

Doeflex Limited

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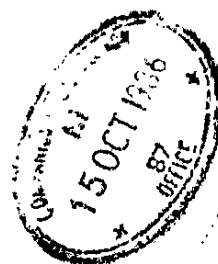
Report and Accounts
December 31, 1985



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London



DOEFLEX LIMITEDDirectors

R. H. C. Bickerton (Chairman)
C. Eccles
T. F. Durkin
Dr. P. J. Palmer

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 Holmathorpe Avenue,
Redhill,
Surrey RH1 2NR.

DOEFLEX LIMITEDDIRECTORS' REPORT

The directors submit their report and group accounts of Doeflex Limited for the year ended December 31, 1985.

Results and dividends

The group trading profit for the year, after taxation, amounted to £406,000 (1984 - £289,000).

The directors recommend the payment of a final ordinary dividend of 11.39p per share, amounting to £23,000, which with preference dividends of £108,000 leaves a profit of £275,000 to be retained.

Review of the business and future developments

The group'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, 1985 and their interests in the share capital of the company were as follows:

	<u>At December 31, 1985</u>	<u>At January 1, 1985</u>
R. H. C. Bickerton (Chairman)	101,000	101,000
	ordinary 'B' shares	ordinary 'B' shares
C. Eccles	30,000	30,000
	ordinary 'B' shares	ordinary 'B' shares
Dr. P. J. Palmer	-	-
T. F. Durkin	-	-

No director held an interest in the preference shares of the company, or in the shares or loan stock of any subsidiary company.

Dr. P. J. Palmer of Development Capital Group Limited represents the interests of CIN Industrial Investments Limited.


DOEFLEX LIMITEDDIRECTORS' REPORT
(continued)Close company status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1970.

Auditors

A resolution to reappoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



J. DENT
Secretary

May 2, 1986



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

4.

Arthur Young

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

REPORT OF THE AUDITORS TO THE MEMBERS OF DOEFLEX LIMITED

We have audited the accounts on pages 5 to 20 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 affairs of the company and the group at December 31, 1985 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

May 2, 1986

DOEFLEX LIMITED AND SUBSIDIARIES

5.

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>Notes</u>	<u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Turnover	2		10,745	9,466
Cost of sales			7,827	6,993
			-----	-----
Gross profit			2,918	2,473

Distribution costs		300		284
Administrative expenses		1,864		1,603
		-----		-----
			2,164	1,887
			-----	-----
Operating profit	3		754	586

Interest payable	5		115	147
			-----	-----
Profit on ordinary activities before taxation			639	439

Tax on profit on ordinary activities	6		233	150
			-----	-----
Profit on ordinary activities after taxation, attributable to members of the holding company			406	289

Dividends	7		131	109
			-----	-----
			275	180

Retained profit brought forward			382	202
			-----	-----
Retained profit carried forward			657	382
			=====	=====
The profit for the year, attributable to members of the holding company is dealt with as follows:				
In the accounts of the holding company			131	110
Retained by subsidiary companies			275	179
			-----	-----
			406	289
			=====	=====

The notes on pages 9 to 20 form part of these accounts

DOEFLEX LIMITED AND SUBSIDIARIES

6.

GROUP BALANCE SHEET AT DECEMBER 31, 1985

	<u>Notes</u>	£'000	<u>1985</u> £'000	<u>1984</u> £'000
Fixed assets:				
Intangible assets	8		-	30
Tangible assets	9		1,778	1,693
			<u>1,778</u>	<u>1,723</u>
Current assets:				
Stocks	11	1,093		1,024
Debtors	12	2,525		2,295
Cash at bank and in hand		3		4
		<u>3,621</u>		<u>3,323</u>
Creditors: amounts falling due within one year	13	2,696		2,665
			925	658
Net current assets			<u>2,703</u>	<u>2,367</u>
Total assets less current liabilities				
Creditors: amounts falling due after more than one year	14		254	252
Provision for liabilities and charges:				
Deferred taxation	17		382	337
			<u>2,067</u>	<u>1,792</u>
Capital and reserves:				
Called up share capital	18		1,150	1,150
Reserves	19		917	642

R. H. C. BICKERTON)

) Directors

C. ECCLES)

May 2, 1986

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The notes on pages 9 to 20 form part of these accounts

