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REVERTEX LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1985



REVERTEX LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31st December 1985.

Principal activities and business review

The company manufactures and/or sells concentrated natural rubber latices, synthetic rubber latices, compounds and liquid polybutadienes. Turnover increased by 3% and trading profit by 2.6% in 1985 compared with 1984. Prospects for 1986 are healthy, although rising costs may slightly shade profitability.

<u>Results and dividends</u>	1985 £	1984 £
Profit after taxation for the year	1,083,394	901,019
Dividends - Interim paid	475,000	475,000
- Final proposed	<u>600,000</u>	<u>426,000</u>
Balance transferred reserves	<u>8,394</u>	<u>19</u>

Directorate

The directors who served during the year were:

	Shares in Ultimate Holding Company as at 31.12.1985		as at 31.12.1984	
	<u>Ordinary</u>	<u>Preference</u>	<u>Ordinary</u>	<u>Preference</u>
K. W. Busheil		637	337	637
P. D. Gatland	437	-	-	-
M. H. W. Lawrence	100		234	442
P. T. Mapp	334	442		

None of the directors had a beneficial interest in any contract to which the company was a party during the year and none of the directors own beneficially any shares in the company. The directors have notified the above share interests in Yule Catto & Co. plc which include a beneficial interest in 100 Ordinary Shares each under the Yule Catto Employee Share Participation Scheme. Since Mr. Bushell is also a director of that company he is not required to notify his interest.

Reappointment of Auditors

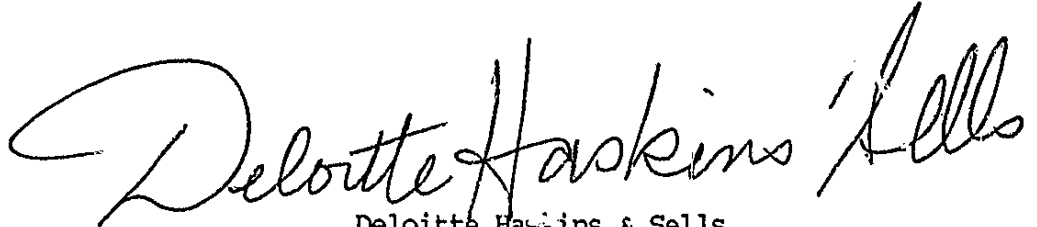
In accordance with section 384 of the Companies Act 1985 a resolution proposing the reappointment of Deloitte Haskins and Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

K.R.F. BIRD

REPORT OF THE AUDITORS TO THE MEMBERS OF REVERTEX LTD.

We have audited the financial statements on pages 3 to 14 in accordance with approved auditing standards and in our opinion they give a true and fair view of the state of the company's affairs at 31st December, 1985 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

A large, stylized handwritten signature in cursive script that reads "Deloitte Haskins & Sells".

Deloitte Haskins & Sells.
Chartered Accountants.

11 MAR 1986

REVERTEX LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1985

	Notes.	1985 £	1984 £
Turnover	2	3,772,440	3,659,925
Less: Cost of sales		<u>1,869,506</u>	<u>1,712,192</u>
Gross profit		1,902,934	1,947,733
Less distribution and administrative costs	3	993,767	1,041,324
Other operating income	4	<u>843,215</u>	<u>596,167</u>
Operating profit		1,752,382	1,502,576
Investment Income from subsidiary		18,750	-
Interest payable	6	<u>19,715</u>	<u>11,503</u>
Profit on ordinary activities before taxation		1,751,417	1,491,073
Taxation	8	<u>668,023</u>	<u>590,054</u>
Profit on ordinary activities after taxation		1,083,394	901,019
Dividends	9	<u>1,075,000</u>	<u>901,000</u>
Retained profit for the financial year		<u>8,394</u>	<u>19</u>

