

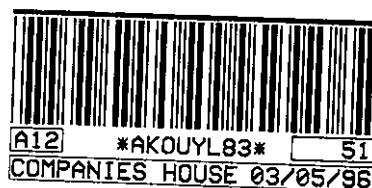


BRITTON GROUP PLASTICS LIMITED

Report and Financial Statements

31 December 1995

**Deloitte & Touche.
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 1995**

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**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES

The company is a holding company which co-ordinates the administration of subsidiaries engaged in the manufacture of extruded polyolefin film products, the production of embossed polyolefin film for baby diapers, incontinence and feminine hygiene products and the production of polypropylene film.

REVIEW OF DEVELOPMENTS

The directors consider that the company and its subsidiaries have performed satisfactorily and look forward to further progress in the current year.

DIVIDENDS AND TRANSFERS TO RESERVES

A dividend of £2,760,000 has been paid during the year (1994 - £1,000,000). The retained loss of £264,557 (1994 - profit of £606,138) has been funded from reserves.

FIXED ASSETS

Movements in fixed assets are shown in notes 7 and 8 to these financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

M J Taylor	(resigned 24 February 1995)
M Taylor	(resigned 1 June 1995)
S D Beart	
R G W Williams	
A J Whitby	(resigned 24 April 1995)
C A Smith	(appointed 12 June 1995)

C A Smith, S D Beart and R G W Williams are directors of the company's ultimate parent undertaking, Britton Group plc, and accordingly their interests in the shares of group companies are disclosed in that company's directors' report.

AUDITORS

On the 1 February 1996 our auditors changed the name under which they practice to Deloitte and Touche. Consequently they have signed their report in this name. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S D Beart

Director

**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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.



Chartered Accountants

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Colmore Gate
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AUDITORS' REPORT TO THE MEMBERS OF

BRITTON GROUP PLASTICS LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

11 April 1996




PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
OTHER OPERATING INCOME		1,329,771	774,225
Administrative expenses		(1,941,586)	(265,771)
OPERATING (LOSS)/PROFIT	3	(611,815)	508,454
Income from shares in group undertakings		3,450,000	1,250,000
Interest payable and similar charges	4	(19,298)	(12,316)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,818,887	1,746,138
Tax on profit on ordinary activities	5	(323,444)	(140,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,495,443	1,606,138
Dividends paid and proposed	6	(2,760,000)	(1,000,000)
RETAINED (LOSS)/PROFIT FUNDED FROM RESERVES		(264,557)	606,138
Retained profit brought forward		904,441	298,303
Retained profit carried forward		639,884	904,441

All activities derive from continuing operations.

There are no recognised gains and losses either in the current year or the prior year other than the profit for the financial year. Accordingly, no statement of total recognised gains and losses is given.


BALANCE SHEET
31 December 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	7	490,771	337,635
Investments	8	10,707,036	10,707,036
		<u>11,197,807</u>	<u>11,044,671</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,133,508	573,159
Debtors: amounts falling due after more than one year	9	10,165,622	9,673,154
Cash at Bank and in hand		33	-
		<u>11,299,163</u>	<u>10,246,313</u>
CREDITORS: amounts falling due within one year	10	(439,392)	(12,623,952)
NET CURRENT ASSETS/(LIABILITIES)		<u>10,859,771</u>	<u>(2,377,639)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,057,578	8,667,032
CREDITORS: amounts falling due after more than one year	11	(13,715,613)	(60,510)
TOTAL NET ASSETS		<u>8,341,965</u>	<u>8,606,522</u>
CAPITAL AND RESERVES			
Called up share capital	13	5,154,656	5,154,656
Share premium account		2,500,000	2,500,000
Capital redemption reserve		47,425	47,425
Profit and loss account		639,884	904,441
EQUITY SHAREHOLDERS' FUNDS	14	<u>8,341,965</u>	<u>8,606,522</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

31/4/96

S D BEART

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

Tangible fixed assets

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	4 to 10 years
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Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term on a straight line basis.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the period of the leases.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors' emoluments		
Management remuneration	206,228	220,407
Compensation for loss of office	39,673	-
	<u>245,901</u>	<u>220,407</u>
 Remuneration of the chairman	 -	 -
Remuneration of the highest paid director	<u>114,463</u>	<u>105,652</u>
	1995 £	1994 £
Scale of other directors' remuneration		
£ 0 - £ 5,000	2	2
£ 30,001 - £ 35,000	2	-
£ 50,001 - £ 55,000	-	1
£ 105,001 - £ 110,000	<u>-</u>	<u>1</u>
	No	No
Average number of persons employed		
Administration	<u>63</u>	<u>24</u>
1994 comparatives have been restated to include all employment costs.		
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,388,451	379,650
Social security costs	127,196	35,849
Other pension costs (see note 17)	64,918	27,265
	<u>1,580,565</u>	<u>442,764</u>

3. OPERATING (LOSS)/PROFIT

	1995 £	1994 £
Operating (loss)/profit is stated after charging:		
Depreciation and amortisation:		
Owned assets	88,086	87,338
Leased assets	46,464	46,464
Hire of plant and machinery and rentals payable under operating leases	29,418	19,405
Auditors' remuneration:		
Audit services	13,570	4,200
Other services	<u>3,200</u>	<u>2,000</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
4. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
On bank loans, overdraft and other loans wholly repayable within five years	(6,982)	-
Finance charges payable in respect of finance leases and hire purchase contracts	<u>(12,316)</u>	<u>(12,316)</u>
	<u>(19,298)</u>	<u>(12,316)</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Group Relief	337,243	-
Tax attributable to franked investment income	(690,000)	(250,000)
Group Relief re previous period	<u>29,313</u>	<u>110,000</u>
	<u>(323,444)</u>	<u>(140,000)</u>

The tax charge is low because of the receipt of dividend income from subsidiary companies which is not taxable and the existence of certain timing differences for which no deferred tax asset has been set up.

