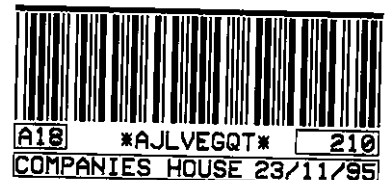


Registered no: 2547749

Premier Profiles Limited
Annual report
for the year ended 30 June 1995



Premier Profiles Limited

Annual report for the year ended 30 June 1995

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Directors and advisers

Directors

K McDonald (Chairman)
D L Hartley
M H Hardy
B Stock

Secretary and registered office

E A Cox
Broomhouse Lane
Edlington
Doncaster
South Yorkshire
DN12 1ES

Registered Auditors

Coopers & Lybrand
1 East Parade
Sheffield
S1 2ET

Solicitors

Pinsent Curtis
41 Park Square
Leeds
LS1 2NS

Bankers

Midland Bank plc
1 High Street
Doncaster
DN1 1EE

Directors' report for the year ended 30 June 1995

The directors present their report and the audited financial statements for the year ended 30 June 1995.

Principal activities

The principal activity of the company is the extrusion of UPVC profiles and plastic products for the building industry.

Review of business and future developments

The profit and loss account for the year is set out on page 6.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year ended 30 June 1995 (1994: £Nil). The directors propose to transfer £2,006,000 of the profit for the financial year to reserves.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Directors

The directors of the company at 30 June 1995, all of whom have been directors for the whole year, were as follows:

K McDonald (Chairman)
D L Hartley
M H Hardy
B Stock

In accordance with the Articles of Association, none of the directors is required to retire by rotation.

Directors' interests in shares of the company

The directors at 30 June 1995 had no interests at any time during the year in the shares of the company.

At 30 June 1995, Mr D L Hartley had the following options to subscribe for shares in the ultimate holding company:

| | Date option granted | Number of ordinary shares of 10p each | Option price £ |
|-------------|---------------------|--|-------------------|
| D L Hartley | October 1992 | 25,000 | 0.995 |
| | October 1993 | 10,000 | 1.415 |

Normally, options may be exercised only after three years and before ten years from the date they were granted.

D L Hartley had no other interests in the shares of the ultimate holding company, Polypipe plc. The remaining directors at 30 June 1995 are also directors of the ultimate holding company, and their interests in the shares of group companies are disclosed in the directors' report of that company.

Employees

It is the company's policy that employees should be kept as fully informed as is practicable about the performance and prospects of the company.

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. Where employees become disabled, the company endeavours to continue to employ them provided there are duties which they can perform, bearing in mind their handicap or disability. As far as possible, training, career development and promotion are available to handicapped and disabled persons where this is in their own as well as the company's best interests.

Insurance of directors

The company maintains insurance for its directors in respect of their duties as directors of the company.

Close company provisions

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988, and there has been no change in this respect since the end of the financial year.

Directors' responsibilities

The directors are required by UK company law 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 of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

Auditors

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

By order of the board



**E A Cox
Secretary**

Doncaster
25 August 1995

Report of the auditors to the members of Premier Profiles Limited

We have audited the financial statements on pages 6 to 16.

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.

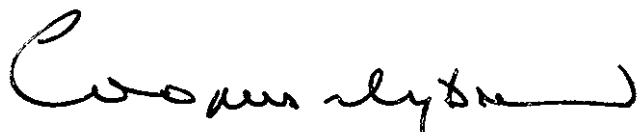
Basis of opinion

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 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors

Sheffield
25 August 1995

Profit and loss account for the year ended 30 June 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|---|-------|---------------|---------------|
| Turnover | 2 | 26,465 | 22,547 |
| Operating profit | 3 | 3,039 | 4,394 |
| Interest payable less receivable | 6 | (29) | (126) |
| Profit on ordinary activities before taxation | 8 | 3,010 | 4,268 |
| Tax on profit on ordinary activities | 8 | (1,004) | (1,411) |
| Retained profit for the year | 16 | 2,006 | 2,857 |

All figures above relate to continuing operations.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