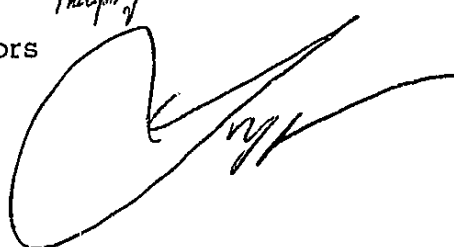
REVERTEX LIMITED

BALANCE SHEET AT 31ST DECEMBER 1985

	Notes	1985 £	1984 £
FIXED ASSETS			
Tangible assets	10	274,795	158,286
Investments	11	<u>38,151</u>	<u>43,150</u>
		312,946	201,436
CURRENT ASSETS			
Stocks	13	166,971	239,902
Debtors	14	4,402,398	4,236,863
Cash at bank and in hand		<u>217,446</u>	<u>496,314</u>
		4,786,815	4,973,079
CREDITORS: amounts falling due within one year	15	<u>2,480,859</u>	<u>2,647,219</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,305,956</u>	<u>2,325,860</u>
Total assets less Current Liabilities		2,618,902	2,527,296
Creditors: Amounts falling due after more than one year	16	663,111	584,399
Provisions for liabilities & charges	17	<u>30,000</u>	<u>25,500</u>
NET TOTAL ASSETS		<u><u>1,925,791</u></u>	<u><u>1,917,397</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	500	500
Share premium account	20	1,865,430	1,865,430
Other reserves	20	500	500
Profit and loss account	20	<u>59,361</u>	<u>50,967</u>
		<u><u>1,925,791</u></u>	<u><u>1,917,397</u></u>

The Directors approved the Financial Statements at a Board Meeting on 11th March, 1986.

P.D. Gatland }
 } Directors
M.H.W. Lawrence }

Philip D. Gatland


REVERTEX LIMITED

STATEMENT OF SOURCE & APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1985

	1985	1984
	£	£
Profit before taxation	1,751,417	1,491,073
Adjustments for items not involving movements in funds:		
Increase in product liability provision	4,500	-
Decrease in book value of investments	4,999	-
Depreciation	24,363	9,388
(Profit)/Loss on disposal fixed assets	(5)	432
	<u>33,857</u>	<u>9,820</u>
Funds generated by operations	1,785,274	1,500,893
(Increase)/decrease in working capital		
Stocks	72,931	19,503
Debtors	75,263	(78,226)
Creditors	(392,095)	226,348
	(243,901)	167,625
Movement in Group Company Balances excluding loans	<u>(234,763)</u>	<u>17,537</u>
Funds applied to working capital	(478,664)	185,162
Movements in non trading items		
Payments for Group Tax Relief	(263,940)	-
Receipt of Group Tax Relief	45,967	-
Tax paid	(6,195)	(6,842)
Tax refund received	128	-
Payment for Group A.C.T.	(62,048)	-
Fixed Assets - Purchases	(140,872)	(133,642)
Disposals	5	26
Dividends Paid	<u>(901,000)</u>	<u>(1,045,000)</u>
Funds applied to non trading items	(1,327,955)	(1,185,458)
Total net (outflow)/inflow of funds	<u>(21,345)</u>	<u>500,597</u>
Movement in:		
Inter company loans	237,000	343,000
Net liquid funds	<u>(258,345)</u>	<u>157,597</u>
	<u>(21,345)</u>	<u>500,597</u>

REVERTEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- a) Basis of accounting.
The accounts are prepared under the historical cost convention.
- b) Turnover
Turnover represents the total amount receivable, excluding VAT, for goods and services sold, including those sold to other group companies.
- c) Depreciation
Depreciation is provided on all fixed assets, after taking into account any grants receivable, using a straight line basis over their estimated lives as follows:
- | | |
|---------------------|------------|
| Freehold buildings | 50 years |
| Plant and machinery | 10 years |
| Office equipment | 7-10 years |
| Computer software | 3 years |
- d) Stocks
Stocks and work in progress are valued at the lower of cost (including where appropriate, a proportion of production overheads) and net realisable value.
- e) Deferred taxation
Provision for taxation is made using the liability method. Where it is considered that no liability will arise in the foreseeable future, no provision is made.
- f) Research and Development
Research and development costs, including expenditure on patents and trade marks, are written off in the year in which they are incurred.
- g) Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the year end rate of exchange after taking into account any profits or losses which will arise upon completion of forward currency contracts outstanding at the balance sheet date. All exchange gains and losses are dealt with in the profit and loss account.
- h) Leases
The costs of finance and operating leases are charged to the profit and loss account as incurred.

