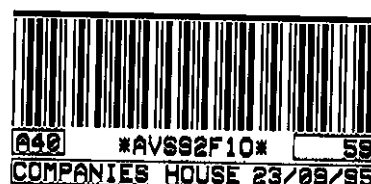


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PHOENIX POLYMERS LIMITED

Company No. 02429814

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1995



Phoenix Polymers Limited

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Phoenix Polymers Limited

Directors

M.G.C. Hart
R.R.R. Ridley

Secretary and Registered Office

R.R.R. Ridley
Pipegate
Market Drayton
Shropshire TF9 4HY

Auditors

Kingston Smith
Devonshire House
146 Bishopsgate
London EC2M 4JX

Bankers

Bank of Scotland
P.O. Box 267
38 Threadneedle Street
London EC2P 2EH

Phoenix Polymers Limited

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31st March 1995.

Principal Activities and Business Review

The principal activities of the group are the processing of polymers, the manufacture of impermeable membranes and the manufacture of cementitious and bitumen products.

On the 16th March 1995 a previously dormant subsidiary, Phoenix Vinyl Compounds Limited, acquired the assets and trade of Epro (UK) Limited from the receiver. This subsidiary changed its name to Epro Limited and commenced trading from that date.

The group has progressed satisfactorily and the directors anticipate it will continue to be profitable.

Results and Dividends

The profit for the year after taxation was £1,138,331 (1994 - £735,435).

Interim dividends of £198,000 were paid during the year. The directors propose a final dividend of £132,000.

Fixed Assets

The movements in fixed assets are shown in note 12 to the financial statements. In the opinion of the directors, the freehold properties do not have a market value significantly in excess of the amounts shown in the financial statements.

Directors

The directors of the company during the year were:

M.G.C. Hart
R.R.R. Ridley

M.G.C. Hart's interest, including family interests, in the share capital of the company at both 31st March 1995 and 31st March 1994 was £22,750, "B" ordinary shares.

R.R.R. Ridley has no beneficial interest in the share capital of the company.

Phoenix Polymers Limited

Report of the Directors (Continued)

Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board

R. Ridley
.....
R.R.R. Ridley
Secretary

30th August 1995.
Pipegate
Market Drayton
Shropshire
TF9 4HY

Phoenix Polymers Limited

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 that the financial statements 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.

Auditors' Report to the Members of Phoenix Polymers Limited

We have audited the financial statements on pages 3 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described above the directors are responsible for the preparation of the 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.

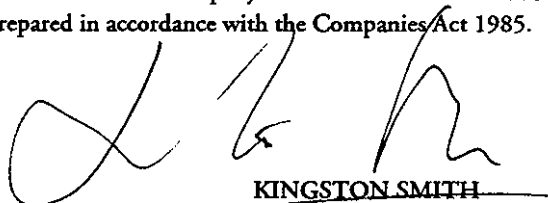
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 31st March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

31st August 1995

Devonshire House,
146 Bishopsgate,
London EC2M 4JX.



KINGSTON SMITH
Chartered Accountants
and Registered Auditors

Phoenix Polymers Limited
Consolidated Profit and Loss Account
For the year ended 31st March 1995

	Note	1995 £	1995 £	1994 £	1994 £
Turnover	2		13,772,833		11,496,487
Cost of sales			<u>9,873,461</u>		<u>8,097,579</u>
Gross Profit			3,899,372		3,398,908
Administrative expenses		1,953,022		1,850,701	
Goodwill amortisation		<u>156,331</u>		<u>156,723</u>	
			<u>2,109,353</u>		<u>2,007,424</u>
			1,790,019		1,391,484
Other operating income	4		<u>64,287</u>		<u>11,517</u>
Operating Profit	6		1,854,306		1,403,001
Interest receivable and similar income	7		56,571		9,622
Interest payable and similar charges	5		<u>169,596</u>		<u>187,298</u>
Profit on Ordinary Activities before Taxation			1,741,281		1,225,325
Taxation	9		<u>602,950</u>		<u>489,890</u>
Profit on Ordinary Activities after Taxation			1,138,331		735,435
Dividends	10		<u>330,000</u>		<u>306,000</u>
Retained Profit for the Year			<u><u>808,331</u></u>		<u><u>429,435</u></u>

There are no recognised gains or losses in the year other than the profit for the year.

