

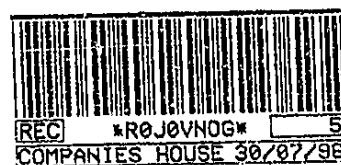
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**VICTAULIC PLC**

**Directors' Report and Accounts**

30 December 1995

Co No 1698059



**VICTAULIC PLC**

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**REPORT OF THE DIRECTORS**

The directors present their report for the year ended 30 December 1995 together with the audited accounts of the company.

**1. Accounts**

The profit and loss account is set out on page 6. The directors have declared or now recommend the following dividends in respect of the year ended 30 December 1995:

	£
<b>Ordinary dividends</b>	
Interim paid	543,857

**2. Principal activities**

The principal activity of the company is the manufacture and supply of polyethylene pipes and fittings, mechanical pipe jointing systems, valves, rubber gaskets and engineering plastics for use by water, gas and other industrial undertakings.

**3. Review of business and post balance sheet events**

Kunststoffwerk Höhn GmbH was acquired in January 1995 for a purchase consideration of DM5.0 million.

Dairy Pipe-Lines Limited was acquired in February 1995 for a purchase consideration of £2.0 million.

On the 20 August 1995, Glynwed International plc acquired the entire share capital of Victaulic PLC. From 1 January 1996 Victaulic PLC ceased trading and has been sub-divided into its constituent businesses which now operate as business units within the various divisions and subsidiaries of Glynwed International plc as follows:-

<b>Glynwed Plastics Limited</b>	<b>Glynwed Foundry Products Limited</b>	<b>Glynwed Engineering Limited</b>
Stewarts & Lloyds Plastics Action Hose Couplings Victaulic Industrial Polymers CE Heinke & Company	Viking Johnson Viking Johnson Fabricators Victaulic Systems	Insoll components PTFE Fabricators Stainless Fittings Lindapter International

Victaulic PLC's 51% stake in Blakeborough Valves Pte Ltd was disposed of in early January 1996.

**4. Research and development**

Throughout 1995 the company has continued its policy of investment in research and development by maximising the use of its internal resources.

All manufacturing processes continue to enjoy appropriate levels of development and the board encourages and supports the introduction of appropriate new technology.

REPORT OF THE DIRECTORS (continued)

5. Tangible fixed assets

The movements of tangible fixed assets during the period are set out in note 10 on page 14. Freehold land and buildings were valued at 30th December 1995.

6. Directors

The directors of the company during the period were:-

E J Pratt	
J C Blakeley	(appointed 1 September 1995)
D L Milne	(appointed 1 September 1995)
B Doyle	(appointed 20 December 1995)
E J Seddon	(resigned 4 January 1995)
D C Winch	(resigned 22 April 1995)
H M Lang	(appointed 4 January 1995; resigned 1 September 1995)
P W Parkin	(resigned 1 September 1995)
J S Singleton	(resigned 1 November 1995)
D C Stewart	(resigned 28 November 1995)
R Legrand	(resigned 19 December 1995)

7. Directors' interests

Interests in shares

The interest of the directors in the shares of the company, all of which were beneficial were:

	30 December 1995	30 December 1994
Mr E J Pratt	Nil	4,000

Apart from the interests disclosed above no directors had interests at any time during the year in the share capital of the company.

The interests of the directors in the ultimate holding company, Glynwed International plc, according to the register kept under Section 325 of the Companies act 1985 were:

	30 December 1995	30 December 1994
Mr E J Pratt	13,000 ordinary shares	Nil

The interests of J C Blakeley, D L Milne and B Doyle are shown in the accounts of the ultimate holding company, Glynwed International plc.

## REPORT OF THE DIRECTORS (continued)

## 7. Directors' interests (continued)

## Interests in share options

VICTAULIC PLC Ordinary shares of 25p each						
	At beginning of period	Options granted	Options exercised	At end of period	Exercise price	Market price at exercise
	Number	Number	Number	Number	P	P
E J Pratt						
Executive scheme	50,000	-	50,000	-	292	358
Executive scheme	30,000	-	30,000	-	294	358
Savings related scheme	2,857	-	2,857	-	210	358

## 8. Disabled persons

All applications for employment from disabled persons are given proper consideration and those recruited receive training, career development and promotion as their case warrants. Special attention is given to the particular needs of individuals who become disabled whilst employed by the company, including redeployment to other work if that is necessary and practicable.

## 9. Employee participation

Victaulic continues to encourage employee involvement and participation. At a local level communication may take the form of briefings of joint consultative meetings. These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

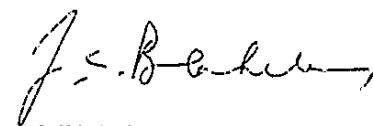
## 10. Donations

During the period the company gave £26,812 (1994: £17,220) for charitable purposes in the UK.