2. TURNOVER AND PROFIT

Geographical analysis of turnover is:

	1985 £	1984 £
Western Europe	2,439,827	2,296,944
Africa & Middle East	48,408	151,531
Rest of World	<u>1,284,205</u>	<u>1,211,450</u>
	<u>3,772,440</u>	<u>3,659,925</u>

3. DISTRIBUTION AND ADMINISTRATIVE COSTS

	1985 £	1984 £
Distribution costs	58,330	61,690
Administrative expenses	403,014	528,803
Hire of plant and machinery (see below)	56,065	59,426
Employee costs (Note 7)	443,995	376,917
Depreciation	24,363	9,388
Auditors remuneration - after over provision of £1,000 (1984 - £4,000) in previous year.	<u>8,000</u>	<u>5,100</u>
	<u>993,767</u>	<u>1,041,324</u>

Hire of plant and machinery analysis:

	Current <u>1985</u>	1986	Future Payments <u>1987-90</u>	<u>1991 on</u>
Operating Leases				
Hire of plant and machinery	6,628	5,000	20,000	5,000 pa
Others	<u>16,398</u>	<u>19,555</u>	<u>27,923</u>	<u>- pa</u>
	23,026	24,555	47,923	5,000 pa
Finance Leases	<u>33,039</u>	<u>30,714</u>	<u>28,533</u>	<u>1,488 pa</u>
	<u>56,065</u>	<u>55,269</u>	<u>76,456</u>	<u>6,488 pa</u>

There are no finance leases obligations entered into but not yet started at 31.12.1985.

4. OTHER OPERATING INCOME

Interest receivable (Note 5)	758,898	534,680
Other operating income	<u>84,317</u>	<u>61,487</u>
	<u>843,215</u>	<u>596,167</u>

5. INTEREST RECEIVABLE

Loans to group companies	736,629	436,344
Loans to other sources	<u>22,269</u>	<u>98,336</u>
	<u>758,898</u>	<u>534,680</u>

6. INTEREST PAYABLE

	1985 £	1984 £
Bank loans and overdrafts	19,698	11,503
Other loans	17	-
	<u>19,715</u>	<u>11,503</u>

7. EMPLOYEES

The average number of persons, including directors and overseas employees, employed during the financial year was 37 (1984 - 34).

Their aggregate costs amounted to:

	1985 £	1984 £
Wages and salaries	384,117	316,578
Social Security costs	25,431	23,593
Other pension costs	<u>34,447</u>	<u>36,746</u>
	<u>443,995</u>	<u>376,917</u>

Directors Remuneration included in employee costs is as follows:

	1985 £	1984 £
Emoluments (including pensions)	<u>63,821</u>	<u>59,613</u>
	<u>63,821</u>	<u>59,613</u>

Emoluments (excluding pension contributions) to directors whose duties were discharged wholly or mainly within the UK were:

	1985 £	1984 £
Chairman	-	-
Highest paid director	31,905	29,662
Other directors:	Number	Number
Not more than £5,000	2	2
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-

8. TAXATION

	1985 £	1984 £
Based on adjusted profits for the year:		
UK Corporation Tax at 41.23%	669,306	589,781
Less double taxation relief	<u>(6,195)</u>	<u>(5,382)</u>
	663,111	584,399
Overseas Taxation	<u>6,195</u>	<u>5,382</u>
	669,306	589,781
Adjustments in respect of prior years	<u>(1,283)</u>	<u>273</u>
	<u>668,023</u>	<u>590,054</u>

9. DIVIDENDS

	1985 £	1984 £
Interim	475,000	475,000
Proposed Final	<u>600,000</u>	<u>426,000</u>
	<u>1,075,000</u>	<u>901,000</u>

10. TANGIBLE ASSETS

	Total £	Freehold Buildings £	Plant Equipment & Vehicles £
At cost or valuation at 1.1.85	422,224	53,805	368,419
Additions	140,872	1,733	139,139
Disposals	(211)	-	(211)
At cost at 31.12.85	<u>562,885</u>	<u>55,538</u>	<u>507,347</u>
Accumulated depreciation at 1.1.85	263,938	-	263,938
Charged during the year	24,363	1,093	23,270
Eliminated on disposals	(211)	-	(211)
At 31.12.85	<u>288,090</u>	<u>1,093</u>	<u>286,997</u>
Net book value			
at 31.12.85	274,795	54,445	220,350
at 31.12.84	158,286	53,805	104,481
Capital expenditure commitments:			
		1985 £	1984 £
Contracted but not provided		5,931	62,538
Authorised but not contracted		20,000	-