DOEFLEX LIMITEDBALANCE SHEET AT DECEMBER 31, 1985

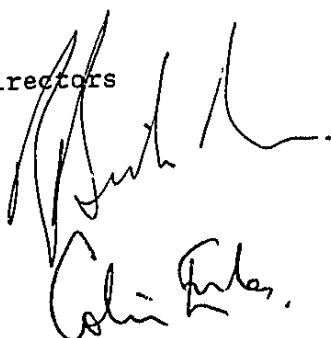
	<u>Notes</u>	£'000	<u>1985</u> £'000	<u>1984</u> £'000
Fixed assets:				
Tangible assets	9		56	40
Investments:				
Investment in subsidiaries	10		284	354
			<u>340</u>	<u>394</u>
Current assets:				
Debtors	12	1,569		1,610
Creditors: amounts falling due within one year	13	<u>614</u>		<u>598</u>
Net current assets			955	1,012
Total assets less current liabilities			<u>1,295</u>	<u>1,406</u>
Creditors: amounts falling due after more than one year	14		135	245
Provision for liabilities and charges:				
Deferred taxation	17		1	2
			<u>1,159</u>	<u>1,159</u>
Capital and reserves:				
Called up share capital	18		1,150	1,150
Profit and loss account	19		9	9

R. H. C. BICKERTON

) Directors

C. ECCLES

May 2, 1986


1,1591,159

DOEFLEX LIMITED AND SUBSIDIARIES

8.

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1985

	£'000	1985 £'000	1984 £'000
SOURCE OF FUNDS:			
Profit on ordinary activities before taxation		639	439
Adjustment for items not involving the movement of funds:			
Depreciation		301	292
Loss on disposal of fixed assets		1	-
Intangible asset written off		30	-
		971	731
APPLICATION OF FUNDS:			
Capital expenditure:			
Purchase of tangible fixed assets	(430)		(305)
Proceeds of disposal of tangible fixed assets	43		25
		(387)	(280)
Decrease/(Increase) in working capital:			
Stocks	(69)		(21)
Debtors	(247)		(3)
Creditors	482		(386)
		166	(410)
Loans repaid	(99)		(434)
Dividends paid	(109)		(115)
Taxation paid	(18)		(67)
Finance leases repaid	(26)		(25)
		(252)	(641)
Overall increase/(decrease) in liquid funds		498	(600)
Overall increase/(decrease) is made up of:			
Cash at bank and in hand		(1)	1
Bank overdraft		499	(601)
		498	(600)

The notes on pages 9 to 20 form part of these accounts

NOTES TO THE ACCOUNTS AT DECEMBER 31, 19851. Accounting policiesAccounting convention

The accounts are prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of Doeflex Limited and all its subsidiaries made up to December 31, 1985. The group profit and loss account includes the results of all subsidiaries for the twelve months from January 1, 1985. No profit and loss account is presented for Doeflex Limited as permitted by S.228(7) of the Companies Act 1985.

The reserve arising on consolidation represents the excess of the fair value over the purchase price of the net assets acquired, and is carried forward as part of group reserves.

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:

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 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
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. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(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 over its expected useful life.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, with the exception of foreign currency borrowings to the extent that they are used to provide a hedge against foreign currency debtors, in which case the rate ruling at the date of the transaction is used. Transactions 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.

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 and group profit

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:

	£'000	<u>1985</u> %	£'000	<u>1984</u> %
United Kingdom	8,790	82	7,624	81
Europe	1,319	12	1,421	15
Other	636	6	421	4
	-----	----	-----	----
	10,745	100	9,466	100
	=====	====	=====	=====

DOEFLEX LIMITED AND SUBSIDIARIESNOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)3. Group profit

	<u>1985</u> £'000	<u>1984</u> £'000
(a) This is stated after charging or crediting:		
Directors' remuneration (see below)	149	110
Depreciation	301	292
Hire of plant and machinery	-	11
Auditors' remuneration	15	13
Loss on sale of fixed assets	1	-
Finance charges	7	7
Intangible asset written off	30	-
Operating lease rentals - land and buildings	84	84
	=====	=====
(b) Directors' remuneration:	11	10
Fees		
Other emoluments (including pension contributions)	138	100
	=====	=====
	149	110
	=====	=====
Emoluments (excluding pension contributions) of the chairman and highest paid director	£48,583	£38,462
	=====	=====

The emoluments (excluding pension contributions) of the other directors fell within the following ranges:

	<u>1985</u> No.	<u>1984</u> No.
£10,001 - £15,000	1	1
£20,001 - £25,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-

The number of directors waiving emoluments were Nil (1984 - 2).

