

DOEFLEX INDUSTRIES LIMITED

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Directors

R. H. C. Bickerton (Chairman)  
C. Eccles (Managing)  
T. F. Durkin

Secretary

J. Dent

Auditors

Arthur Young  
Rolls House,  
7 Rolls Buildings,  
Fetter Lane,  
London, EC4A 1NH.

Bankers

Barclays Bank PLC,  
138 Gooch Street,  
Birmingham B5 7HF.

Registered Office

42/44 Holmethorpe Avenue,  
Redhill,  
Surrey RH1 2NR.



DIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1984.

Results and dividends

The trading profit for the year, after taxation, amounted to £233,411.

The directors recommend a final ordinary dividend of £50,000 which leaves a profit of £183,411 to be retained.

Review of the business and future developments

The company's principal activity during the year was the processing of thermoplastic material. Turnover has increased during the year and the directors look forward to the continued development and expansion of the business during the current year.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Research and development

The company has undertaken significant expenditure in this area, a policy which will be continued in the future.

Directors and their interests

The directors at December 31, 1984 and their interests in the share capital of the company were as follows:

	<u>At December 31, 1984</u>	<u>At January 1, 1984</u>
R. H. C. Bickerton (Chairman)	1, 1p ordinary share	1, 1p ordinary share
C. Eccles	-	-
T. F. Durkin (Appointed May 1, 1984)	-	-

DOEFLEX INDUSTRIES LIMITED

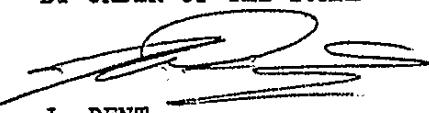
3.

DIRECTORS' REPORT  
(continued)

Auditors

A resolution to reappoint Arthur Young (formerly Arthur Young McClelland Moores & Co.) as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



J. DENT  
Secretary

April 25, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

4.

# Arthur Young

Chartered Accountants  
Rolls House, 7 Rolls Buildings,  
Fetter Lane, London EC4A 1NH

## REPORT OF THE AUDITORS TO THE MEMBERS OF DOEFLEX INDUSTRIES LIMITED

We have audited the accounts on pages 5 to 14 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at December 31, 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

ARTHUR YOUNG

April 25, 1985

DOEFLEX INDUSTRIES LIMITED

5.

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1984

	<u>Notes</u>	£	<u>1984</u> £	<u>1983</u> £
Turnover	2		9,465,789	8,360,110
Cost of sales			6,992,682	6,178,123
Gross profit			<u>2,473,107</u>	<u>2,181,987</u>
Distribution costs		283,818		273,771
Administration expenses		<u>1,846,060</u>		<u>1,781,343</u>
			<u>2,129,878</u>	<u>2,055,114</u>
Profit on ordinary activities before taxation			343,229	126,873
Tax on profit on ordinary activities	5		<u>109,818</u>	<u>40,214</u>
Profit on ordinary activities after taxation			233,411	<u>86,659</u>
Extraordinary item	6	-		274,597
Transfer from capital reserves		-		<u>274,597</u>
			-	-
Dividends	7		50,000	40,000
			<u>183,411</u>	<u>46,659</u>
Retained profit brought forward		568,712		796,650
Transfer to extraordinary item		-		<u>274,597</u>
			<u>568,712</u>	<u>522,053</u>
Retained profit carried forward			<u>£ 752,123</u>	<u>£ 568,712</u>

The notes on pages 8 to 14 form part of these accounts

## DOEFLEX INDUSTRIES LIMITED

6.

BALANCE SHEET AT DECEMBER 31, 1984

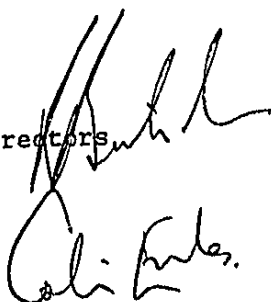
	<u>Notes</u>	£	<u>1984</u> £	<u>1983</u> £
Fixed assets:				
Intangible assets	8		30,007	-
Tangible assets	9		1,497,859	1,545,322
Investments	10		1	1
			<u>1,527,867</u>	<u>1,545,323</u>
Current assets:				
Stocks	11	1,024,019		1,002,671
Debtors	12	2,289,939		2,275,029
Cash at bank and in hand		4,237		3,692
		<u>3,318,195</u>		<u>3,281,392</u>
Creditors: amounts falling due within one year	13	3,578,256		3,845,264
Net current liabilities			(260,061)	(563,872)
Total assets less current liabilities			<u>1,267,806</u>	<u>981,451</u>
Provision for liabilities and charges:				
Deferred taxation	14		430,444	327,500
			<u>£ 837,362</u>	<u>£ 653,951</u>
Capital and reserves:				
Called up share capital	15		43,989	43,989
Share premium account	16		41,250	41,250
Profit and loss account			752,123	568,712