11. INVESTMENTS

Held as fixed assets:

	Total £	Subsidiary Shares £	Other Investments £
At cost at 1.1.85	43,150	37,500	5,650
Additions	-	-	-
Disposals	-	-	-
Revaluations	(4,999)	-	(4,999)
at 31.12.85	<u>38,151</u>	<u>37,500</u>	<u>651</u>

12. INVESTMENTS IN SUBSIDIARIES

Name	Country of Incorporation or Registration	Class of Shares	Interest in Equity %
Revertex Sales Ltd	England	Ordinary	75

Group accounts have not been prepared because Revertex Ltd. is a wholly owned subsidiary of Yule Catto & Co. plc, a company incorporated in England.

In the opinion of the directors, the value of the company's interest in its subsidiary is not less than the amount at which it is stated in the balance sheet.

13. STOCKS

	1985 £	1984 £
Raw materials and consumables	30,868	31,795
Finished goods & goods for resale	<u>136,103</u>	<u>208,107</u>
	<u>166,971</u>	<u>239,902</u>

In the directors' opinion the replacement cost of stocks held at 31.12.85 is £159,400.

14. DEBTORS

	Receivable within One Year	
	1985	1984
	£	£
Trade Debtors	223,858	263,811
Amounts owed by group companies	4,095,123	3,854,325
Amounts owed by related companies	39,228	35,115
Other debtors	10,820	23,990
Prepayments and accrued income	33,369	59,622
	<u>4,402,398</u>	<u>4,236,863</u>

Amounts owed by group companies include:

Holding company	4,080,000	3,827,271
Fellow subsidiaries	9,801	21,335
Subsidiaries	5,322	5,719
	<u>4,095,123</u>	<u>3,854,325</u>

15. CREDITORS

Amounts falling due within one year.

	1985	1984
	£	£
Unsecured bank loans and overdrafts	148,764	169,287
Trade creditors	86,582	94,072
Amounts owed to group companies	499,436	730,401
Amounts owed to related companies	35,315	239,276
Dividends payable	600,000	426,000
Other creditors	366,702	517,380
Corporation Tax	635,433	332,210
Other taxation and Social Security	25,305	78,032
Accruals and deferred income	83,322	60,561
	<u>2,480,859</u>	<u>2,647,219</u>

Amounts owed to Group companies include:

Holding company	23,186	-
Fellow subsidiaries	<u>476,250</u>	<u>730,401</u>
	<u>499,436</u>	<u>730,401</u>

16. CREDITORS

Amounts falling due after more than one year

	1985 £	1984 £
Corporation tax	<u>663,111</u>	<u>584,399</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1985 £	1984 £
Product Liability	<u>30,000</u>	<u>25,500</u>
Deferred taxation		
	1985	1984
	Provided	Provided
	Additional	Additional
	Contingent	Contingent
	Liability	Liability
	(Asset)	(Asset)
	£	£
Excess capital allowances	<u>- 59,000</u>	<u>- 13,000</u>
	<u>- 59,000</u>	<u>- 13,000</u>

18. CONTINGENT LIABILITIES

The company has given guarantees in respect of subsidiaries' bank accounts of £150,000 (1984 £1,573,488)

Other guarantees amount to £71,000 (1984 £64,000)

19. SHARE CAPITAL

	1985	1984
Authorised 5,000 ordinary shares of £1 each	£5,000	£5,000
Allotted, called up and fully paid 500 (1984 500) ordinary shares of £1 each	£500	£500

20. SHARE PREMIUM ACCOUNT AND RESERVES

	Share Premium £	Other Reserves £	Profit and Loss Account £
As at 1.1.85	1,865,430	500	50,967
Retained profit for the year	-	-	8,394
As at 31.12.85	<u>1,865,430</u>	<u>500</u>	<u>59,361</u>

Other reserves stated above are non-distributable (1984 £500).

21. ULTIMATE HOLDING COMPANY

The ultimate holding company is Yule Catto & Co. plc, a company incorporated in England.