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SILVERDALE STEEL COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the company's audited financial statements for the 52 weeks ended 2nd January 1982.

Activities

The company is engaged in the engineering industry and in design and production of products associated with polymeric materials.

Results

The profit for the period after taxation and extraordinary items was £3,468,000. The Directors recommend that £3,250,000 be distributed by way of a dividend, leaving £218,000 to be taken to reserves.

Directors

The following served as Directors during the period:

Owen Green	(Chairman)	Resigned 1st February 1981
W D T Tapley	(Chairman from 1st February 1981)	
N C Ireland		
A W F Bird		
A S Moseley		
J D M Smith		
J W McKittrick		
G A Lemon	Appointed 1st February 1981. Resigned 14th August 1981	
B V Royle	Appointed 1st February 1981.	
L J Stammers	Appointed 1st February 1981.	

All the present Directors retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Directors' Interests

No Director had any interest in the shares of the company.

Messrs W D T Tapley and N C Ireland are Directors of BTR plc, the ultimate holding company, and their interests in the shares, and options to purchase shares, of that company are disclosed in its accounts.

The interests of the other Directors in the ordinary shares of 25p each of BTR plc were:

	<u>2nd January 1982</u>			<u>3rd January 1981</u>		
	<u>Fully Paid Listed</u>	<u>2½p Paid</u>	<u>Fully Paid Restricted</u>	<u>Fully Paid Listed</u>	<u>2½p Paid</u>	<u>Fully Paid Restricted</u>
A W F Bird	10,164	-	-	6,776	-	-
A S Moseley	50,757	-	-	35,042	-	-
J W McKittrick	47,353	-	-	25,833	2,000	4,050
L J Stammers	25,000	-	-	1,360*	5,600*	11,340*

* on appointment



SILVERTOWN FIBRE COMPANY LIMITED

REPORT OF THE DIRECTORS

Directors' Interests (Continued)

On 26th June and 8th July 1981 options, exercisable after three years, to purchase ordinary shares of 25p each of BTR plc, the ultimate holding company, were granted at 315p under the Senior Executive Share Option Scheme. On 18th August 1981 options to purchase ordinary shares of 25p each of BTR plc were granted at 297p under the SAYE Share Option Scheme, which are exercisable at the expiry of five or seven years.

Directors other than Directors of BTR plc, held options under the two schemes as follows:

	<u>2nd January 1982</u>	
	<u>Executive</u>	<u>SAYE</u>
A W F Bird	35,000	1,616
A S Moseley	35,000	1,313
J D M Smith	35,000	1,616
J W McKittrick	20,000	1,616
L J Stammers	27,000	1,616

Exports

Export sales amounted to £17,103,000 (1980: £20,668,000).

Shareholders' Interests

All the shares of the company are held by BTR plc and its nominee.

Disabled Persons

It has always been the policy of the company to encourage the employment, training and advancement of disabled persons.

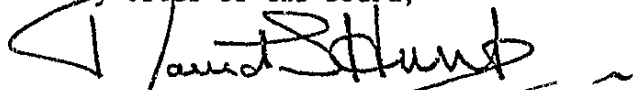
Charitable Donations

The company made charitable donations in the year amounting to £347.

Auditors

In accordance with Section 14 of the Companies Act 1976, a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors of the company will be put to the members at the Annual General Meeting.

By order of the Board,



D S Hunt
per pro BTR Secretaries Limited, Secretary

Silvertown House, Vincent Square, London SW1P 2PL

8th March 1982

SILVERTOWN RUBBER COMPANY LIMITED

Report of the Auditors to the Members

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2nd January 1982 and of its profit and source and application of funds for the 52 weeks then ended and comply with the Companies Acts 1948 to 1981.

Deloitte Haskins & Sells.

Deloitte Haskins & Sells
Chartered Accountants
London

2nd April 1982.

