

**DIRECTORS AND ADVISERS**

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DELYN GROUP PLC

**EXECUTIVE DIRECTORS**

Paul A. Norman *Chairman*  
Malcolm Braun  
Derek W. Lowthe

**NON-EXECUTIVE DIRECTOR**

John Norris B.Sc.(Eng.), Ph.D.,  
Chemical engineer, appointed a director on 6 December 1977.  
Management consultant and a director of  
Guidehouse Expansion Management Limited.  
Previously investment director with the  
Welsh Development Agency for a period of seven years  
and has experience in the fields of  
paper, packaging, plastics and building products.

**SECRETARY**

Malcolm Braun  
Pontywindy Road,  
Caerphilly, Mid Glamorgan CF8 2WL  
Telephone 0222-885881

**REGISTERED OFFICE**

Registered No 837205  
St Alphage House, Fore Street, London EC2Y 5DH

**AUDITOR**

Coopers & Lybrand Deloitte  
Churchill House  
Churchill Way, Cardiff CF1 4XQ

**STOCKBROKER**

Smith New Court Corporate Finance Limited  
Smith New Court House  
20 Farringdon Road, London EC1M 3NH

**BANKERS**

National Westminster Bank Plc  
117 St Mary Street, Cardiff CF1 1LG

Société Générale  
37 Corn Street, Bristol BS99 7ET

**REGISTRAR**

Connaught St Michaels Limited  
CSM House, Victoria Street, Luton, Bedfordshire LU1 2TZ

**CHAIRMAN'S STATEMENT**

DELYN GROUP PLC

Dear Shareholder

I am pleased to report that Delyn has performed creditably in a harsh economic climate having achieved pre-tax profits of £524,000 a decrease of 15% on last year's figure. These results would have been better had we not incurred an exceptional charge of £42,000 relating to the changed circumstances at Plastella S.A.

The majority of the Group's customers are food manufacturers and the principal supermarket groups which provides us with a sound base in a recession. We are, therefore, confident in maintaining the final dividend of 1.00p per share to give an unchanged total of 1.45p per share.

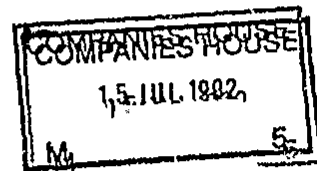
Turnover for the year has remained constant and margins have tightened. However, to some degree this has been offset by the vertical integration within Delyn. By manufacturing our own material, via the calandrette process, prior to its use in the production of our plastics packaging, we can help ensure that costs are controlled and that raw material stocks are kept to a minimum.

We have actively reduced our borrowings during the year from £2.7 million to £1.5 million, thereby achieving a year end gearing of 28% compared to 54% last year and 71% two years ago. The Group is well invested and we do not expect any significant requirement for capital expenditure in the current year.

Plastella, our associate company in France, is now performing satisfactorily after a disappointing year. The exceptional charge relates to the net figure after writing back 50% of the goodwill created on the purchase of the company in 1989, previously charged to reserves, and the increase in value of the Group's investment of £157,000 following the introduction of a joint venture partner.

Trading for the first 3 months of the year is ahead of the same period last year. We have made a good start and are well placed to benefit from any improvement in economic conditions or to weather a continuing recession.

Paul Norman



**REPORT OF THE DIRECTORS**

DELYN GROUP PLC

The directors present their report and accounts for the 52 weeks ended 2 February 1992.

**ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the group is the manufacture of consumer packaging and materials. A review of the group's business activities is contained in the chairman's statement on page 1.

**RESULTS**

Group profit was £524,000 which, after allowing for a tax charge of £243,000 left profits on the ordinary activities of the group of £281,000. The directors recommend the payment of a final dividend of 1.00p per share, making a total for the year of 1.45p. The final dividend, if approved, will be paid on 16 July 1992 to shareholders on the register as at 18 June 1992. The sum of £123,000 will be absorbed by these dividend payments, leaving a retained profit of £158,000 to be added to group reserves.

**EVENTS SINCE THE YEAR-END**

On 25 February 1992, contracts were exchanged for the sale of a parcel of land in Caerphilly which was considered to be surplus to the requirements of the group. This sale will give rise to a profit of £104,000 in the 1992/1993 trading year.

**DIRECTORS**

Mr. Paul Norman retires by rotation and, being eligible, offers himself for re-election.

The directors' interests in the shares of the company including shares over which options have been granted under the terms of the company's Executive Share Option Scheme, on 2 February 1992, together with their interests on 3 February 1991 were as shown in note 10 to the accounts.