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

Balance sheet at 30 June 1995

| | Notes | 1995 £'000 | 1994 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 9 | 6,426 | 5,585 |
| Current assets | | | |
| Stocks | 10 | 3,059 | 2,665 |
| Debtors | 11 | 5,513 | 4,533 |
| Cash at bank and in hand | | 8 | 1,368 |
| | | 8,580 | 8,566 |
| Creditors: amounts falling due within one year | 12 | (6,995) | (7,544) |
| Net current assets | | 1,585 | 1,022 |
| Total assets less current liabilities | | 8,011 | 6,607 |
| Creditors: amounts falling due after more than one year | 13 | - | (713) |
| Provisions for liabilities and charges | 14 | (586) | (475) |
| | | (586) | (1,188) |
| Net assets | | 7,425 | 5,419 |
| Capital and reserves | | | |
| Called-up share capital | 15 | 500 | 500 |
| Profit and loss account | 16 | 6,925 | 4,919 |
| Equity shareholders' funds | 17 | 7,425 | 5,419 |

The financial statements on pages 6 to 16 were approved by the board of directors on 25 August 1995 and were signed on its behalf by:



B Stock
Director

**Notes to the financial statements
for the year ended 30 June 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at their cost to the company. The cost of plant and machinery includes relevant installation costs incurred by the company.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned. In general, depreciation is applied from the month of purchase or first commissioning of such assets.

The principal annual rates used for this purpose are:

| | % |
|--------------------------------|-------|
| Plant and machinery | 10-20 |
| Tooling, fixtures and fittings | 10-20 |
| Motor vehicles | 25 |

Finance and operating leases

Certain items of fixed assets are financed by finance lease and hire purchase agreements that give rights approximating to ownership. These assets are included in the balance sheet as fixed assets at cost less depreciation and the capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the period of the agreement in proportion to the balance of capital repayments outstanding.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In the case of manufactured products, cost comprises direct expenditure and production overheads based on a normal level of activity.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Provision is made where necessary for obsolescent, slow moving and defective stocks.

Deferred taxation

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the trading results for the year.

Pension costs

Certain of the company's employees are members of the defined contribution pension scheme operated by the ultimate holding company, the assets of which are held separately from those of the company in independently administered funds. The pension cost charge to the profit and loss account represents contributions payable by the company to these funds.

Cash flow statement

A cash flow statement has not been prepared since the company is a wholly owned subsidiary of Polypipe plc, a company which presents a consolidated cash flow statement in its financial statements in accordance with Financial Reporting Standard Number 1.

Turnover

Turnover represents the invoiced value of goods supplied during the year, net of value added tax and trade discounts. All of the company's turnover is derived from activities within the United Kingdom.

2 Turnover

Geographical analysis of turnover by destination:

| | 1995 £'000 | 1994 £'000 |
|---------------------|---------------|---------------|
| United Kingdom | 26,455 | 22,535 |
| Republic of Ireland | 10 | 12 |
| | <u>26,465</u> | <u>22,547</u> |

3 Operating profit

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Turnover | 26,465 | 22,547 |
| Change in stocks of finished goods and goods for resale | 414 | 607 |
| Other operating (expenses)/income | (3) | 10 |
| | <u>26,876</u> | <u>23,164</u> |
| Raw materials and consumables | (15,463) | (11,536) |
| Other external charges | (3,721) | (3,310) |
| Staff costs (note 5) | (3,425) | (2,929) |
| Depreciation | (1,228) | (995) |
| Operating profit | <u>3,039</u> | <u>4,394</u> |

4 Directors' emoluments

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Emoluments (including pension contributions and benefits in kind) | 96 | 69 |

Fees and other emoluments (excluding pension contributions) include amounts paid to:

| | 1995 £'000 | 1994 £'000 |
|---------------------------|---------------|---------------|
| The Chairman | Nil | Nil |
| The highest-paid director | 93 | 66 |

The number of directors (including the Chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

| | 1995 Number | 1994 Number |
|--------------------|------------------------|------------------------|
| £0 to £5,000 | 3 | 3 |
| £65,001 to £70,000 | - | 1 |
| £90,001 to £95,000 | 1 | - |

