastics Limited ('Thermakeep'), with transfer of title in the shares being subject to a number of conditions. These have all been met at the date of approval of these financial statements. Consideration of £1,225,000 is payable on transfer of title with up to a further £750,000 being payable at later dates, contingent on the future profitability of Thermakeep. The directors anticipate that the full amount of contingent consideration will become payable. Thermakeep became a subsidiary undertaking on 23rd March 1995 as on that date Plysu gained a participating interest in it and from that date it demonstrably exercised a dominant influence over it. All of the consideration for the acquisitions has been or will be payable in cash and the goodwill arising on acquisition has been debited to the merger reserve.

The results of Plysu Montpont S.A. and Thermakeep have been consolidated using the acquisition method of accounting from 5th October 1994 and 23rd March 1995 respectively. The trading results of these acquisitions are not material and have not therefore been disclosed separately as 'the results of acquired operations' on the face of the profit and loss account. Fair value reorganisation provisions of £973,000 were established on the acquisitions of the two companies and a related deferred tax asset of £200,000 was also recognised. Adjustments have been made to write down the values of acquired assets to their fair values. As a result of the proximity of the acquisition of Thermakeep to the company's year end, fair value adjustments relating to that company have been stated on a provisional basis.

## 21. Pension costs

### UK schemes

As explained in the accounting policies set out on page 21, the group operated pension schemes in the UK providing benefits based on final pensionable pay, with contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' average working lives with the group.

Costs have been assessed in accordance with SSAP24. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit credit method of valuation. The most recent valuations were at 1st April 1992. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would exceed the rate of increase in salaries by 2% per annum and that they would exceed the rate of increase in pensions by 5% per annum.

The most recent actuarial valuations showed that the aggregate market value of the schemes' assets was £18,332,000 and that the actuarial value of those assets (£19,808,000) represented 167% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The 1st April 1995 actuarial valuation is currently being prepared and will be referred to in next year's report and accounts.

### Overseas schemes

For the overseas schemes the costs have been assessed in accordance with SSAP24 based on the latest available data. Assumptions have been made which have investment returns exceeding salary inflation by 2% per annum. The guaranteed benefits are funded through insurance contracts. Any future surpluses which arise from these contracts are assumed to be used to reduce the company's contributions.

### The group

The total cost to the group of pensions arrangements made by the group amounted to £675,000 (1994: £595,000).

Plysu plc

## Notice of meeting

Notice is hereby given that the 48th annual general meeting of Plysu plc will be held at the Brewery Conference Centre, Chiswell Street, London EC1Y 4SD at 12.15 p.m. on 13th July 1995 for the following purposes:

1. To consider the company's financial statements and the reports of the directors and auditors for the year ended 31st March 1995.
2. To approve the proposed final dividend of 5.0p per share payable on 17th July 1995.
3. To re-elect as a director Mr A B Brooker who retires in accordance with the articles of association and offers himself for re-election.
4. To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

That, in substitution for all existing authorities, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ('the Act') to exercise all or any of the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £630,598, for a period expiring (unless previously renewed, varied or revoked by the company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the company following the passing of this resolution, whichever first occurs but the company may make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement.

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

That, in substitution for all existing authorities and subject to the passing of the resolution under item 4, the directors be and are hereby generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) of the company pursuant to the authority conferred by the resolution under item 4 as if section 89(1) of the Act did not apply to such allotment provided that this power:

- a. shall expire 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the company following the passing of this resolution, whichever first occurs, save that the company may make an offer or agreement which would or might require

equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement; and

b. shall be limited to:

- i. allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with such offering as they deem necessary or expedient:

- to deal with equity securities representing fractional entitlements; and
- to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

- ii. other allotments of equity securities for cash up to an aggregate nominal amount of £237,937.

6. To re-appoint the auditors and to authorise the directors to fix their remuneration.

Every member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in their stead.

A proxy need not be a member of the company. Completion of a form of proxy will not preclude a member from attending and voting in person. To be valid, the instrument appointing such a proxy must be deposited at the registered office of the company, Woburn Sands, Milton Keynes, Buckinghamshire MK17 8SE, not less than 48 hours before the time of the meeting.

By order of the board  
R G Lee  
Secretary  
21st June 1995

Woburn Sands  
Milton Keynes  
Buckinghamshire  
MK17 8SE

Copies of all directors' service contracts will be available for inspection at the registered office of the company during normal business hours from the date of this notice until the date of the annual general meeting, and at the Brewery Conference Centre on the day of the annual general meeting from 11.45am until the conclusion of the meeting.

Copies of this report are being sent to all shareholders and are available to the public from the registered office of the company.

Plysu plc  
**Advisers to the company**

**Auditors**

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**Public relations**

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**Stockbrokers**

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London  
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Matheson Securities Ltd.

63 St Mary Axe  
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EC3A 8AA

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## Financial calendar

Qualifying date for final dividend	22nd June 1995
Annual general meeting	13th July 1995
Final dividend paid	17th July 1995
Announcement of half-year results	Mid December 1995
Interim dividend paid	Early February 1996
Announcement of full-year results	Late May 1996

Plysu plc

## Trading subsidiaries

	<i>Country of incorporation</i>	<i>Nature of business</i>
Plysu Containers Limited	Great Britain	Sale of moulded plastics containers
Plysu Housewares Limited	Great Britain	Sale of moulded plastics, housewares and garden products
Plysu Protection Systems Limited	Great Britain	Sale of plastics protection systems
Thermakeep Plastics Limited	Great Britain	Manufacture and sale of moulded plastics containers
Plysu Continental Holdings B.V.	The Netherlands	Overseas holding company
Plysu Halfweg B.V.	The Netherlands	Manufacture and sale of moulded plastics containers
Plysu Kerkrade B.V.	The Netherlands	Manufacture and sale of moulded plastics containers
Plysu Gent N.V.	Belgium	Manufacture and sale of moulded plastics containers
Plysu Belgium N.V.	Belgium	Sale of moulded plastics containers
Plysu France S.A.	France	Sale of moulded plastics containers
Plysu Montpont S.A.	France	Manufacture and sale of moulded plastics containers

All companies are wholly owned and operate principally in their country of incorporation. All non-UK subsidiaries are owned by Plysu Continental Holdings B.V. with the exception of Plysu Montpont S.A. which is owned by Plysu France S.A. All companies incorporated in Great Britain are registered in England and Wales with the exception of Thermakeep which is registered in Scotland. All companies draw up their accounts to 31st March except for Thermakeep which presently draws up accounts to 30th September.

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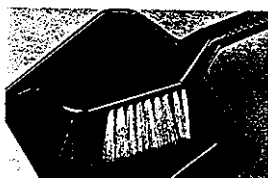
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