## 11. Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the Board



J C Blakeley  
Director

24th July 1996

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 5, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 6 to 20 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The financial statements have, where applicable, been prepared on the going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
VICTAULIC PLC**

We have audited the financial statements on pages 6 to 20.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

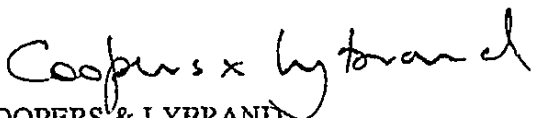
**Basis of opinion**

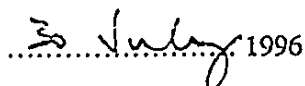
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 December 1995 and of its profit and total recognised losses for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND  
Chartered Accountants and Registered Auditors  
Milton Keynes

 30 July 1996

**PROFIT AND LOSS ACCOUNT  
FOR THE 52 WEEKS ENDED 30 DECEMBER 1995**

	Notes	Discontinued operations 1995 £	1994 £
Turnover	2	88,150,732	84,389,499
Net operating costs	4	(81,853,448)	(75,456,329)
Operating profit		6,297,284	8,933,170
Loss on disposal of subsidiary undertakings	11	(4,316,920)	-
Profit on ordinary activities before interest		1,980,364	8,933,170
Dividends receivable		1,890,512	-
Interest payable	7	(239,973)	(43,424)
Interest receivable	8	589,322	582,719
Profit on ordinary activities before taxation		4,220,225	9,472,465
Tax on profit on ordinary activities	9	(2,128,469)	(3,720,200)
Profit on ordinary activities after taxation		2,091,756	5,752,265
Interim dividend paid		(543,857)	(3,812,819)
Retained profit for the period, transferred to reserves		1,547,899	1,939,446

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1995 £	1994 £
Profit on ordinary activities after taxation	2,091,756	5,752,265
Revaluation (deficit)/surplus	(5,146,237)	5,058,000
Total gains and losses recognised	(3,054,481)	10,810,265

**NOTE OF HISTORICAL COST PROFIT AND LOSSES**

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

## BALANCE SHEET - 30 DECEMBER 1995

	Notes	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	10	21,532,129	27,722,305
Fixed asset investments	11	23,179,788	20,176,255
		<u>44,711,917</u>	<u>47,898,560</u>
<b>Current assets</b>			
Stocks	13	10,889,397	11,939,978
Debtors	14	26,088,095	20,251,735
Cash at bank and in hand		275,430	8,044,588
<b>Total current assets</b>		<u>37,252,922</u>	<u>40,236,301</u>
<b>Creditors</b>			
Amounts falling due within one year	15	(23,833,172)	(29,506,964)
Bank loans & overdrafts		(2,962,453)	-
<b>Net current assets</b>		<u>10,457,297</u>	<u>10,729,337</u>
<b>Total assets less current liabilities</b>		<u>55,169,214</u>	<u>58,627,897</u>
Amounts falling due after more than one year	17	(128,662)	(161,726)
Deferred taxation	18	-	(872,339)
<b>Total net assets</b>		<u>55,040,552</u>	<u>57,593,832</u>
<b>Capital and reserves</b>			
Called up share capital	19	11,189,461	11,082,664
Share premium account	20	1,690,163	751,902
Revaluation reserve	20	4,117,306	9,193,067
Profit and loss account	20	31,141,622	29,664,199
Merger reserve	20	6,902,000	6,902,000
<b>Equity share capital and reserves</b>		<u>55,040,552</u>	<u>57,593,832</u>



E J Pratt  
Director  
24th July 1996



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NOTES TO THE ACCOUNTS**1. Accounting policies**

The following statements outline the main accounting policies of the company:

**Basis of accounting**

The historical cost convention is used for the preparation of the accounts except where adjusted for revaluations of certain fixed assets.

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.

The company's holding company has included a consolidated group cash flow statement in compliance with the Financial Reporting Standard No.1 FRS1. The company has therefore taken advantage of the exemption under the standard not to produce a cash flow statement.

**Depreciation**

Depreciation is calculated using the straight line method on the cost or valuation of fixed assets. The estimated useful lives are as follows:

Freehold and long leasehold buildings	50 years
Plant and machinery	4 to 25 years
Fixtures, fittings, tools and equipment	4 to 10 years

No depreciation is charged on freehold land or assets in course of construction.

**Leases**

Assets held under finance leases and hire purchase contracts are integrated with owned tangible fixed assets and the obligations relating thereto, excluding finance charges, are included in creditors. Costs in respect of operating leases are charged in arriving at the operating profit.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost includes all appropriate production overheads and full provision has been made for obsolete and slow moving items.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is provable that a liability or asset will crystallise.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date unless matched by forward contracts. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

## NOTES TO THE ACCOUNTS (continued)

## 1. Accounting policies (continued)

**Pension costs**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services.

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

## 2. Analysis of turnover

The geographical analysis of turnover by destination is as follows:

	1995	1994
	£	£
United Kingdom	69,422,471	69,167,268
Europe	11,661,084	10,047,996
Middle East	2,544,955	705,904
Asia and Australia	2,835,695	2,274,204
America	1,210,809	1,224,782
Southern Africa	475,718	969,345
<b>Total turnover</b>	<b>88,150,732</b>	<b>84,389,499</b>

All turnover originated in the United Kingdom.