The emoluments of K McDonald (Chairman), M H Hardy and B Stock are paid by the parent company. These directors are also directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

| | 1995 Number | 1994 Number |
|---|------------------------|------------------------|
| Production | 97 | 93 |
| Selling and distribution | 76 | 64 |
| Administration | 61 | 54 |
| | 234 | 211 |
| | == | == |
| Staff costs (for the above persons): | 1995 | 1994 |
| | £'000 | £'000 |
| Wages and salaries | 3,123 | 2,659 |
| Social security costs | 282 | 251 |
| Other pension costs | 20 | 19 |
| | 3,425 | 2,929 |
| | == | == |

6 Interest payable less receivable

| | 1995 | 1994 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Group interest payable on group loans | 61 | 176 |
| Group interest payable on group banking arrangements | 12 | - |
| On finance lease and hire purchase agreements | 3 | 4 |
| | <u>76</u> | <u>180</u> |
| Less group interest receivable on group banking arrangements | (47) | (54) |
| | <u>29</u> | <u>126</u> |

7 Profit on ordinary activities before taxation

| | 1995 | 1994 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation charge for the year: | | |
| Tangible owned fixed assets | 1,228 | 980 |
| Tangible fixed assets held under finance leases and hire purchase agreements | 33 | 15 |
| Auditors' remuneration for: | | |
| Audit | 13 | 13 |
| Other services | 4 | 9 |
| Operating leases: | | |
| Hire of plant and machinery | 24 | 37 |
| Land and buildings | 159 | 104 |
| Profit on disposal of fixed assets | (3) | (10) |
| | <u>1,228</u> | <u>980</u> |

8 Tax on profit on ordinary activities

| | 1995 | 1994 |
|---|--------------|--------------|
| | £'000 | £'000 |
| United Kingdom corporation tax at 33% (1994: 33%) | 905 | 1,230 |
| Deferred taxation | 102 | 181 |
| | <u>1,007</u> | <u>1,411</u> |
| Adjustment in respect of previous years | (3) | - |
| | <u>1,004</u> | <u>1,411</u> |

9 Tangible fixed assets

| | Plant and machinery £'000 | Motor vehicles £'000 | Fixtures and fittings £'000 | Total £'000 |
|---------------------------------------|------------------------------------|----------------------------|--------------------------------------|----------------|
| Cost | | | | |
| At 1 July 1994 | 7,088 | 894 | 1,140 | 9,122 |
| Additions | 1,429 | 510 | 252 | 2,191 |
| Disposals | (116) | (77) | - | (193) |
| Group transfers | (29) | 10 | 3 | (16) |
| At 30 June 1995 | 8,372 | 1,337 | 1,395 | 11,104 |
| Depreciation | | | | |
| At 1 July 1994 | 2,965 | 368 | 204 | 3,537 |
| Charge for year | 857 | 255 | 116 | 1,228 |
| Eliminated in respect of disposals | (26) | (56) | - | (82) |
| Group transfers | (12) | 6 | 1 | (5) |
| At 30 June 1995 | 3,784 | 573 | 321 | 4,678 |
| Net book value | | | | |
| At 30 June 1995 | 4,588 | 764 | 1,074 | 6,426 |
| Net book value | | | | |
| At 30 June 1994 | 4,123 | 526 | 936 | 5,585 |

The net book value of tangible fixed assets includes an amount of £14,000 (1994: £50,000) in respect of assets held under finance lease and hire purchase agreements.

10 Stocks

| | 1995 £'000 | 1994 £'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables | 562 | 582 |
| Finished goods and goods for resale | 2,497 | 2,083 |
| | 3,059 | 2,665 |

11 Debtors

| | 1995 £'000 | 1994 £'000 |
|-------------------------------------|---------------|---------------|
| Amounts falling due within one year | | |
| Trade debtors | 4,472 | 4,195 |
| Amounts owed by group undertakings | 770 | 168 |
| Other debtors | 132 | 28 |
| Prepayments and accrued income | 139 | 142 |
| | <u>5,513</u> | <u>4,533</u> |

12 Creditors: amounts falling due within one year

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Trade creditors | 3,470 | 2,496 |
| Bank loans and overdrafts | 187 | - |
| Obligations under finance lease and hire purchase agreements | 1 | 13 |
| Amounts owed to group undertakings | 1,890 | 2,626 |
| Corporation tax payable | 905 | 1,906 |
| Other taxation and social security payable | 432 | 430 |
| Other creditors | 7 | 9 |
| Accruals and deferred income | 103 | 64 |
| | <u>6,995</u> | <u>7,544</u> |