Phoenix Polymers Limited

Consolidated Balance Sheet at 31st March 1995

	Note	1995 £	1995 £	1994 £	1994 £
Fixed Assets					
Intangible fixed assets	11		2,028,703		2,183,034
Tangible assets	12		5,764,475		5,623,819
Investments	13		<u>17,000</u>		<u>-</u>
			7,810,178		7,806,853
Current Assets					
Stocks	14	1,265,443		889,646	
Debtors	15	2,778,456		2,072,213	
Cash at bank and in hand		<u>1,805,309</u>		<u>1,298,923</u>	
		5,849,208		4,260,782	
Creditors: Amounts falling due within one year	16	<u>4,312,628</u>		<u>3,297,873</u>	
Net Current Assets			<u>1,536,580</u>		<u>962,909</u>
Total Assets less Current Liabilities			9,346,758		8,769,762
Creditors: Amounts falling due after more than one year	17	2,263,436		2,538,065	
Provisions for Liabilities and Charges	18	<u>655,248</u>		<u>611,954</u>	
			<u>2,918,684</u>		<u>3,150,019</u>
			<u>6,428,074</u>		<u>5,619,743</u>
Capital and Reserves					
Called up share capital - equity interests	19		200,000		200,000
Revaluation reserve	20		541,987		541,987
Profit and loss account	19		<u>5,686,087</u>		<u>4,877,756</u>
			<u>6,428,074</u>		<u>5,619,743</u>

Approved by the Board on 30 Aug 1995

M.G.C. Hart *Michael Hart* Director

Phoenix Polymers Limited

Balance Sheet at 31st March 1995

	Note	1995 £	1995 £	1994 £	1994 £
Fixed Assets					
Tangible assets	12		411,688	-	
Investments	13		<u>3,996,596</u>		<u>3,945,596</u>
			4,408,284		3,945,596
Current Assets					
Stocks	14	-	-	-	
Debtors	15	1,319,768		1,097,846	
Debtors: Amounts recoverable from group undertakings after more than one year		3,224,770		2,980,000	
Cash at bank and in hand		<u>154,000</u>		<u>-</u>	
		4,698,538		4,077,846	
Creditors: Amounts falling due within one year	16	<u>2,432,950</u>		<u>2,031,796</u>	
Net Current Assets			<u>2,265,588</u>		<u>2,046,050</u>
Total Assets less Current Liabilities			6,673,872		5,991,646
Creditors: Amounts falling due after more than one year	17		<u>2,259,665</u>		<u>2,538,065</u>
Net Assets			<u><u>4,414,207</u></u>		<u><u>3,453,581</u></u>
Capital and Reserves					
Called up share capital - equity interests	19		200,000		200,000
Revaluation reserve	20		541,987		541,987
Profit and loss account	19		<u>3,672,220</u>		<u>2,711,594</u>
			<u><u>4,414,207</u></u>		<u><u>3,453,581</u></u>

Approved by the Board on 30 Aug 1995

M.G.C. Hart Michael Hart Director

Phoenix Polymers Limited
Consolidated Cash Flow Statement
For the year ended 31st March 1995

	Note	1995 £	1995 £	1994 £	1994 £
Net Cash Flow from Operating Activities	A		1,791,566		1,782,319
Returns on Investment and Servicing of Finance					
Interest received		53,814		8,731	
Interest paid		(167,693)		(190,094)	
Dividends paid by Phoenix Polymers Limited		<u>(324,000)</u>		<u>(300,000)</u>	
Net Cash Outflow from Returns on Investments and Servicing of Finance			(437,879)		(481,363)
Taxation					
Corporation tax paid (including advance corporation tax)			(415,616)		(454,246)
Investing Activities					
Purchase of tangible fixed assets		(1,090,162)		(376,357)	
Purchase of intangible fixed assets		(25,000)		-	
Receipts from sale of tangible fixed assets		<u>550,190</u>		<u>14,004</u>	
Net Cash Outflow from Investing Activities			(564,972)		(362,353)
Financing Activities					
Repayment of amounts borrowed		(282,565)		-	
Capital element of leasing repayments		<u>(2,468)</u>		<u>-</u>	
			<u>(285,033)</u>		<u>-</u>
Net Cash Inflow/(Outflow before Financing)	C		<u>88,066</u>		<u>484,357</u>

Phoenix Polymers Limited
Notes to the Consolidated Cash Flow Statement
For the year ended 31st March 1995

