

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO, SC

Presspart Manufacturing Limited

Accounts 30 November 1994

together with directors' and auditors' reports

Registered number: 995387



Directors' report

For the 11 months ended 30 November 1994

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the 11 months ended 30 November 1994.

Principal activity and business review

The principal activity of the company continues to be the manufacture of deep drawn pressings.

The directors consider that the trading results for the eleven months ended 30 November 1994 are satisfactory. The directors expect the general level of activity during 1995 to be higher than in 1994.

On 12 January 1995 the company changed its accounting reference date to 30 November.

Results and dividends

	£
Retained profit at 1 January 1994	18,666,999
Profit on ordinary activities after taxation	1,617,082
Dividends paid	(7,100,000)
Transfer from revaluation reserve	58,981
Retained profit at 30 November 1994	<u>13,243,062</u>

Details of important events affecting the company which have taken place since 30 November 1994 are given in note 24 to the accounts.

Directors and their interests

The directors of the company who served during the 11 months to 30 November 1994 are shown below.

R.W. Maddison	(appointed 13 December 1994)
S. Wilkinson	(appointed 13 December 1994)
M.A. Foote	(appointed 13 December 1994)
T.A. Anderson	
M.A. Eaves	
T.S. Pattinson	
B.J. Tomlinson	(resigned 31 January 1994)
K.A. O'Donovan	(resigned 18 March 1994)
R.C. Brown	(resigned 13 December 1994)
A. Mawby	(appointed 12 May 1994, resigned 28 November 1994)
A.E. Peterson	(appointed 12 May 1994, resigned 13 December 1994)
T. Score	(appointed 18 March 1994, resigned 13 December 1994)

Directors' report (continued)

Directors and their interests (continued)

The directors who held office at 30 November 1994 had no interests (including options) other than those shown below in the ordinary shares of the ultimate parent company.

Name of director	Description of shares	Number of shares in BTR plc	
		30 November 1994	1 January 1994 (or date of appointment if later)
R.C. Brown	Ordinary	1,000	Nil
T. Score	Ordinary	750	Nil

According to the register of directors' interests maintained under the Companies Act, the directors and their immediate families have the following options to subscribe for shares in BTR plc:

Name of director	Description of options	Number of options in BTR plc			
		At 1 January 1994 (or date of appointment if later)	Granted during the year	Exercised during the year	At 30 November 1994
T.S. Pattinson	SAYE options	12,627	3,365	-	15,992
R.C. Brown	SAYE options	1,177*	5,609	-	5,609
	SESOS options	64,998	20,000	-	84,998
A.E. Peterson	SAYE options	7,074	-	-	7,074
	SESOS options	32,500	-	-	32,500
T. Score	SESOS options	50,000	40,000	-	90,000

* 1,177 SAYE options held by Mr. R.C. Brown lapsed during the year.

The above are options to subscribe in ordinary shares.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 to the accounts.

During the year ended 31 December 1993, the company's freehold land and buildings were revalued. This produced a deficit of £298,000 against their net book values. No adjustment was made to the carrying value of the fixed assets since the directors were of the opinion that this deficit did not represent a permanent diminution in value. This continues to be the case at 30 November 1994.

Directors' report (continued)

Directors' responsibilities

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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure 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.

Charitable and political donations

The company contributed £2,700 to charities (1993 - £Nil). No donations were made for political purposes in 1993 or 1994.

Disabled employees

Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended), the company has maintained insurance cover for the directors against liabilities in relation to the company.

Directors' report (continued)

Auditors

During the period, Touche Ross & Co. resigned as the company's auditors and Arthur Andersen were appointed to fill the casual vacancy arising.

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint the auditors annually had been passed.

Whitebirk Estate
Blackburn
Lancashire
BB1 5RF

By order of the Board



Secretary

25 September 1995

Auditors' report

Manchester

To the Shareholders of Presspart Manufacturing Limited:

We have audited the accounts on pages 6 to 23 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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 circumstances of the company, 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 company's state of affairs at 30 November 1994 and of its profit and cash flows for the 11 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

25 September 1995

Profit and loss account

For the 11 months ended 30 November 1994

	Note	1994 £	1993 £
Turnover	2	13,995,069	17,101,795
Cost of sales		(10,240,386)	(12,418,446)
Gross profit		3,754,683	4,683,349
Other operating expenses	3	(1,775,315)	(1,807,632)
Operating profit		1,979,368	2,875,717
Investment income	4	684,067	705,588
Interest payable and similar charges	5	(14,650)	(32,860)
Profit on ordinary activities before taxation	6	2,648,785	3,548,445
Tax on profit on ordinary activities	8	(1,031,703)	1,951,812
Profit on ordinary activities after taxation		1,617,082	5,500,257
Dividends paid		(7,100,000)	-
Retained (loss) profit for the period		(5,482,918)	5,500,257
Retained profit at 1 January 1994		18,666,999	13,015,962
Transfer from revaluation reserve		58,981	122,003
Gain on foreign currency translation		-	28,777
Retained profit at 30 November 1994		13,243,062	18,666,999

The accompanying notes are an integral part of this profit and loss account.

