

## **DOEFLEX INDUSTRIES LIMITED**

### **Directors**

R H C Bickerton (Chairman)  
C Eccles (Managing Director)  
T F Durkin (Managing Director)  
W A Trendell (Finance Director)

### **Secretary**

W A Trendell

### **Auditors**

Ernst & Young  
Rolls House,  
7, Rolls Buildings,  
Fetter Lane,  
London EC4A 1NH

### **Bankers**

Barclays Bank PLC,  
15, Colmore Road,  
Birmingham B3 2BY

### **Registered Office**

56, Holmethorpe Avenue,  
Redhill,  
Surrey RH1 2NR

Registered Number 525186



## **DOEFLEX INDUSTRIES LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report and accounts for the year ended December 31, 1995.

#### **Results and Dividends**

The profit for the year, after taxation, amounted to £1,259,000 (1994 £894,000)  
The directors recommend the payment of a dividend of £1,000,000 (1994 £300,000).

#### **Review of business and future developments**

The company's principal activity during the year was the processing of thermoplastic material.

#### **Fixed Assets**

The changes in fixed assets during the year are summarised in the notes to the accounts on pages 9 and 10.

#### **Directors and their interests**

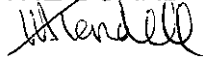
The directors who served during the year ended December 31, 1995 were as follows:

R.H.C.Bickerton ( Chairman )  
C.Eccles  
T.F.Durkin  
W.A.Trendell

The directors are also directors of the holding company, Doeflex PLC, and their interests in the share capital of that company are shown in its accounts.

#### **Auditors**

A resolution to reappoint Ernst & Young as auditors and for their remuneration to be fixed by the directors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD  
W.A.Trendell   
Secretary  
March 22, 1996.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## REPORT OF THE AUDITORS

To the members of Doeflex Industries Limited

We have audited the accounts on pages 4 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 6 and 7.

### Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG  
Chartered Accountants  
Registered Auditor  
London 22 March 1996



# DOEFLEX INDUSTRIES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1995

	<u>Notes</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Turnover	2	43,676	31,394
Cost of sales		34,199	23,476
Gross profit		<u>9,477</u>	<u>7,918</u>
Distribution costs		1,111	893
Administration expenses		<u>5,693</u>	<u>5,096</u>
		6,804	5,989
Operating profit	3	2,673	1,929
Income from investment in group undertaking		200	—
Interest payable	5	<u>860</u>	<u>563</u>
Profit on ordinary activities before taxation		2,013	1,366
Tax on profit on ordinary activities	6	<u>754</u>	<u>472</u>
Profit on ordinary activities after taxation		1,259	894
Dividend proposed		<u>1,000</u>	<u>300</u>
Retained profit for the year		<u>259</u>	<u>594</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

### FOR THE YEAR ENDED DECEMBER 31, 1995

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Profit for the year	1,259	894
Exchange differences on foreign net investments	(273)	(186)
Total recognised gains and losses relating to the year	<u>986</u>	<u>708</u>

The notes on pages 6 to 13 form part of these accounts.

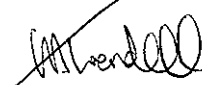
**DOEFLEX INDUSTRIES LIMITED**

**BALANCE SHEET AT DECEMBER 31, 1995**

	<u>Notes</u>	<u>1995 £'000</u>	<u>1994 £'000</u>
Fixed assets:			
Tangible assets	7	7,373	6,044
Investment in subsidiary undertakings	8	7,440	3,055
		<u>14,813</u>	<u>9,099</u>
Current Assets			
Stocks	9	3,358	4,162
Debtors	10	11,151	7,789
Cash in hand		11	1
		<u>14,520</u>	<u>11,952</u>
Creditors: amounts falling due within one year	11	17,976	12,157
Net Current (Liabilities)/Assets		<u>(3,456)</u>	<u>(205)</u>
Total assets less current liabilities		11,357	8,894
Creditors: amounts falling due after more than one year	12	7,196	4,776
Provision for liabilities and charges:			
Deferred taxation	13	710	653
		<u>3,451</u>	<u>3,465</u>
Capital and reserves:			
Called up share capital	14	45	45
Share premium		40	40
Profit and loss account	15	3,366	3,380
Shareholders' Funds	16	<u>3,451</u>	<u>3,465</u>

~~R.H.G. Bickerton~~ }  
 }  
 W.A. Trendell }

Directors



March 22, 1996

The notes on pages 6 to 13 form part of these accounts.