	<u>1985</u>	<u>1984</u>
Aggregate amount of emoluments waived	£ Nil	£ 4,000
	=====	=====

4. Staff costs

	<u>1985</u> £'000	<u>1984</u> £'000
Wages and salaries	1,266	1,180
Social security costs	123	123
Other pension costs	49	62
	=====	=====
	1,438	1,365
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

4. Staff costs
(continued)

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

	<u>1985</u> No.	<u>1984</u> No.
Office and management	35	30
Manufacturing	90	92
	---	---
	125	122
	===	===

5. Interest payable

	<u>1985</u> £'000	<u>1984</u> £'000
Bank loans and overdrafts	115	147
	===	===

6. Tax on profit on ordinary activities

The group taxation charge is made up as follows:

	<u>1985</u> £'000	<u>1984</u> £'000
Based on the profit for the year:		
Corporation tax at an effective rate of 41.25%		
(1984 - 43%)	309	70
Deferred taxation	(36)	80
Advance corporation tax written back	(36)	-
	---	---
	237	150
Taxation over provided in previous years:		
Corporation tax	(4)	-
	---	---
	233	150
	===	===

7. Dividends

	<u>1985</u> £'000	<u>1984</u> £'000
Preference - paid	71	71
- accrued	37	24
Ordinary - final proposed	23	14
	---	---
	131	109
	===	===

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)8. Intangible fixed assets

	£'000
Net book value at January 1, 1985	30
Written off during the year	30

Net book value at December 31, 1985	-
	===

Intangible fixed assets represent the cost of technology purchased during 1984.

9. Tangible fixed assets

Group	Land buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost:					
At January 1, 1985	229	2,581	63	179	3,052
Additions	94	259	13	64	430
Disposals	-	(34)	-	(62)	(96)
	---	---	---	---	---
At December 31, 1985	323	2,806	76	181	3,386
	---	---	---	---	---
Depreciation:					
At January 1, 1985	23	1,204	49	83	1,359
Provided during the year	11	252	5	33	301
Disposals	-	(18)	-	(34)	(52)
	---	---	---	---	---
At December 31, 1985	34	1,438	54	82	1,608
	---	---	---	---	---
Net book value:					
At December 31, 1985	289	1,368	22	99	1,778
	===	=====	===	===	=====
Net book value:					
At January 1, 1985	206	1,377	14	96	1,693
	===	=====	===	===	=====

The net book value of land and buildings comprises:

	Group	
	1985 £'000	1984 £'000
Freehold	219	155
Short leasehold	70	50
	---	---
	289	205
	===	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

9. Tangible fixed assets
(continued)

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

Group £'000

Cost: 129
At January 1, 1985 ===

At December 31, 1985 129
===

Depreciation: 39

At January 1, 1985 13

Provided during the year ---

At December 31, 1985 52
===

Net book amounts: 77

At December 31, 1985 ===

At January 1, 1985 90
===

Company

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation:				
At January 1, 1985	67	2	20	89
Additions	7	8	-	15
Transfers from group companies	-	-	29	29
At December 31, 1985	74	10	49	133
Depreciation:				
At January 1, 1985	36	1	12	49
Provided during the year	15	1	9	25
Transfers from group companies	-	-	3	3
At December 31, 1985	51	2	24	77
Net book value:				
At December 31, 1985	23	8	25	56
Net book value:				
At January 1, 1985	31	1	8	40

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

10. Investments

Company	Group companies £'000
Cost:	
At January 1, and December 31, 1985	354 -----
Amortisation:	
At January 1, 1985	-
Provided during the year	70 -----
At December 31, 1985	70 -----
Net book value:	
At December 31, 1985	284 =====
At January 1, 1985	354 =====

The group holds more than 10% of the equity of the following company:

<u>Name of company</u>	<u>Country of registration and operation</u>	<u>Holding</u>	<u>Proportion held</u>	<u>Nature of business</u>
Doeflex Industries Limited	England	Ordinary shares	100%	Processing of thermoplastic materials

The company also holds 100% of the share capital of C. Mostyn Limited and Phonoplas Services Limited (through Doeflex Industries Limited). Neither companies traded during the year.