13 Creditors: amounts falling due after more than one year

| | 1995 £'000 | 1994 £'000 |
|--|---------------|---------------|
| Obligations under finance lease and hire purchase agreements | - | 1 |
| Amounts owed to group undertakings | - | 712 |
| | <u>-</u> | <u>713</u> |

Finance lease and hire purchase agreements

The future minimum lease payments to which the company is committed under finance lease and hire purchase agreements are as follows:

| | 1995 £'000 | 1994 £'000 |
|---------------------------|---------------|---------------|
| In one year or less | 1 | 13 |
| Between one and two years | - | 1 |
| | <u>1</u> | <u>14</u> |

14 Provisions for liabilities and charges**Deferred taxation**

| | £'000 |
|---------------------------------------|--------------|
| At 1 July 1994 | 475 |
| Transfer from profit and loss account | 111 |
| | <hr/> |
| At 30 June 1995 | 586 |
| | <hr/> <hr/> |

Deferred taxation provided in the financial statements, and the total amount unprovided of the total potential liability, are as follows:

| | Amount provided | | Amount unprovided | |
|--------------------------------|------------------------|--------------|--------------------------|--------------|
| | 1995 | 1994 | 1995 | 1994 |
| | £'000 | £'000 | £'000 | £'000 |
| Accelerated capital allowances | 587 | 483 | - | - |
| Short term timing difference | (1) | (8) | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 586 | 475 | - | - |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

15 Called-up share capital

| | 1995 | 1994 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Authorised | | |
| 500,000 ordinary shares of £1 each | 500 | 500 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 500,000 ordinary shares of £1 each | 500 | 500 |
| | <hr/> | <hr/> |

16 Profit and loss account

| | £'000 |
|------------------------------|--------------|
| At 1 July 1994 | 4,919 |
| Retained profit for the year | 2,006 |
| | <hr/> |
| At 30 June 1995 | 6,925 |
| | <hr/> <hr/> |

17 Reconciliation of movements in shareholders' funds

| | 1995 | 1994 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Opening shareholders' funds | 5,419 | 2,562 |
| Retained profit for the year | 2,006 | 2,857 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 7,425 | 5,419 |
| | <hr/> <hr/> | <hr/> <hr/> |

18 Capital commitments

| | 1995 £'000 | 1994 £'000 |
|---|---------------|---------------|
| Capital expenditure contracted for but not provided for in the financial statements | 247 | 203 |

19 Guarantees and contingent liabilities

The company has given guarantees in respect of the bank borrowing of certain fellow group undertakings. At 30 June 1995, the borrowings covered by these guarantees amounted to £15,191,000 (1994: £14,148,000)

In addition, as a result of the above arrangements, the company has guaranteed the obligations of other group undertakings to the group's bankers relating to indemnities, documentary credits and negotiations, commitments under forward foreign exchange contracts and bills of exchange discounted, all of which have been entered into in the normal course of business.

The company has entered into a group VAT registration with certain of its fellow group undertakings. At 30 June 1995 the company was contingently liable under this arrangement in respect of VAT liabilities amounting to £1,904,000 (1994: £2,778,000).

In the opinion of the directors, no loss will arise in connection with these matters.

20 Financial commitments

At 30 June 1995 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Plant and machinery | |
|---|--------------------|---------------|---------------------|---------------|
| | 1995 £'000 | 1994 £'000 | 1995 £'000 | 1994 £'000 |
| Expiring within one year | - | - | - | - |
| Expiring between two and five years inclusive | 65 | 81 | 13 | 21 |
| Expiring in over five years | 86 | 40 | - | - |
| | <u>151</u> | <u>121</u> | <u>13</u> | <u>21</u> |

21 Ultimate holding company

The directors regard Polypipe plc, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Polypipe plc has a 100% interest in the equity capital of Premier Profiles Limited at 30 June 1995. Copies of the ultimate parent company's consolidated financial statements may be obtained from the registered office of that company.