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995

### 1 Accounting Policies

#### Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Depreciation

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

Freehold Buildings	— over 50 years
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 4 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  
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 timing differences except for those which are not expected to reverse in the future.

#### Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except where a hedge exists, in which case the contract rate is used. Translations in foreign currencies are recorded at the rate ruling at the date of the transactions.

All differences are taken to the profit and loss account.

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

### 1 Accounting Policies (continued)

#### Research and Development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised over its useful life and classified as an intangible asset.

#### 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.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. All pension contributions made by the company, including contributions to individual private pension schemes, are charged to income as incurred. There were no outstanding or prepaid contributions at the Balance Sheet Date.

### 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:

	1995	1994
	£'000	£'000
United Kingdom	38,334	27,399
Rest of EC	4,802	3,401
Rest of World	540	594
	<u>43,676</u>	<u>31,394</u>

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

### 3 Operating Profit

	1995 £'000	1994 £'000
This is stated after charging:		
Directors' remuneration (see below )	—	—
Auditors' remuneration – audit services	23	20
Depreciation	1,033	795
Operating lease rentals – land & buildings	613	405
– plant & machinery	239	245

Emoluments of the Chairman were £nil (1994 £nil). The other directors received no remuneration during the year in respect of services to this company.

### 4 Staff Costs

	1995 £'000	1994 £'000
Wages and salaries	3,684	3,371
Social Security costs	370	343
Other pension costs	68	74
	<u>4,122</u>	<u>3,788</u>

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

	1995 No	1994 No
Office and Management	90	60
Manufacturing	99	117
	<u>189</u>	<u>177</u>

### 5 Interest Payable

	1995 £'000	1994 £'000
Bank loans and overdraft		
– wholly repayable within five years	596	380
– not wholly repayable within five years	238	157
Finance leases	26	26
	<u>860</u>	<u>563</u>

### 6 Tax on Profit on Ordinary Activities

	1995 £'000	1994 £'000
Based on profit for the year:		
Corporation Tax @ 33% (1994 33%)	641	396
Prior year adjustment	—	(9)
Deferred Taxation	113	85
	<u>754</u>	<u>472</u>



## DOEFLEX INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995  
(continued)7 Tangible Fixed Assets

	Freehold £'000	Short Leasehold £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	TOTAL £'000
<u>Cost:</u>						
At January 1, 1995	261	623	9,775	329	601	11,589
Additions	—	267	1,861	56	223	2,407
Inter Company Transfers	—	—	—	—	—	0
Disposals	—	—	—	(2)	(161)	(163)
At December 31, 1995	261	890	11,636	383	663	13,833
<u>Depreciation :</u>						
At January 1, 1995	36	177	4,875	145	312	5,545
Provided during the year	2	36	818	44	133	1,033
Inter Company Transfers	—	—	—	—	—	0
Disposals	—	—	—	(2)	(116)	(118)
At December 31, 1995	38	213	5,693	187	329	6,460
<u>Net Book Value</u>						
At December 31, 1995	223	677	5,943	196	334	7,373
<u>Net Book Value</u>						
At January 1, 1995	225	446	4,900	184	289	6,044

Included in plant and machinery above are the following amounts in respect of assets held under finance leases.

	Cost £'000	Depreciation £'000	Net Book Value £'000
<u>Cost:</u>			
At January 1, 1995	2,113	1,285	828
Provided during the year	—	199	(199)
At December 31, 1995	2,113	1,484	629

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

### 8 Investment in Subsidiary Undertakings

	£'000
Cost:	
At January 1, 1995	3,055
Acquired in year	4,385
At 31 December 1995	<u>7,440</u>
Depreciation:	
At January 1, 1995 and December 31, 1995	<u>—</u>
Net Book Value:	
At January 1, 1995	<u>3,055</u>
At 31 December 1995	<u>7,440</u>

The Company holds more than 10% of the equity of the following companies. Shares held are ordinary shares and the percentage held is 100%. The country of incorporation is the country of operation. The nature of the business is processing thermoplastic materials.

<u>Name of Company</u>	<u>Country of Operation</u>
Plastech Extrusions Ltd	UK
Berryplas Ltd	UK
Horizon Industries NV	Belgium
Doeflex Deutschland	Germany

Consolidated Accounts have not been produced as permitted by S228 of the Companies Act 1985.