SILVERCORN RUBBER COMPANY LIMITED

Profit and Loss Account for the 52 weeks ended 2nd January 1982

	<u>Notes</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Turnover	2	<u>48,484</u>	<u>79,368</u>
Profit Before Taxation	3	5,242	6,168
Taxation	4	<u>1,046</u>	<u>2,365</u>
Profit After Taxation		4,196	3,803
Extraordinary Items	5	<u>728</u>	<u>2,079</u>
Profit After Extraordinary Items		3,468	1,724
Dividend	6	<u>3,250</u>	<u>1,600</u>
Retained Profit	12	<u>£ 218</u>	<u>£ 124</u>

SILVERDALE RUBBER COMPANY LIMITED

Balance Sheet at 2nd January 1982

		<u>1981</u>		<u>1980</u>	
	<u>Notes</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets	7		7,244		11,556
Subsidiary Companies	8		23,296		21,090
Investments	9		32		32
Current Assets					
Inventories	10	10,370		16,856	
Accounts Receivable		9,681		14,351	
Bank Balances and Cash		1,238		2,433	
		<u>21,289</u>		<u>33,640</u>	
Current Liabilities					
Amounts due to Fellow Subsidiaries		185		3,497	
Accounts Payable		9,446		12,297	
Taxation		799		568	
Dividend		3,250		1,600	
		<u>13,680</u>		<u>17,962</u>	
Net Current Assets			7,609		15,678
			<u>£ 38,181</u>		<u>£ 48,356</u>
Share Capital	11		1		1
Reserves	12		16,005		15,787
			<u>16,006</u>		<u>15,788</u>
Loan from Fellow Subsidiary			22,175		32,556
Loan Capital			-		12
			<u>£ 38,181</u>		<u>£ 48,356</u>

..... *W D Tapley*)
 W D T Tapley) Directors
 *N C Ireland*)
 N C Ireland)

Approved by the Board on 8th March 1982

SILVERDALE PAPER COMPANY LIMITED

Statement of Source and Application of Funds for the 52 weeks ended 2nd January 1982

		1981	1980
	£'000	£'000	£'000
Source of Funds			
Profit before tax		5,242	6,168
Extraordinary items		(1,200)	(4,311)
Depreciation		1,242	2,043
Funds generated from operations		5,284	3,900
Funds from Other Sources			
Disposal of fixed assets at book value	4,282		597
Loan capital raised	-		12
Increase in loan from fellow subsidiary	-		32,444
		4,282	33,153
		9,566	37,053
Application of Funds			
Dividends paid	1,600		30
Tax paid	18		-
Tax liability transferred from subsidiaries	-		(435)
Purchase of Fixed Assets	1,212		14,053
Purchase of investment	-		32
Decrease in loan from fellow subsidiary	10,381		-
Repayment of loan capital	12		-
Investment in subsidiaries	2,206		5,509
		15,429	19,189
		(5,863)	17,864
Increase/(Decrease) in Working Capital			
Decrease in inventories	(6,486)		16,850
Decrease in accounts receivable	(4,670)		14,258
Decrease in accounts payable	2,851		(12,263)
Decrease in net group balances	3,637		(3,400)
	(4,668)		15,445
Movement in net liquid funds:			
Decrease in bank balance and cash	(1,195)		2,419
		£ (5,863)	£ 17,864

SILVERDALE RUBBER COMPANY LIMITED

Notes to the Financial Statements

1. Accounting Policies

The financial statements have been prepared under the historical cost basis of accounting, modified to include the revaluation of certain fixed assets and its subsidiary companies.

a) Fixed Assets

Fixed assets, with the exception of freehold land, are depreciated over their estimated useful lives at the following rates applied to original cost or subsequent valuation.

Buildings	2%
Plant and Machinery	10 - 33 $\frac{1}{3}$ %

b) Inventories

Inventories are valued at the lower of cost and net realisable value. Where applicable, cost includes relevant overheads.

c) Deferred Taxation

The company provides deferred taxation, at the current tax rate, except where there is a reasonable probability that no such liability will arise in the foreseeable future.

2. Turnover

Turnover represents the invoiced value of goods and services, less taxes and returns.

	<u>1981</u>	<u>1980</u>
	£ '000	£ '000
External customers	45,765	75,331
Group companies	2,719	4,037
	<u>£ 48,484</u>	<u>£ 79,368</u>

3. Profit before Taxation

	<u>1981</u>	<u>1980</u>
	£ '000	£ '000
Profit before taxation is stated, after charging:		
Depreciation	1,242	2,043
Auditors remuneration	104	101
Hire of plant & machinery	255	399
Interest paid to fellow subsidiaries	123	571
Interest on loans and overdrafts	-	5
and after crediting:		
Interest receivable	-	3
Dividends from subsidiaries	<u>2,210</u>	<u>530</u>

SILVERHORN EMBROIDERY COMPANY LIMITED

Notes to the Financial Statements (continued)