6. DIVIDENDS

	1995 £	1994 £
Paid	2,760,000	400,000
Proposed	<u>-</u>	<u>600,000</u>
Total	<u>2,760,000</u>	<u>1,000,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

7. TANGIBLE FIXED ASSETS

	Plant and machinery £
Cost	
At 1 January 1995	827,170
Additions	321,933
Disposals	(52,206)
	<hr/>
At 31 December 1995	1,096,897
	<hr/>
Accumulated depreciation	
At 1 January 1995	489,535
Charge for the year	134,550
Disposals	(17,959)
	<hr/>
At 31 December 1995	606,126
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Net book value	
At 31 December 1995	490,771
	<hr/>
At 31 December 1994	337,635
	<hr/>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 1995 and 31 December 1995	10,707,036
	<hr/>

The company's subsidiaries as at 31 December 1995, all wholly owned are:

Subsidiary undertakings	Country of registration	Principal activity
Taco Holdings Limited	England	Intermediate holding company
Taco Plastics Limited	England	Manufacturer of extruded polyolefin film
Tacolin Limited	England	Manufacture of embossed polyolefin film for the production of diapers

Taco Plastics Limited and Tacolin Limited are subsidiaries of Taco Holdings Limited.

The company has not prepared group accounts as it is itself a wholly owned subsidiary.

In the opinion of the directors, the value of the shares in group undertakings is not less than the amount at which they are stated in the balance sheet.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

9. DEBTORS

	1995 £	1994 £
Other Debtors	282,156	-
Corporation tax recoverable	39,485	164,380
Amounts due from group undertakings		
Subsidiaries	10,532,178	9,175,404
Group subsidiaries	376,000	497,750
Prepayments and accrued income	69,311	408,779
	<u>11,299,130</u>	<u>10,246,313</u>

Of amounts due from Subsidiaries £10,165,622 (1994 - £9,673,154) is due after more than one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Bank overdraft	199,813	-
Obligations under finance leases and hire purchase contracts (see note 16)	41,024	41,024
Trade Creditors	6,340	-
Amount due to group undertakings:		
Parent and fellow subsidiaries	-	11,943,024
Corporation tax	-	-
Other taxes and social security	51,575	-
Accruals and deferred income	140,640	39,904
Dividend proposed	-	600,000
	<u>439,392</u>	<u>12,623,952</u>

The bank overdraft is secured by cross guarantees given by group companies

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Obligations under finance leases and hire purchase contracts repayable (see note 16):		
Between one and two years	19,486	41,024
Between two and five years	-	19,486
Amount due to group undertakings:		
Parent and fellow subsidiaries	13,696,127	-
	<u>13,715,613</u>	<u>60,510</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
12. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	1995	1994	1995	1994
	£	£	£	£
Deferred tax assets				
Capital allowances in excess of depreciation	-	-	(2,196)	35,070
Other short term timing differences	-	-	122,823	259,077
	<u>-</u>	<u>-</u>	<u>120,627</u>	<u>294,147</u>

13. CALLED UP SHARE CAPITAL

	1995	1994
	£	£
Authorised		
Ordinary shares of £0.50 each	<u>5,420,815</u>	<u>5,420,815</u>
Allotted and fully paid:		
Ordinary shares of £0.50 each	<u>5,154,656</u>	<u>5,154,656</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
Profit for the financial year	2,495,443	1,606,138
Dividends paid and proposed	<u>(2,760,000)</u>	<u>(1,000,000)</u>
Net addition to shareholders' funds	(264,557)	606,138
Opening shareholders' funds	<u>8,606,522</u>	<u>8,000,384</u>
Closing shareholders' funds	<u>8,341,965</u>	<u>8,606,522</u>

15. FINANCIAL COMMITMENTS

	1995	1994
	£	£
Capital commitments		
Contracted for but not provided	<u>55,000</u>	<u>606,000</u>
Authorised but not yet contracted for	<u>-</u>	<u>194,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

16. BORROWINGS

Bank overdrafts - repayable

**Obligations under finance leases
 and hire purchase contracts**

Minimum lease payments due:

Within one year	53,340	53,340
Within one to two years	26,671	53,340
Within three to five years	-	26,671
	<u>80,011</u>	<u>133,351</u>

Finance charges allocated to future years	<u>(19,510)</u>	<u>(31,817)</u>
	<u>60,501</u>	<u>101,534</u>

Operating lease commitments

At 31 December 1995, the company had annual commitments under non-cancellable and other operating leases as set out below:

	£
Leases which expire:	
Within two to five years	<u>21,130</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

17. PENSION SCHEME

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £64,918 (1994 - £27,265).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18. CONTINGENT LIABILITIES

The company has a joint VAT registration with Taco Holdings Limited and its subsidiary companies.

The Taco Group of Companies has entered into a cross guarantee with Britton Group plc, the ultimate parent company. At 31 December 1995 total overdrafts for group companies with the bank were approximately £8,018,000. The relevant group companies had net cash balances of approximately £8,126,000 with that bank. The group had net cash and cash equivalents of £40,995,000 at 31 December 1995.

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Britton Group plc, which is registered in England and Wales. Copies of the group financial statements of Britton Group plc are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.