### 9 Stocks

	1995 £'000	1994 £'000
Raw materials and consumables	1,815	2,528
Finished goods and goods for resale	1,543	1,634
	<u>3,358</u>	<u>4,162</u>

### 10 Debtors

Trade Debtors	10,234	7,443
Prepayments	159	169
Other debtors	110	82
Amount due from parent undertaking	—	—
Amount due from fellow subsidiary undertakings	648	95
	<u>11,151</u>	<u>7,789</u>

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

<u>11 Creditors: amounts falling due within one year</u>	1995	1994
	<u>£'000</u>	<u>£'000</u>
Secured bank overdraft	5,070	4,237
Bank Loans	2,542	—
Finance leases (Note 18)	18	16
Amount due to fellow subsidiary undertakings	—	47
Trade creditors	7,013	6,185
Corporation tax	710	416
Other taxes and social security costs	306	236
Other creditors and accruals	2,317	1,020
	<u>17,976</u>	<u>12,157</u>

## 12 Creditors : amounts falling due after more than one year

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Loan from parent undertaking	4,390	1,863
Bank loans	2,619	2,708
Finance leases (Note 18)	187	205
	<u>7,196</u>	<u>4,776</u>
Due over one and under two years	4,908	2,187
Due over two and under five years	1,445	1,438
Due after five years	843	1,151
	<u>7,196</u>	<u>4,776</u>

Details of loan not wholly repayable within five years is as follows:

	1995
	<u>£'000</u>
Floating rate loan repayable in quarterly installments from 28 November 1996	1,532
8.9% loan repayable in quarterly installments from 5 March 1995.	919

The company's main banker has a fixed and floating charge over the assets of the company.

## 13 Deferred Taxation

The potential deferred taxation liability which is provided for in full comprises:

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Capital allowances in advance of depreciation	726	553
Finance lease rent in advance of depreciation	151	200
	<u>877</u>	<u>753</u>
ACT paid	(167)	(100)
	<u>710</u>	<u>653</u>

## 14 Share Capital

	Authorised		Allotted, called up and Fully paid	
	1995	1994	1995	1994
	No	No	<u>£'000</u>	<u>£'000</u>
Ordinary shares of 25p each	180,000	180,000	45	45

# DOEFLEX INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

### 15 Profit and Loss Account

	1995 £'000
At January 1, 1995	3,380
Currency fluctuations	(273)
Retained Profit for the year	259
At December 31, 1995	<u>3,366</u>

### 16 Reconciliation of Shareholders' Funds

	1995 £'000	1994 £'000
At January 1, 1995	3,465	3,057
Profit for the year	1,259	894
Other recognised gains and losses	(273)	(186)
Dividends	(1,000)	(300)
At December 31, 1995	<u>3,451</u>	<u>3,465</u>

### 17 Capital Commitments

	1995 £'000	1994 £'000
Contracted for but not provided in the accounts	<u>1,933</u>	<u>751</u>
Authorised by the directors but not contracted	<u>296</u>	<u>140</u>

### 18 Obligations Under Leases

#### a) Operating lease commitments

At December 31, 1995, the company's annual aggregate commitments under non-cancellable operating leases were as set out below:

	1995 £'000	1994 £'000
Land and buildings		
Operating leases which expire in – within 1 year	38	–
– within 2–5 years	58	38
– over 5 years	<u>401</u>	<u>208</u>
Plant and Machinery		
Operating leases which expire in – within 2–5 years	<u>239</u>	<u>245</u>

#### b) Finance lease commitments

Shown on balance sheet (Notes 11 and 12)

Current obligations	18	16
Non-current obligations – due within 2–5 years	99	88
– due over 5 years	88	117
	<u>205</u>	<u>221</u>

## DOEFLEX INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS AT DECEMBER 31, 1995 (continued)

#### 19 Contingent Liabilities

At the end of the year, the company was party to a banking arrangement whereby all the group companies have been given a joint and several guarantee for the total amount outstanding of £195,000(1994 £1,108,000)

The guarantee is supported by a fixed and floating charge over the assets of the Doeflex Group.

#### 20 Parent Undertaking

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Doeflex PLC, incorporated in England and Wales

Copies of Doeflex PLC accounts can be obtained from 56, Holmethorpe Avenue, Redhill, Surrey, RH1 2NR