11. Stocks

	Group	
	1985 £'000	1984 £'000
Raw materials and consumables	578	566
Finished goods and goods for resale	515	458
	-----	-----
	1,093	1,024
	=====	=====

DOEFLEX LIMITED AND SUBSIDIARIESNOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)12. Debtors

	Group		Company	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Corporation tax recoverable	-	17	-	-
Trade debtors	2,467	2,170	2	-
Amount owed by subsidiaries	-	-	1,528	1,509
Other debtors	8	48	1	-
Prepayments and accrued income	50	60	15	5
Advance corporation tax recoverable	-	-	23	96
	<u>2,525</u>	<u>2,295</u>	<u>1,569</u>	<u>1,610</u>

The amounts in respect of advance corporation tax and the amounts owed by subsidiaries are recoverable after more than one year.

13. Creditors: amounts falling due within one year

	Group		Company	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Current instalments due on loans (note 16)	81	89	81	89
Bank overdraft (see below)	251	750	251	385
Obligations under finance leases (note 15)	19	26	19	26
Trade creditors	1,705	1,394	20	13
Current corporation tax	21	13	13	13
Other taxes and social security costs	204	91	39	16
Other creditors and accruals	355	264	46	31
Proposed dividends	60	38	60	38
Amounts due to subsidiaries	-	-	85	-
	<u>2,696</u>	<u>2,665</u>	<u>614</u>	<u>598</u>

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

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

14. Creditors: amounts falling due after more than one year

	Group		Company	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Corporation tax on profit for the year (due June 1, 1987)	119	7	-	-
Loans (note 16)	135	226	135	226
Long term obligations under finance leases (note 15)	-	19	-	19
	---	---	---	---
	254	252	135	245
	===	===	===	===

15. Obligations under leases

	1985 £'000	1984 £'000
Year ending December 31, 1985	-	33
December 31, 1986	24	24
	---	---
	24	57
Less: Finance charges allocated to future periods	5	12
	---	---
	19	45
	===	===
Finance leases shown as:	19	26
Current obligations	-	19
Non-current obligations	---	---
	19	45
	===	===

Operating lease commitments

At December 31, 1985 the group's aggregate commitments under non cancellable operating leases were as set out below:

	1985 £'000	1984 £'000
Land and buildings:		
Operating leases which expire in over 5 years	867	951
	===	===

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

16. Loans

	Group and company	
	<u>1985</u> £'000	<u>1984</u> £'000
Not wholly repayable within five years	155	170
Wholly repayable within five years	61	145
	---	---
	216	315
Amount due within one year (included in creditors: amounts falling due within one year)	81	89
	---	---
	135	226
	===	===
	<u>1985</u> £'000	<u>1984</u> £'000
Instalments not due within five years	55	80
	===	===

Details of loans not wholly repayable within five years are as follows:

Group and company

	<u>1985</u> £'000	<u>1984</u> £'000
Secured loan repayable in quarterly instalments of £16,250. The rate of interest is 2½% over the London Interbank Offer Rate	155	170
	===	===

The company has the right to repay this loan faster, but in multiples of £50,000.

17. Deferred taxation

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

Group	<u>Provision</u>		<u>Potential</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital allowances in advance of depreciation	408	444	408	444
Less: Advance corporation tax	(26)	(107)	(26)	(107)
	---	---	---	---
	382	337	382	337
	===	===	===	===

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)17. Deferred taxation
(continued)

Company	<u>Provision</u>		<u>Potential</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital allowances in advance of depreciation	4	8	4	8
Less: Advance corporation tax	(3)	(6)	(3)	(6)
	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
	=====	=====	=====	=====

18. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1985</u> No.	<u>1984</u> No.	<u>1985</u> £	<u>1984</u> £
Ordinary 'A' shares of £1 each	51,000	51,000	51,000	51,000
Ordinary 'B' shares of £1 each	149,000	149,000	149,000	149,000
Cumulative convertible Redeemable participating Preference shares of £1 each	950,000	950,000	950,000	950,000
	<u>1,150,000</u>	<u>1,150,000</u>	<u>£1,150,000</u>	<u>£1,150,000</u>
	=====	=====	=====	=====

The company shall redeem at par all preference shares between January 31, 1989 and December 31, 1991 and at no other time or times unless the holders of such preference shares shall otherwise agree. The company shall give notice in writing of its intention to redeem the preference shares at least one month before the redemption date fixed in such notice. No preference shares shall be redeemed unless 50,000 preference shares are redeemed at the same time.