	1995 £	1994 £	
A Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit	1,855,306	1,403,001	
Depreciation	394,129	446,190	
Amortisation of goodwill	156,331	156,723	
Loss on sale of tangible fixed assets	11,187	29,670	
Increase in stock	(375,797)	(15,286)	
Increase in debtors	(734,061)	(225,247)	
Increase/(decrease) in creditors	484,471	(12,732)	
	<u>1,791,566</u>	<u>1,782,319</u>	
 B Analysis of Changes in Cash and Cash Equivalents during the Year			
	1995 £	1994 £	
Balance at 1st April 1994	181,805	(302,552)	
Net cash inflow	<u>88,066</u>	<u>484,357</u>	
Balance at 31st March 1995	<u>269,871</u>	<u>181,805</u>	
 C Analysis of the Balance of Cash and Cash Equivalents as shown in the Balance Sheet			
	1995 £	1994 £	Change in Year £
Cash at bank and in hand	1,805,309	1,298,923	506,386
Bank overdrafts	<u>(1,535,438)</u>	<u>(1,117,118)</u>	<u>(418,320)</u>
	<u>269,871</u>	<u>181,805</u>	<u>88,066</u>

Phoenix Polymers Limited

Notes to the Financial Statements

For the year ended 31st March 1995

1 Accounting Policies

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover of the group is the amount invoiced to external customers, net of value added tax, trade discounts and other allowances.

Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and all of its subsidiary undertakings made up to the end of the financial year.

The acquisition method of accounting is used to consolidate the results of subsidiary undertakings in the group financial statements. Under acquisition accounting, the results of subsidiary undertakings are included or excluded from the date of acquisition or disposal.

In accordance with the exemptions allowed by Section 230 of the 1985 Companies Act the company has not presented its own profit and loss account.

Depreciation

Depreciation on fixed assets, except freehold land and buildings, is provided at rates estimated to write off the cost or estimated residual value of each asset over its expected useful life as follows:

Sprinkler system	5% straight line
Plant and equipment	8% - 12 1/2% reducing balance
Vehicles	25% reducing balance
Fixtures and fittings	10% reducing balance and 25% straight line

It is the group's policy not to depreciate freehold buildings but to maintain these properties in good condition. Costs of repair and maintenance being charged against revenue in the year in which they are incurred. This has the effect of prolonging the useful life of the building and the amounts charged against revenue approximates to an annual depreciation charge. In this respect, the financial statements do not comply with Statement of Standard Accounting Practice No.12.

Goodwill

Goodwill arising on consolidation is amortised over a period of 20 years. In the opinion of the directors this represents the period over which the group will derive direct economic benefit.

Stock

Stock has been valued at the lower of cost and net realisable value. Cost of finished goods comprise the cost of materials, direct labour and factory overheads.

Deferred Taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Phoenix Polymers Limited

Notes to the Financial Statements

For the year ended 31st March 1995 (Continued)

1 Accounting Policies (Continued)

Research and Development

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

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the sets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension Scheme Arrangements

The main pension schemes of the group are funded by contributions partly from employees and partly from the group at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee administered funds completely independent of the group's finances. The contributions made by the group are charged against the profits on an accruals basis.

2 Turnover

Turnover is attributable to the principal activity of the company which arose as follows:

	1995	1994
	£	£
United Kingdom	10,756,385	9,206,913
Europe, the Middle and Far East	<u>3,016,448</u>	<u>2,289,574</u>
	<u><u>13,772,833</u></u>	<u><u>11,496,487</u></u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

3 Employees	1995 £	1994 £
Staff costs consist of:		
Wages and salaries	2,256,623	1,977,805
Social security costs	225,054	193,248
Other pension costs	97,816	99,750
	<u>2,579,493</u>	<u>2,270,803</u>

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

	Number	Number
Production	106	95
Administration	50	41
	<u>156</u>	<u>136</u>

4 Other Operating Income	1995 £	1994 £
Proceeds from disposal of carpet protector business	56,000	-
Other sundry income	8,287	11,517
	<u>64,287</u>	<u>11,517</u>

During the year the group disposed of the non core activity of producing PVC carpet protector. The directors consider that this disposal has no material effect on the nature and focus of the group's operations and that separate disclosure of the results of the discontinued activity is therefore not required under FRS 3.