R. H. C. BICKERTON

C. ECCLES

April 25, 1985

) Directors


£ 837,362£ 653,951

The notes on pages 8 to 14 form part of these accounts

## DOEFLEX INDUSTRIES LIMITED

7.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1984

	£	1984 £	1983 £
SOURCE OF FUNDS:			
Profit on ordinary activities before taxation		343,229	126,873
Adjustment for items not involving the movement of funds:			
Depreciation		269,332	211,427
Loss on disposal of tangible fixed assets		453	3,814
		<u>613,014</u>	<u>342,114</u>
APPLICATION OF FUNDS:			
Capital expenditure:			
Purchase of intangible fixed assets	(30,007)		-
Purchase of tangible fixed assets	(247,416)		(837,811)
Proceeds of disposal of tangible fixed assets	25,094		17,900
Transfer of group tangible fixed assets	-		25,158
		<u>(252,329)</u>	<u>(794,753)</u>
		360,685	(452,639)
Decrease in working capital:			
Stocks	(21,348)		(82,954)
Debtors	(14,910)		(344,250)
Creditors	66,605		859,229
		<u>30,347</u>	<u>20,614</u>
Dividends paid		(40,000)	-
Taxation paid		(16,903)	(50,315)
		<u>£334,129</u>	<u>£(70,929)</u>
Overall increase in liquid funds		<u>=====</u>	<u>=====</u>
Overall increase is made up of:			
Cash at bank and in hand		545	(400)
Bank overdraft		333,584	(70,529)
		<u>£334,129</u>	<u>£(70,929)</u>
		<u>=====</u>	<u>=====</u>

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Consolidated accounts

Consolidated accounts are not prepared as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Plant and machinery	-	over 5 to 10 years
Fixtures and fittings	-	over 10 years
Motor vehicles	-	over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials	-	purchase cost on a first-in, first-out basis
Work-in-progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.



NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)

1. Accounting policies  
(continued)

Research and development

Research and development expenditure is written off as incurred.

Intangible assets

Intangible assets are amortised at rates to write off the cost of each asset evenly over its expected useful life as follows:

Technology and know how - over 3 years

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

An analysis of turnover by geographical market is given below:

	<u>1984</u>		<u>1983</u>	
	£	%	£	%
United Kingdom	7,624,092	81	6,509,762	78
Europe	1,420,465	15	1,538,116	18
Other	421,232	4	312,232	4
	<u>£9,465,789</u>	<u>100</u>	<u>£8,360,110</u>	<u>100</u>
	=====	===	=====	===

3. Operating profit

(a) This is stated after charging:

	<u>1984</u>	<u>1983</u>
	£	£
Directors' remuneration (see below)	23,163	-
Auditors' remuneration	8,900	6,300
Depreciation	269,332	211,427
Hire of plant and machinery	10,575	12,434
	=====	=====

(b) Directors' remuneration:

Other emoluments (including pension contributions)	£ 23,163	£ -
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)

3. Operating profit  
(continued)

Emoluments of the chairman were £Nil (1983 - £Nil). Those of the highest paid director (excluding pension contributions) amounted to £21,235 (1983 - £Nil). The other director received no remuneration during the year (1983 - £Nil).

4. Staff costs

	<u>1984</u> £	<u>1983</u> £
Wages and salaries	1,100,264	1,066,074
Social security costs	119,678	116,830
Other pension costs	56,144	38,906
	<u>£1,276,086</u>	<u>£1,221,810</u>
	=====	=====

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

	<u>1984</u> No.	<u>1983</u> No.
Office and management	27	25
Manufacturing	92	92
	<u>119</u>	<u>117</u>
	=====	=====

5. Tax on profit on ordinary activities

	<u>1984</u> £	<u>1983</u> £
Based on the profit for the year:		
Corporation tax at an effective rate of 43%	27,027	-
Deferred taxation	82,791	78,825
Taxation credit	-	(42,825)
	<u>109,818</u>	<u>36,000</u>
Taxation under provided in previous years		
Corporation tax	-	4,214
	<u>£109,818</u>	<u>£40,214</u>
	=====	=====

6. Extraordinary item

The extraordinary item of £274,597 represents the company's deferred tax charge at December 31, 1983.

7. Dividends

	<u>1984</u>	<u>1983</u>
Ordinary - final proposed	£ 50,000	£ 40,000
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)

8. Intangible fixed assets

Intangible fixed assets represents the cost of technology purchased during the year. Expenditure will be amortised over 3 years commencing in 1985 in line with anticipated future sales.