The ordinary 'A' shares and the preference shares are held by CIN Industrial Investments Limited (National Coal Board Pension and Superannuation Funds).

19. Reserves

	<u>Group</u>		<u>Company</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital reserves (arising on consolidation)	260	260	-	-
Profit and loss account	657	382	9	9
	<u>917</u>	<u>642</u>	<u>9</u>	<u>9</u>
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

20. Capital commitments

	<u>1985</u>	<u>1984</u>
Group		
Contracted for but not provided in the accounts	£ 311 =====	£ - =====
Authorised by the directors but not contracted	£ 252 =====	£ 32 =====

21. Transactions with directors

Mr. C. Eccles was given a temporary loan on which he paid interest at 13 3/4%.

Amount outstanding at the end of the year	£ - =====
Amount outstanding at the beginning of the year	£ - =====
Maximum outstanding during the year	£14,350 =====

22. Contingent liabilities

At the end of the year, all companies within the Doeflex Group were party to an agreement with its bankers whereby all banking transactions are dealt with through a joint account, and the companies have a joint and several guarantee for the total amount outstanding. At December 31, 1985 the total overdraft was £251,000.

The guarantee is supported by a debenture over the assets of the Doeflex Group.

23. Pension commitments

The group contributes to individual private pension schemes for directors and senior employees.

There was no liability in respect of the above schemes at December 31, 1985. The group intend to continue their current contribution to annual premiums.

DOEFLEX LIMITED AND SUBSIDIARIES

11.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)3. Group profit

	<u>1985</u> £'000	<u>1984</u> £'000
(a) This is stated after charging or crediting:		
Directors' remuneration (see below)	149	110
Depreciation	301	292
Hire of plant and machinery	-	11
Auditors' remuneration	15	13
Loss on sale of fixed assets	1	-
Finance charges	7	7
Intangible asset written off	30	-
Operating lease rentals - land and buildings	84	84
	=====	=====
(b) Directors' remuneration:		
Fees	11	10
Other emoluments (including pension contributions)	138	100
	-----	-----
	149	110
	=====	=====
Emoluments (excluding pension contributions) of the chairman and highest paid director	£48,583	£38,462
	=====	=====

The emoluments (excluding pension contributions) of the other directors fell within the following ranges:

	<u>1985</u> No.	<u>1984</u> No.
£10,001 - £15,000	1	1
£20,001 - £25,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-

The number of directors waiving emoluments were Nil (1984 - 2).

	<u>1985</u>	<u>1984</u>
Aggregate amount of emoluments waived	£ Nil	£ 4,000
	=====	=====

4. Staff costs

	<u>1985</u> £'000	<u>1984</u> £'000
Wages and salaries	1,266	1,180
Social security costs	123	123
Other pension costs	49	62
	-----	-----
	1,438	1,365
	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

4. Staff costs
(continued)

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

	<u>1985</u> No.	<u>1984</u> No.
Office and management	35	30
Manufacturing	90	92
	---	---
	125	122
	===	===

5. Interest payable

	<u>1985</u> £'000	<u>1984</u> £'000
Bank loans and overdrafts	115	147
	===	===

6. Tax on profit on ordinary activities

The group taxation charge is made up as follows:

	<u>1985</u> £'000	<u>1984</u> £'000
Based on the profit for the year:		
Corporation tax at an effective rate of 41.25% (1984 - 43%)	309	70
Deferred taxation	(36)	80
Advance corporation tax written back	(36)	-
	---	---
	237	150
Taxation over provided in previous years:		
Corporation tax	(4)	-
	---	---
	233	150
	===	===

7. Dividends

	<u>1985</u> £'000	<u>1984</u> £'000
Preference - paid	71	71
- accrued	37	24
Ordinary - final proposed	23	14
	---	---
	131	109
	===	===

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

8. Intangible fixed assets

£'000

Net book value at January 1, 1985 30
Written off during the year 30

Net book value at December 31, 1985 ---

Intangible fixed assets represent the cost of technology purchased during 1984.