Statement of total recognised gains and losses

For the 11 months ended 30 November 1994

	1994 £	1993 £
(Loss) profit for the financial period ended 30 November 1994	(5,482,918)	5,500,257
Gain on foreign currency translation	-	28,777
Total recognised gains and losses relating to the period ended 30 November 1994	<u>(5,482,918)</u>	<u>5,529,034</u>

Note of historical cost profits and losses

For the 11 months ended 31 November 1994

	1994 £	1993 £
Profit on ordinary activities before taxation	2,648,785	3,548,445
Realisation of property revaluation gains of previous years	-	39,087
Difference between historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	58,981	82,916
Historical cost profit on ordinary activities before taxation	<u>2,707,766</u>	<u>3,670,448</u>
Historical cost (loss) profit for the period retained after taxation and dividends	<u>(5,423,937)</u>	<u>5,622,260</u>

Balance sheet

30 November 1994

	Note	1994 £	1993 £
Fixed assets			
Tangible assets	10	7,153,130	7,544,209
Investments	11	1,690,175	1,690,175
		<u>8,843,305</u>	<u>9,234,384</u>
Current assets			
Stocks	12	1,844,744	2,187,447
Debtors	13	9,064,868	13,278,311
Cash at bank and in hand		428,874	548,190
		<u>11,338,486</u>	<u>16,013,948</u>
Creditors: Amounts falling due within one year	14	<u>(3,622,519)</u>	<u>(3,039,348)</u>
Net current assets		<u>7,715,967</u>	<u>12,974,600</u>
Total assets less current liabilities		<u>16,559,272</u>	<u>22,208,984</u>
Creditors: Amounts falling due after more than one year	15	(102,413)	(182,329)
Provisions for liabilities and charges	17	<u>(1,445,836)</u>	<u>(1,532,714)</u>
Net assets		<u>15,011,023</u>	<u>20,493,941</u>
Capital and reserves			
Called-up share capital	19	25,000	25,000
Revaluation reserve	20	1,742,961	1,801,942
Profit and loss account	20	13,243,062	18,666,999
Total shareholders' funds		<u>15,011,023</u>	<u>20,493,941</u>

Signed on behalf of the Board



Director

25 September 1995

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the 11 months ended 30 November 1994

	Note	1994 £	1993 £
Net cash inflow from operating activities	22a	<u>5,960,248</u>	<u>1,327,898</u>
Returns on investments and servicing of finance			
Interest received		684,067	705,588
Interest paid		(4,048)	(1,316)
Interest element of finance lease rentals		(15,831)	(31,544)
Dividends paid		<u>(7,100,000)</u>	<u>-</u>
Net cash (outflow) inflow from returns on investments and servicing of finance		<u>(6,435,812)</u>	<u>672,728</u>
Taxation			
UK corporation tax paid		<u>-</u>	<u>-</u>
Tax paid		<u>-</u>	<u>-</u>
Investing activities			
Purchase of tangible fixed assets		(396,348)	(495,006)
Purchase of shares in subsidiary undertaking		-	(1,683,570)
Sale of tangible fixed assets		<u>92,904</u>	<u>583,176</u>
Net cash outflow from investing activities		<u>(303,444)</u>	<u>(1,595,400)</u>
Net cash (outflow) inflow before financing		<u>(779,008)</u>	<u>405,226</u>
Financing			
Capital element of finance lease rental payments		<u>(71,444)</u>	<u>(214,486)</u>
Net cash outflow from financing	22b	<u>(71,444)</u>	<u>(214,486)</u>
(Decrease) increase in cash and cash equivalents	22c	<u>(850,452)</u>	<u>190,740</u>

The accompanying notes are an integral part of this cash flow statement.