5 Interest Payable and Similar Charges	1995 £	1994 £
Bank loans, overdrafts and other loans wholly repayable within five years	93,207	99,885
Bank loan repayable in over five years	75,913	85,535
Hire purchase contracts	476	1,878
	<u>169,596</u>	<u>187,298</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

6 Operating Profit	1995	1994
	£	£
Operating profit is stated after charging:		
Depreciation:		
Owned tangible fixed assets	387,000	443,667
Assets held under finance leases and hire purchase contracts	1,129	2,523
Loss on sale of fixed assets	11,187	29,670
Auditors' remuneration	28,100	24,500
Auditors' remuneration for non audit services	17,920	15,588
Goodwill amortised	156,331	156,723
Foreign exchange (gain)/loss	(14,871)	8,542
Operating lease rentals:		
Land and buildings	<u>18,613</u>	<u>15,636</u>
 7 Interest Receivable and Similar Income	 1995	 1994
	£	£
Bank interest	<u>56,571</u>	<u>9,622</u>
 8 Directors' Emoluments	 1995	 1994
	£	£
Salaries	107,800	104,800
Other emoluments	10,814	12,693
Pension contributions	<u>10,962</u>	<u>10,831</u>
	<u>129,576</u>	<u>128,324</u>
 Emoluments (excluding pension contributions) of:	 £	 £
Highest paid director	<u>64,520</u>	<u>62,609</u>
 The number of other directors whose emoluments (excluding pension contributions) fall in the following ranges was:	 Number	 Number
£50,001 - £55,000	<u>1</u>	<u>1</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

9	Taxation	1995	1994
		£	£
	Corporation tax at 33% based on the profit for the year	600,542	479,038
	Transfer to deferred taxation	8,456	11,208
	Overprovision in respect of prior years	(6,048)	(356)
		<u>602,950</u>	<u>489,890</u>
10	Dividends	1995	1994
		£	£
	On 100,000 "A" shares of £1 each		
	Interim - paid	99,000	90,000
	Final - proposed	<u>66,000</u>	<u>63,000</u>
		165,000	153,000
	On 100,000 "B" shares of £1 each		
	Interim - paid	99,000	90,000
	Final - proposed	<u>66,000</u>	<u>63,000</u>
		<u>330,000</u>	<u>306,000</u>
11	Intangible Assets - Group	1995	1994
		£	£
	Goodwill arising on Consolidation		
	Balance at 1st April 1994	2,183,034	-
	Transfer on reorganisation	-	1,978,465
	Additions	2,000	361,292
	Amounts written off in year	<u>(156,331)</u>	<u>(156,723)</u>
	Balance at 31st March 1995	<u>2,028,703</u>	<u>2,183,034</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

12 Tangible Assets - Group

	Freehold Land and Buildings	Plant Equipment and Vehicles	Fixtures and Fittings	Total
Cost or Valuation	£	£	£	£
At 1st April 1994	2,805,445	5,397,298	182,861	8,385,604
Additions	416,365	627,800	45,997	1,090,162
Disposals	(400,000)	(406,830)	(9,872)	(816,702)
At 31st March 1995	<u>2,821,810</u>	<u>5,618,268</u>	<u>218,986</u>	<u>8,659,064</u>
Depreciation				
At 1st April 1994	-	2,640,587	121,198	2,761,785
Charge for the year	-	375,435	12,694	388,129
Eliminated disposals	-	(248,472)	(6,853)	(255,325)
At 31st March 1995	<u>-</u>	<u>2,767,550</u>	<u>127,039</u>	<u>2,894,589</u>
Net Book Value				
At 31st March 1995	<u>2,821,810</u>	<u>2,850,718</u>	<u>91,947</u>	<u>5,764,475</u>
At 31st March 1994	<u>2,805,445</u>	<u>2,756,711</u>	<u>61,663</u>	<u>5,623,819</u>
Freehold land and buildings are stated at:			1995	1994
			£	£
At valuation			1,852,848	2,152,848
At cost			<u>968,962</u>	<u>652,597</u>
			<u>2,821,810</u>	<u>2,805,445</u>
The historical cost of freehold land and buildings is:			1995	1994
			£	£
Cost			<u>2,279,823</u>	<u>2,263,458</u>

Freehold land and buildings were revalued on an open market basis on 31st March 1989.

The net book value of the group's tangible assets includes an amount of £8,503 (1994 - £68,319) in respect of assets held under finance leases and hire purchase contracts.