9. Tangible fixed assets

Group

	Land buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost:					
At January 1, 1985	229	2,581	63	179	3,052
Additions	94	259	13	64	430
Disposals	---	(34)	---	(62)	(96)
At December 31, 1985	323	2,806	76	181	3,386
Depreciation:					
At January 1, 1985	23	1,204	49	83	1,359
Provided during the year	11	252	5	33	301
Disposals	---	(18)	---	(34)	(52)
At December 31, 1985	34	1,438	54	82	1,608
Net book value:					
At December 31, 1985	289	1,368	22	99	1,778
Net book value:					
At January 1, 1985	206	1,377	14	96	1,693

The net book value of land and buildings comprises:

	Group	
	1985 £'000	1984 £'000
Freehold	219	155
Short leasehold	70	50
	289	205

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

9. Tangible fixed assets
(continued)

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

Group	£'000
Cost:	129
At January 1, 1985	===
At December 31, 1985	129 ===
Depreciation:	39
At January 1, 1985	13
Provided during the year	---
At December 31, 1985	52 ===
Net book amounts:	77
At December 31, 1985	===
At January 1, 1985	90 ===

Company	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation:				89
At January 1, 1985	67	2	20	15
Additions	7	8	-	
Transfers from group companies	-	-	29	29
At December 31, 1985	74 ---	10 ---	49 ---	133 ---
Depreciation:				49
At January 1, 1985	36	1	12	25
Provided during the year	15	1	9	
Transfers from group companies	-	-	3	5
At December 31, 1985	51 ---	2 ---	24 ---	77 ---
Net book value:				56
At December 31, 1985	23 ===	8 ===	25 ===	56 ===
Net book value:				40
At January 1, 1985	31 ---	1 ---	8 ---	40 ---

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

10. Investments

Company	Group companies £'000
Cost:	
At January 1, and December 31, 1985	354

Amortisation:	
At January 1, 1985	-
Provided during the year	70

At December 31, 1985	70

Net book value:	
At December 31, 1985	284
	=====
At January 1, 1985	354
	=====

The group holds more than 10% of the equity of the following company:

<u>Name of company</u>	<u>Country of registration and operation</u>	<u>Holding</u>	<u>Proportion held</u>	<u>Nature of business</u>
Doeflex Industries Limited	England	Ordinary shares	100%	Processing of thermoplastic materials

The company also holds 100% of the share capital of C. Mostyn Limited and Phonoplas Services Limited (through Doeflex Industries Limited). Neither companies traded during the year.

11. Stocks

11. <u>Stocks</u>		Group
	1985 £'000	1984 £'000
Raw materials and consumables	578	566
Finished goods and goods for resale	515	458
	<hr/>	<hr/>
	1,093	1,024
	<hr/>	<hr/>

DOEFLEX LIMITED AND SUBSIDIARIESNOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)12. Debtors

	Group		Company	
	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Corporation tax recoverable	-	17	-	-
Trade debtors	2,467	2,170	2	-
Amount owed by subsidiaries	-	-	1,528	1,509
Other debtors	8	48	1	-
Prepayments and accrued income	50	60	15	5
Advance corporation tax recoverable	-	-	23	96
	<u>2,525</u> <u>=====</u>	<u>2,295</u> <u>=====</u>	<u>1,569</u> <u>=====</u>	<u>1,610</u> <u>=====</u>

The amounts in respect of advance corporation tax and the amounts owed by subsidiaries are recoverable after more than one year.

13. Creditors: amounts falling due within one year

	Group		Company	
	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Current instalments due on loans (note 16)	81	89	81	89
Bank overdraft (see below)	251	750	251	385
Obligations under finance leases (note 15)	19	26	19	26
Trade creditors	1,705	1,394	20	13
Current corporation tax	21	13	13	13
Other taxes and social security costs	204	91	39	16
Other creditors and accruals	355	264	46	31
Proposed dividends	60	38	60	38
Amounts due to subsidiaries	-	-	85	-
	<u>2,696</u> <u>=====</u>	<u>2,665</u> <u>=====</u>	<u>614</u> <u>=====</u>	<u>598</u> <u>=====</u>

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

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

14. Creditors: amounts falling due after more than one year

	Group		Company	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Corporation tax on profit for the year (due June 1, 1987)	119	7	-	-
Loans (note 16)	135	226	135	226
Long term obligations under finance leases (note 15)	-	19	-	19
	254	252	135	245
	===	===	===	===