Notes to accounts

30 November 1994

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period and with the preceding year, used in the preparation of the accounts are:

a) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

b) Tangible fixed assets

Land and buildings and plant and machinery are shown at original historical cost or subsequent valuation. Other fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	2.5% per annum
Plant and machinery	7.5% per annum
Motor vehicles	15% per annum
Fixtures and fittings	10% per annum
Computer hardware	20% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation where this has taken place.

c) Investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made.

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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

Raw materials - Purchase cost on a first-in, first-out basis
and consumables

Finished goods and - Cost of direct materials and labour plus an appropriate proportion of manufacturing
goods for resale overheads based on normal levels of activity

Notes to accounts (continued)

1 Accounting policies (continued)

e) *Taxation*

Corporation tax is provided on taxable profits at the current rate.

Advanced corporation tax payable on dividends paid is written off, except when recoverability against corporation tax payable is considered to be reasonably assured.

Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which will probably not reverse, except that it is provided on the revaluation surplus that arose from the revaluation of certain plant and machinery.

f) *Turnover*

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods in the normal course of business.

g) *Pension costs*

The company provides pensions to 73% of employees through a defined benefit pension scheme. Membership of the scheme is open to all permanent employees of the company after 12 months of service.

The assets of the funded scheme are held independently of the company by trustees.

The amount charged to the profit and loss account is the regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members in the accounts of Rockware Group plc.

h) *Foreign currency*

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to accounts (continued)

1 Accounting policies (continued)

i) Leases

The company enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate.

Assets held under operating leases are not reported in the balance sheet. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

j) Revaluation reserve

Surpluses arising on the revaluation of individual fixed assets are credited to a non-distributable revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account below the profit for the financial period. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account below the profit for the financial period.

2 Segmental information

The geographical analysis of turnover by destination is as follows:

	1994 £	1993 £
United Kingdom	7,810,160	10,257,021
Rest of Europe	5,334,238	5,250,959
USA	338,553	1,215,030
Other	512,118	378,785
	<u>13,995,069</u>	<u>17,101,795</u>

3 Other operating expenses

	1994 £	1993 £
Distribution costs	762,074	828,042
Administrative expenses	1,013,241	979,590
	<u>1,775,315</u>	<u>1,807,632</u>

Notes to accounts (continued)

4 Investment income

	1994 £	1993 £
Interest on loan to subsidiary undertaking	-	125,640
Interest on loan to immediate parent company	684,067	578,852
Bank interest	-	1,096
	<u>684,067</u>	<u>705,588</u>

5 Interest payable and similar charges

	1994 £	1993 £
Bank loans and overdrafts repayable within 5 years, not by instalments	4,048	1,316
On finance leases	10,602	31,544
	<u>14,650</u>	<u>32,860</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1994 £	1993 £
Depreciation and amounts written off tangible fixed assets		
- owned	501,453	557,989
- held under finance leases	86,525	81,240
Hire of plant and machinery under operating leases	72,328	122,828
Auditors' remuneration		
- audit fees	17,000	17,400
- other	4,000	3,000
Staff costs (note 7)	<u>4,102,319</u>	<u>4,382,606</u>

7 Staff costs

Particulars of employees (including directors) are as shown below:

	1994 £	1993 £
Employee costs during the period amounted to:		
Wages and salaries	3,437,416	3,707,033
Social security costs	298,984	327,589
Other pension costs	365,919	347,984
	<u>4,102,319</u>	<u>4,382,606</u>

Notes to accounts (continued)

7 Staff costs (continued)

The average weekly number of persons employed by the company during the period was as follows:

	1994 Number	1993 Number
Production	167	191
Selling and distribution	13	13
Administration	29	28
	<u>209</u>	<u>232</u>

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the company:

	1994 £	1993 £
Emoluments (including pension contributions)	<u>106,586</u>	<u>254,602</u>

The directors' remuneration shown above (excluding pensions and pension contributions) included:

	1994 £	1993 £
Chairman	<u>-</u>	<u>-</u>
Highest paid director	<u>47,864</u>	<u>65,490</u>

Notes to accounts (continued)

7 Staff costs (continued)

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1994 Number	1993 Number
£ 0 - £ 5,000	7	5
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	-	1
£ 30,001 - £ 35,000	-	1
£ 40,001 - £ 45,000	1	1
£ 45,001 - £ 50,000	1	2
£ 65,001 - £ 70,000	-	1
	<hr/>	<hr/>

8 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	1994 £	1993 £
Corporation tax at 33% (1993 - 33%)	929,141	-
Deferred tax at 33% (1993 - 33%)	(5,141)	61,510
Adjustment in respect of prior years		
- corporation tax	127,555	(2,032,812)
- deferred tax	(19,852)	19,490
	<hr/>	<hr/>
	1,031,703	(1,951,812)