Commitment for capital expenditure:

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Authorised and contracted for	99,778	51,827	-	-
Authorised but not contracted for	<u>17,000</u>	<u>93,000</u>	<u>-</u>	<u>-</u>
	<u>116,778</u>	<u>144,827</u>	<u>-</u>	<u>-</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

12 Tangible Assets - Company

	Freehold Land and Buildings £
Cost	
Additions during the year and at 31st March 1995	<u>411,688</u>

13 Investments - Group

	1995 £	1994 £
Unlisted investments at cost	<u>17,000</u>	<u>-</u>

Investments - Company

	1995 £	1994 £
Shares in group undertakings		
Cost		
At 1st April 1994	3,945,596	-
Transfer on reorganisation	-	3,384,304
Additions	<u>51,000</u>	<u>561,292</u>
At 31st March 1995	<u>3,996,596</u>	<u>3,945,596</u>

The increase in the year arose on the acquisition by Epro Limited of the assets and trade of another company.

The following were wholly owned group undertakings at the end of the year:

	Country of Incorporation	Nature of Business	Class of Share
Phoenix Rubber Limited	England	Processing Synthetic Polymers	Ordinary
du Vergier Limited	England	Processing Synthetic Polymers	Ordinary
Premier Coatings Limited	England	Manufacture and sale of Impermeable Membranes	Ordinary
Epro Limited	England	Manufacture and sale of cementatious and bitumen products	Ordinary
Acrilite Limied	England	Dormant	Ordinary

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

14 Stocks	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Raw materials and consumables	1,001,921	659,603	-	-
Work in progress	6,217	6,111	-	-
Finished goods and goods for resale	257,305	223,932	-	-
	<u>1,265,443</u>	<u>889,646</u>	<u>-</u>	<u>-</u>
15 Debtors	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Trade debtors	2,601,404	1,881,152	-	-
Amounts owed by group undertakings	-	-	1,268,707	1,050,934
Advance corporation tax recoverable	33,000	63,575	33,000	31,500
Other debtors	70,022	74,697	3,010	-
Prepayments and accrued income	74,030	52,789	15,051	15,412
	<u>2,778,456</u>	<u>2,072,213</u>	<u>1,319,768</u>	<u>1,097,846</u>
16 Creditors: Amounts falling due within one year	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Loan stocks	16,138	20,303	16,138	20,303
Bank loans and overdrafts	1,535,438	1,117,118	-	362,207
Trade creditors	1,565,004	1,244,864	1,535,438	-
Amounts owed to group undertakings	-	-	516,737	1,385,643
Corporation tax	520,431	407,907	148,136	62,384
Advance corporation tax on dividends	49,500	48,919	49,500	48,919
Social security and other taxes	237,819	180,254	6,447	3,492
Other creditors	28,649	30,103	-	-
Obligations under hire purchase contracts	2,694	8,933	-	-
Proposed dividend	132,000	126,000	132,000	126,000
Accruals and deferred income	224,955	113,472	28,554	22,848
	<u>4,312,628</u>	<u>3,297,873</u>	<u>2,432,950</u>	<u>2,031,796</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

17 Creditors: Amounts falling due after more than one year	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Loan stock	1,509,665	1,688,065	1,509,665	1,688,065
Bank loans	750,000	850,000	750,000	850,000
Obligations under hire purchase contracts	3,771	-	-	-
	<u>2,263,436</u>	<u>2,538,065</u>	<u>2,259,665</u>	<u>2,538,065</u>

The bank loans are secured by a debenture over all the assets of the group. They bear interest at a rate of 2.25% p.a. and 2.5% p.a. above the Bank of Scotland base rate. The bank loans are repayable by quarterly instalment. The loan stock is optionally repayable in 3 annual instalments from May 1993, it bears interest at the Bank of Scotland base rate.

The loan stock and bank loans were transferred from Phoenix Rubber Limited as part of the group reorganisation.

The loan stock is split into two tranches, "A" and "B" loan stock. Both tranches and outstanding interest on the "A" loan stock are secured by bank guarantees. The outstanding "B" loan stock is secured by a legal charge issued by Phoenix Rubber Limited.