15. Obligations under leases

	1985 £'000	1984 £'000
Year ending December 31, 1985	-	33
December 31, 1986	24	24
	24	57
Less: Finance charges allocated to future periods	5	12
	19	45
	===	===
Finance leases shown as:	19	26
Current obligations	-	19
Non-current obligations	19	45
	===	===

Operating lease commitments

At December 31, 1985 the group's aggregate commitments under non cancellable operating leases were as set out below:

	1985 £'000	1984 £'000
Land and buildings:		
Operating leases which expire in over 5 years	867	951
	===	===

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

16. Loans

	Group and company	
	<u>1985</u> £'000	<u>1984</u> £'000
Not wholly repayable within five years	155	170
Wholly repayable within five years	61	145
	---	---
	216	315
Amount due within one year (included in creditors: amounts falling due within one year)	81	89
	---	---
	135	226
	---	---
	<u>1985</u> £'000	<u>1984</u> £'000
Instalments not due within five years	55	80
	---	---

Details of loans not wholly repayable within five years are as follows:

	Group and company	
	<u>1985</u> £'000	<u>1984</u> £'000
Secured loan repayable in quarterly instalments of £16,250. The rate of interest is 2½% over the London Interbank Offer Rate	155	170
	---	---

The company has the right to repay this loan faster, but in multiples of £50,000.

17. Deferred taxation

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

Group	<u>Provision</u>		<u>Potential</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital allowances in advance of depreciation	408	444	408	444
Less: Advance corporation tax	(26)	(107)	(26)	(107)
	---	---	---	---
	382	337	382	337
	---	---	---	---

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)17. Deferred taxation
(continued)

Company	<u>Provision</u>		<u>Potential</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital allowances in advance of depreciation	4	8	4	8
Less: Advance corporation tax	(3)	(6)	(3)	(6)
	----- 1	----- 2	----- 1	----- 2
	=====	=====	=====	=====

18. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1985</u> No.	<u>1984</u> No.	<u>1985</u> £	<u>1984</u> £
Ordinary 'A' shares of £1 each	51,000	51,000	51,000	51,000
Ordinary 'B' shares of £1 each	149,000	149,000	149,000	149,000
Cumulative convertible Redeemable participating Preference shares of £1 each	950,000	950,000	950,000	950,000
	----- 1,150,000	----- 1,150,000	----- £1,150,000	----- £1,150,000
	=====	=====	=====	=====

The company shall redeem at par all preference shares between January 31, 1989 and December 31, 1991 and at no other time or times unless the holders of such preference shares shall otherwise agree. The company shall give notice in writing of its intention to redeem the preference shares at least one month before the redemption date fixed in such notice. No preference shares shall be redeemed unless 50,000 preference shares are redeemed at the same time.

The ordinary 'A' shares and the preference shares are held by CIN Industrial Investments Limited (National Coal Board Pension and Superannuation Funds).

19. Reserves

	<u>Group</u>		<u>Company</u>	
	<u>1985</u> £'000	<u>1984</u> £'000	<u>1985</u> £'000	<u>1984</u> £'000
Capital reserves (arising on consolidation)	260	260	-	-
Profit and loss account	657	382	9	9
	----- 917	----- 642	----- 9	----- 9
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1985
(continued)

20. Capital commitments

	<u>1985</u>	<u>1984</u>
Group		
Contracted for but not provided in the accounts	£ 311 =====	£ - =====
Authorised by the directors but not contracted	£ 252 =====	£ 32 =====

21. Transactions with directors

Mr. C. Eccles was given a temporary loan on which he paid interest at 13 3/4%.

Amount outstanding at the end of the year	£ - =====
Amount outstanding at the beginning of the year	£ - =====
Maximum outstanding during the year	£14,350 =====

22. Contingent liabilities

At the end of the year, all companies within the Doeflex Group were party to an agreement with its bankers whereby all banking transactions are dealt with through a joint account, and the companies have a joint and several guarantee for the total amount outstanding. At December 31, 1985 the total overdraft was £251,000.

The guarantee is supported by a debenture over the assets of the Doeflex Group.

23. Pension commitments

The group contributes to individual private pension schemes for directors and senior employees.

There was no liability in respect of the above schemes at December 31, 1985. The group intend to continue their current contribution to annual premiums.