9. Tangible fixed assets

	Land and buildings (short leasehold)	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost:					
At January 1, 1984	52,783	2,372,710	59,598	139,096	2,624,187
Additions	15,767	171,070	1,587	58,992	247,416
Disposals	-	(29,242)	-	(39,097)	(68,339)
At December 31, 1984	68,550	2,514,538	61,185	158,991	2,803,264
Depreciation:					
At January 1, 1984	13,455	963,073	44,000	58,337	1,078,865
Provided during the year	4,808	231,338	3,999	29,187	269,332
Disposals	-	(26,370)	-	(16,422)	(42,792)
At December 31, 1984	18,263	1,168,041	47,999	71,102	1,305,405
Net book value:					
At December 31, 1984	£50,287	£1,346,497	£13,186	£ 87,889	£1,497,859
Net book value:					
At January 1, 1984	£39,328	£1,409,637	£15,598	£ 80,759	£1,545,322

Included in the amounts for plant and machinery above are the following amounts relating to leased assets:

Cost:	
At January 1, 1984	£128,625
At December 31, 1984	£128,625
Depreciation:	
At January 1, 1984	25,726
Provided during the year	12,863
At December 31, 1984	£ 38,589
Net book amounts:	
At December 31, 1984	£ 90,036
At January 1, 1984	£102,899

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)10. Investments

	<u>1984</u> £	<u>1983</u> £
Shares at cost	90,597	90,597
Amounts written off	90,596	90,596
	<u>£ 1</u>	<u>£ 1</u>

The company owns 100% of the issued ordinary share capital of Phonoplas Services Limited an unlisted company registered in England.

11. Stocks

	<u>1984</u> £	<u>1983</u> £
Raw materials and consumables	565,589	563,443
Work-in-progress	-	9,293
Finished goods and goods for resale	458,430	429,935
	<u>£1,024,019</u>	<u>£1,002,671</u>

12. Debtors

	<u>1984</u> £	<u>1983</u> £
Corporation tax recoverable	16,903	16,903
Trade debtors	2,169,949	2,150,984
Prepayments	54,982	50,527
Other debtors	48,105	56,615
	<u>£2,289,939</u>	<u>£2,275,029</u>

13. Creditors: amounts falling due within one year

	<u>1984</u> £	<u>1983</u> £
Bank overdraft (Note 18)	364,908	698,492
Amounts due to holding company	1,488,079	1,054,856
Amounts due to other subsidiaries	21,936	11,663
Trade creditors	1,394,411	1,595,312
Current corporation tax	6,874	16,903
Other taxes and social security costs	91,154	96,162
Other creditors and accruals	210,894	371,876
	<u>£3,578,256</u>	<u>£3,845,264</u>

The bank has a guarantee and debenture over the assets of the Doeflex Group.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)14. Deferred taxation

Deferred taxation provided in the accounts and the potential amounts, including the amounts for which provision has been made, are as follows:

	<u>Provision</u>		<u>Potential</u>	
	<u>1984</u> £	<u>1983</u> £	<u>1984</u> £	<u>1983</u> £
Capital allowances in advance of depreciation	436,213	468,000	436,213	468,000
Less: Taxation losses	-	(114,578)	-	(114,578)
	<u>436,213</u>	<u>353,422</u>	<u>436,213</u>	<u>353,422</u>
Less: Advance corporation tax	(5,769)	(25,922)	(5,769)	(25,922)
	<u>£430,444</u>	<u>£327,500</u>	<u>£430,444</u>	<u>£327,500</u>

15. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1984</u> £	<u>1983</u> £	<u>1984</u> £	<u>1983</u> £
6% cumulative redeemable preferred				
ordinary shares of 5p each	1,000.00	1,000.00	90.00	90.00
Ordinary shares of 1p each	648.75	648.75	648.75	648.75
Deferred shares of £1 each	43,250.00	43,250.00	43,250.00	43,250.00
Undesignated shares of 1p each	101.25	101.25	-	-
	<u>£45,000.00</u>	<u>£45,000.00</u>	<u>£43,988.75</u>	<u>£43,988.75</u>

The cumulative redeemable preferred ordinary shares can be redeemed at any time at the company's option and have no priority rights compared with the ordinary shares other than payment of fixed dividends.

16. Share premium account

	<u>1984</u>	<u>1983</u>
	£	£
At January 1, and December 31, 1984	<u>41,250</u>	<u>41,250</u>

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1984  
(continued)17. Capital commitments

	<u>1984</u>	<u>1983</u>
Contracted for but not provided in the accounts	£ - =====	£ 2,000 =====
Authorised by the directors but not contracted	£32,000 =====	£88,061 =====

18. Contingent liabilities

At the end of the year, the company together with its subsidiary in the Doeflex Group was party to an agreement with its bankers whereby all banking transactions were dealt with through a joint account. The balance on the joint account at December 31, 1984 was £749,781 overdrawn, of which £364,908 overdrawn was dealt with in the accounts of this company.

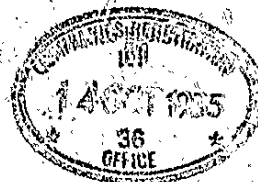
The bank has a Guarantee and Debenture over the assets of the Doeflex Group.

19. Ultimate holding company

The ultimate holding company is Doeflex Limited a company incorporated in the United Kingdom.

# Doeflex Industries Limited

## Report and Accounts December 31, 1984



**Arthur Young**

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London