	1995	1994
	£	£
Bank loans repayable by instalments:		
within five years	500,000	500,000
after five years	350,000	450,000
	<u>850,000</u>	<u>950,000</u>
Less: Amounts falling due within one year	<u>(100,000)</u>	<u>(100,000)</u>
	<u>750,000</u>	<u>850,000</u>

18 Provision for Liabilities and Charges

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in note 1. The amounts provided and the full potential liability are as follows:

	1995		1994	
	Amount Provided	Potential Liability	Amount Provided	Potential Liability
	£	£	£	£
Deferred Taxation - Group				
Accelerated capital allowances	655,248	655,248	646,792	646,792
Recoverable advance corporation tax	-	-	(34,838)	(34,838)
Revaluation surplus	-	73,443	-	81,342
Potential gain	-	-	-	5,620
	<u>655,248</u>	<u>728,691</u>	<u>611,954</u>	<u>698,916</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

19 Reconciliation of Movements in Shareholders' Funds - Group

	Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1st April 1994	200,000	541,987	4,877,756	5,619,743
Transfer from profit and loss account	-	-	808,331	808,331
	<u>200,000</u>	<u>541,987</u>	<u>5,686,087</u>	<u>6,428,074</u>

Reconciliation of Movements in Shareholders' Funds - Company

	Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1st April 1994	200,000	541,987	2,711,594	3,453,581
Transfer from profit and loss account	-	-	960,626	960,626
	<u>200,000</u>	<u>541,987</u>	<u>3,672,220</u>	<u>4,414,207</u>

The authorised and issued share capital comprises:

	1995 £	1994 £
Authorised:		
250,000 "A" Ordinary shares of £1 each	250,000	250,000
250,000 "B" Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
	<u>500,000</u>	<u>500,000</u>
Issued:		
100,000 "A" Ordinary shares of £1 each	100,000	100,000
100,000 "B" Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	<u>200,000</u>	<u>200,000</u>

The "A" and "B" ordinary shares rank pari-passu.

20 Revaluation Reserve

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Freehold land and buildings	<u>541,987</u>	<u>541,987</u>	<u>541,987</u>	<u>541,987</u>

The revaluation reserve relates to a surplus on revaluation of freehold land and buildings. No deferred taxation has been provided in respect of this reserve, as the directors have no intention of disposing of the du Vergier property to which the revaluation relates.

Phoenix Polymers Limited

Notes to the Financial Statements

For the year ended 31st March 1995 (Continued)

21 Pension Commitments

The group operates two main pension schemes, which are detailed below:

- (a) The group operates, for certain employees, a defined benefits pension scheme. The assets of the scheme are held separately from the assets of the group. Contributions of the scheme are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the group. The contributions have been calculated by reference to the latest actuarial valuation dated 5th April 1992. The actuarial method adopted in the valuation was the "accrued funding method", and the principal assumption used was that the investment return would exceed future salary and wage increases by 1% per annum.

The actuarial valuation showed the discounted market value of the schemes assets was in excess of the liabilities in respect of benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rate of the group is 8.4%.

- (b) The group makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the group.

The pension cost charge represents contributions payable by the group to these funds and amounts to £97,816 (1994 - £99,750). There were no contributions outstanding to the schemes at 31st March 1995.

22 Future Financial Commitments

Finance Leases and Hire purchase Agreements

At 31st March 1995 the group had obligations under finance leases and hire purchase agreements which are set out below:

	1995 £	1994 £
Net amount payable:		
within one year	2,694	8,933
in the second to fifth year	<u>3,771</u>	<u>-</u>
	<u>6,465</u>	<u>8,933</u>

Operating Leases

At 31st March 1995 the company had annual commitments under operating leases as set out below:

	Land and Buildings 1995 £	1994 £
Operating leases which expire in over five years	<u>12,400</u>	<u>12,400</u>

Phoenix Polymers Limited
Notes to the Financial Statements
For the year ended 31st March 1995 (Continued)

23 Contingent Liabilities

A total of £1,120,000 (1994 - £1,200,000) "A" loan stock and £405,803 (1994 - £508,368) "B" loan stock issued by Phoenix Rubber Limited in relation to the acquisition of Premier Coatings Limited is for accounting purposes treated as a liability of Phoenix Polymers Limited, the company which holds the investment. The legal liability remains with Phoenix Polymers Limited.

A total of £850,000 (1994 - £1,136,667) bank loans arising on the acquisition of Premier Coatings Limited by Phoenix Rubber Limited, is for accounting purposes treated as a liability of Phoenix Polymers Limited, the company which holds the investment. However, the legal liability remains with Phoenix Rubber Limited.

The group has entered into an unlimited multilateral guarantee with other group companies to secure the bank borrowings of the group companies which is secured by a fixed charge on the freehold properties and a floating charge over all the group's assets. At 31st March 1995 the potential liability amounted to £2,131,438 (1994 - £1,724,118).