9 Dividends paid

	1994 £	1993 £
Ordinary shares		
- interim paid of £284 per ordinary share	7,100,000	-
	<hr/>	<hr/>

Notes to accounts (continued)

10 Tangible fixed assets

a) The movement in the period was as follows:

	Freehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
Beginning of period	1,562,903	8,714,806	10,277,709
Additions	4,702	391,646	396,348
Disposals	-	(223,060)	(223,060)
End of period	1,567,605	8,883,392	10,450,997
Depreciation			
Beginning of period	64,787	2,668,713	2,733,500
Charge	37,619	550,359	587,978
Disposals	-	(23,611)	(23,611)
End of period	102,406	3,195,461	3,297,867
Net book value			
End of period	1,465,199	5,687,931	7,153,130
Beginning of period	1,498,116	6,046,093	7,544,209

Leased assets included in the above:

Net book value			
Beginning of period	-	301,015	301,015
End of period	-	214,490	214,490

Freehold land amounting to £400,000 (1993 - £400,000) has not been depreciated.

Notes to accounts (continued)

10 Tangible fixed assets (continued)

b) Basis of valuation

Certain items of plant and machinery shown at valuation were professionally valued in 1988.

Land and buildings are shown at valuation in 1991 with subsequent additions at cost. The valuation was performed on an open market value on an existing use basis by Weatherall, Green and Smith, Chartered Surveyors.

If stated under historical cost principles, the comparable amounts for the total of tangible fixed assets at 30 November 1994 would be:

	Freehold land and buildings £	Plant and machinery £
Cost	1,893,365	9,266,741
Accumulated depreciation	(428,166)	(6,184,625)
Net book value	<u>1,465,199</u>	<u>3,082,116</u>

11 Fixed asset investments

Investment in subsidiary undertaking:

	1994 £	1993 £
Cost	<u>1,690,175</u>	<u>1,690,175</u>

At 30 November 1994 the company owned 100% of the ordinary share capital of Presspart Inc., a company incorporated in North Carolina, USA.

As permitted by Section 228(2) of the Companies Act 1985 consolidated accounts have not been prepared at 30 November 1994.

Notes to accounts (continued)

12 Stocks

	1994 £	1993 £
Raw materials and consumables	705,046	660,657
Finished goods and goods for resale	1,139,698	1,526,790
	<u>1,844,744</u>	<u>2,187,447</u>

The directors consider that there is no material difference between the value of the stock stated above and its replacement value.

13 Debtors

	1994 £	1993 £
Trade debtors	2,507,941	2,052,253
Amounts owed by subsidiary undertakings	1,596,589	1,344,127
Amounts owed by other group undertakings	4,873,104	9,662,690
Prepayments and accrued income	87,234	91,686
Other debtors	-	127,555
	<u>9,064,868</u>	<u>13,278,311</u>

Included above is a loan of £4,872,000 to a fellow group undertaking receivable after more than one year.

14 Creditors: Amounts falling due within one year

	1994 £	1993 £
Obligations under finance leases and hire purchase contracts	79,918	71,446
Bank overdrafts	731,136	-
Trade creditors	1,087,516	1,582,487
Bills of exchange payable	206,398	307,886
Amounts owed to other group undertakings	7,086	319,693
Other creditors		
- UK corporation tax payable	366,026	-
- ACT on dividends	625,000	-
- social security and PAYE	86,412	107,616
- VAT	127,713	163,956
- other creditors	-	12,405
Accruals and deferred income	305,314	473,859
	<u>3,622,519</u>	<u>3,039,348</u>

Notes to accounts (continued)

15 Creditors: Amounts falling due after more than one year

	1994 £	1993 £
Obligations under finance leases and hire purchase contracts	<u>102,413</u>	<u>182,329</u>

16 Obligations under finance leases and hire purchase contracts

	1994 £	1993 £
Due within 1 year	79,918	71,446
Due within 2-5 years	<u>102,413</u>	<u>182,329</u>
	<u>182,331</u>	<u>253,775</u>

17 Provisions for liabilities and charges

	1994 £	1993 £
Deferred taxation	<u>1,445,836</u>	<u>1,532,714</u>

Details of the provision for deferred taxation are set out below:

	1994 £	1993 £
Excess of tax allowances over book depreciation of fixed assets	709,517	655,050
Revaluation surplus	858,373	887,830
Other timing differences related to current assets and liabilities	(60,169)	(10,166)
ACT recoverable	<u>(61,885)</u>	<u>-</u>
	<u>1,445,836</u>	<u>1,532,714</u>