4. <u>Taxation</u>	1981 £'000	1980 £'000	
The charge to profit and loss account represents:-			
United Kingdom corporation tax at 52%	1,028	2,365	
Overseas taxation	18	-	
	<u>£ 1,046</u>	<u>£ 2,365</u>	
5. <u>Extraordinary Items</u>			
Manufacturing activities curtailed, re-located and closed. Net of taxation amounting to £472,000 (1980: £2,232,000)	728	2,079	
	<u> </u>	<u> </u>	
6. <u>Dividend</u>			
Proposed dividend	3,250	1,600	
	<u> </u>	<u> </u>	
7. <u>Fixed Assets</u>			
	<u>Plant and Machinery</u>	<u>Freehold Land and Buildings</u>	<u>Total</u>
	£'000	£'000	£'000
Net book value at 3rd January 1981	11,345	211	11,556
External additions at cost	1,207	5	1,212
Group transfers at net book value	(3,899)	(156)	(4,055)
External disposals at net book value	(224)	(3)	(227)
Depreciation for the period	(1,237)	(5)	(1,242)
	<u>7,192</u>	<u>52</u>	<u>7,244</u>
Comprising			
Cost	10,584	62	10,646
Valuation 1978	805	-	805
	<u>1,389</u>	<u>62</u>	<u>11,451</u>
Accumulated depreciation to 2nd January 1982	4,197	10	4,207
	<u>£ 7,192</u>	<u>£ 52</u>	<u>£ 7,244</u>
Net Book Value at 2nd January 1982			

SILVERBOW RUBBER COMPANY LIMITED

Notes to the Financial Statements (continued)

8. Subsidiary Companies

	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Shares in subsidiary companies at valuation	<u>23,296</u>	<u>21,090</u>

<u>Name</u>	<u>Class of Shares</u>	<u>Percentage Held</u>
Aldington Laboratories Ltd	Ordinary & Deferred	100
Gandy Ltd	Ordinary & Deferred	100
Hi-Flex Distribution Ltd	Ordinary	100
BTR Property Holdings Ltd	Ordinary	100
Allied Polymer Properties Ltd	Ordinary	100
BTR Group Transport Ltd	Ordinary	100
Charlton Leslie Engineering Ltd	Ordinary	100
Greengate & Irwell Ltd	Ordinary & Deferred	100
P B Cow & Company Ltd	Ordinary & Deferred	100

All the above companies are incorporated in England.

During the year, the company acquired BTR Property Holdings Ltd and Charlton Leslie Engineering Ltd from a fellow subsidiary at book value.

Group accounts have not been prepared as the company is a wholly owned subsidiary of BTR plc, which is incorporated in England.

Shares in subsidiaries are valued on a company by company basis by reference to the net assets of the companies. In the opinion of the Directors, the value of the company's interest in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

9. Investment

The company owns 50% of the issued capital of Beaufort Air-Sea Equipment Canada Limited (incorporated in Canada). The Directors consider that the value of this investment is not less than its cost to the company of £32,000.

<u>10. Inventories</u>	<u>1981</u> <u>£'000</u>	<u>1980</u> <u>£'000</u>
Raw Materials	5,375	9,071
Work-in-Progress	2,481	3,744
Finished Goods	2,514	4,041
	<u>£ 10,370</u>	<u>£ 16,856</u>

11. Share Capital

Authorised, issued and fully
paid 1,000 ordinary shares
of £1 each

<u>1</u>	<u>1</u>
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SILVERTOWN RUBBER COMPANY LIMITED

Notes to the Financial Statements (Continued)

12. Reserves

	<u>Revaluation Reserve</u> £'000	<u>Retained Profits</u> £'000	<u>Total</u> £'000
Brought forward at 3rd January 1981	15,599	188	15,787
Retained Profit for the Period	-	218	218
Reserves at 2nd January 1982	<u>15,599</u>	<u>406</u>	<u>16,005</u>

13. Deferred Taxation

The full potential amount of deferred taxation at 2nd January 1982 would have amounted to:

	<u>1981</u> £'000	<u>1980</u> £'000
Capital Allowances	3,664	5,736
Capital gain on revaluation of subsidiaries	4,700	4,700
Stock appreciation relief	-	5,788
Other	(147)	(539)
	<u>8,217</u>	<u>15,685</u>

14. Capital Commitments

Authorised capital commitments for which no provision has been made, at 2nd January 1982, amounted to £260,753 (1980: £704,363) of which £130,258 (1980: £518,653) has been contracted.

15. Contingent Liabilities

Contingent liabilities amounted to £39,000.

16. Ultimate Holding Company

The company's ultimate holding company is BTR plc, a company which is incorporated in England.