18 Provisions for liabilities and charges (continued)

The movement on the provision for deferred taxation is as follows:

	1994 £	1993 £
Beginning of year	1,532,714	1,451,714
(Credited) charged to profit and loss account	(24,993)	81,000
ACT recoverable	<u>(61,885)</u>	<u>-</u>
End of year	<u>1,445,836</u>	<u>1,532,714</u>

Notes to accounts (continued)

19 Called-up share capital

	1994 £	1993 £
<i>Authorised</i>		
25,000 ordinary shares of £1 each	25,000	25,000
<i>Allotted, called-up and fully paid</i>		
25,000 ordinary shares of £1 each	25,000	25,000

20 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1994	1,801,942	18,666,999
Transfer to profit and loss account on depreciation	(58,981)	58,981
Retained loss for the year	-	(5,482,918)
At 30 November 1994	1,742,961	13,243,062

21 Reconciliation of movement in shareholders' funds

The movement in shareholders' funds was as follows:

	1994 £	1993 £
Profit for the financial period	1,617,082	5,500,257
Dividends paid	(7,100,000)	-
Net (reduction in) addition to shareholders' funds	(5,482,918)	5,500,257
Opening shareholders' funds	20,493,941	14,993,684
Closing shareholders' funds	15,011,023	20,493,941

Notes to accounts (continued)

22 Cash flow information

a) Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	1,979,368	2,875,717
Depreciation charges	587,978	639,229
(Loss) profit on sale of fixed assets	106,545	(9,808)
Decrease in stocks	342,703	692,384
Decrease (increase) in debtors	4,085,888	(3,222,750)
(Decrease) increase in creditors	(1,142,234)	324,349
Foreign exchange differences on net investment in subsidiary	-	28,777
Net cash inflow from operating activities	<u>5,960,248</u>	<u>1,327,898</u>

b) Analysis of changes in financing

	Share capital (including premiums) £	Finance lease obligations £
Balance at 1 January 1994	25,000	253,775
Net cash outflow from financing	-	(71,444)
Balance at 30 November 1994	<u>25,000</u>	<u>182,331</u>

c) Analysis of changes in cash and cash equivalents during the period

	Cash at bank and in hand £	Bank overdrafts £	Net £
Balance at 1 January 1994	548,190	-	548,190
Net cash outflow	(119,316)	(731,136)	(850,452)
Balance at 30 November 1994	<u>428,874</u>	<u>(731,136)</u>	<u>(302,262)</u>

Notes to accounts (continued)

23 Guarantees and other financial commitments

a) Capital commitments

At the end of the period capital commitments were as follows:

	1994 £	1993 £
Contracted for but not provided for	-	-
Authorised but not contracted for	-	185,000

b) Lease commitments

The minimum annual rentals under operating leases are as follows:

Operating leases which expire:

	1994 £	1993 £
- within 1 year	14,341	9,623
- within 2-5 years	67,911	81,117
	82,252	90,740

c) Contingent liabilities

i. Bank guarantees

VAT deferment bond given to HM Customs and Excise for £50,000.

ii. Guarantee of group borrowings

The company had, together with other Rockware Group plc companies, guaranteed borrowings of £45m relating to the Rockware Group. This guarantee has been withdrawn following the management buyout as disclosed in note 24.

d) Pension arrangements

The pension cost charge for the period was £365,919 (1993 - £347,984). Outstanding contributions of £8,300 (1993 - £31,834) are shown in the balance sheet under accruals and deferred income.

Actuarial valuations of the defined benefit pension scheme are carried out by independent professionally qualified actuaries every three years. Contributions to the scheme, which are determined in accordance with the recommendations of the actuaries, are charged to the profit and loss account so as to spread the cost of providing the expected benefits to participating employees over their anticipated service lives.

Notes to accounts (continued)

24 Subsequent events

On 13 December 1994 the company was subject to a management buyout. As a result of the change of ownership of the company, the accounts have been prepared for the eleven month period to 30 November 1994.

25 Ultimate parent company

The company's ultimate parent company at the date of the financial statements is BTR plc, a company incorporated in Great Britain.

This is the largest group of which Presspart Manufacturing Limited is a member and for which group accounts are drawn up.

The smallest such group is that headed by Rockware Group plc, a company incorporated in Great Britain.

Group financial statements of BTR plc can be obtained from Silvertown House, Vincent Square, London, SW1P 2PL.