**SUBSTANTIAL SHAREHOLDINGS**

At 15 April 1992 interests in 3% or more of the company's shares were as follows:

	Ordinary shares	%
Honor Establishment Ltd*	2,435,000	28.73
Scawton Limited	875,000	10.32
M&G Conversion Trust Fund Growth Portfolio	775,000	9.14
Britel Fund Nominees Limited		
British Telecom Staff Superannuation Scheme	402,000	4.74
Barclays Nominees (KWS) Ltd		
Monsanto Common Investment Fund (M&G Investment Management) Ltd	400,000	4.72
G.I.L. Nominees Limited		
Devonport Royal Dockyard Trustees	338,641	4.00
Possfund Nominees Limited		
Post Office Staff Superannuation Scheme	268,000	3.16

\*Honor Establishment Ltd, as trustee of a settlement formed by Mr. Paul A. Norman, has a non-beneficial interest in shares of the company. The shares forming part of the trust property of this settlement are shown above as shares in which Mr. Norman is beneficially interested.

**REPORT OF THE DIRECTORS**

DELYN GROUP PLC

**FIXED ASSETS**

Changes in the group's fixed assets are detailed in note 11 to the accounts.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

The total amount of charitable contributions made by the group during the period was £120. No political donations were made.

**EMPLOYEES**

Employees of the group and its subsidiaries are regularly consulted by management and kept informed of matters affecting them and the overall development of the group.

The group's policy is to provide, wherever possible, employment opportunities and training for disabled people, to care for employees who become disabled and to make the best possible use of their skills and potential. It also operates an equal opportunities policy.

**INCOME AND CORPORATION TAXES ACT 1988**

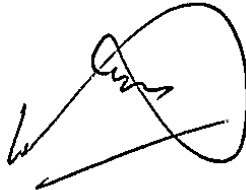
The directors are advised that the company is not a 'close company' within the meaning of the Act.

**AUDITOR**

During the year Stoy Hayward resigned as auditor and Coopers & Lybrand Deloitte were appointed in their place. From 1 June 1992 the auditor, Coopers & Lybrand Deloitte, will practise in the name of Coopers & Lybrand and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board  
Malcolm Braun Secretary

7 May 1992



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

DELYN GROUP PLC

For the 52 weeks ended 2 February 1992		1992 £000	1991 £000
Notes			
2	TURNOVER	13,136	13,468
	Cost of sales	8,980	9,280
	<b>GROSS PROFIT</b>	<b>4,156</b>	<b>4,188</b>
3	Other operating expenses (net)	3,169	2,936
	Operating profit before exceptional item	987	1,252
4	Exceptional charge	42	—
	<b>OPERATING PROFIT</b>	<b>945</b>	<b>1,252</b>
	Share of losses arising from associated undertaking	15	—
5	Interest payable and similar charges	406	638
6	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>524</b>	<b>614</b>
8	Tax on profit on ordinary activities	243	235
	<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>281</b>	<b>379</b>
9	<b>DIVIDENDS PAID AND PROPOSED</b>	<b>123</b>	<b>123</b>
22	<b>RETAINED PROFIT FOR YEAR</b>	<b>158</b>	<b>256</b>
	<b>EARNINGS PER ORDINARY SHARE OF 5p</b>	<b>3.32p</b>	<b>4.47p</b>

The calculation of the earnings per share is based on profits of £281,000 (1991 – £379,000) and 8,476,124 ordinary shares of 5p each in issue during the period (1991 – 8,476,124). No material dilution of earnings per share would arise if outstanding share options were exercised.

The notes on pages 8 to 18 form part of these accounts

**CONSOLIDATED BALANCE SHEET**

DELYN GROUP PLC

Notes	As at 2 February 1992	1992 £000	1992 £000	1991 £000
<b>FIXED ASSETS</b>				
11	Tangible assets	6,356		7,233
12	Investments	40		—
		<u>        </u>	6,396	<u>7,233</u>
<b>CURRENT ASSETS</b>				
13	Stocks	1,416		1,602
14	Debtors	2,225		2,427
	Cash at bank and in hand	1		1
		<u>3,642</u>		<u>4,030</u>
15	<b>CREDITORS:</b> amounts falling due within one year	3,150		3,847
	<b>NET CURRENT ASSETS</b>		492	183
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,888	7,416
16	<b>CREDITORS:</b> amounts falling due after more than one year		391	1,314
19	Provisions for liabilities and charges		969	918
20	Accruals and deferred income		146	159
	<b>NET ASSETS</b>		5,382	5,025
<b>CAPITAL AND RESERVES</b>				
21	Called-up share capital		424	424
22	Share premium account		68	68
22	Revaluation reserve		883	883
22	Merger reserve		8	15
22	Other reserves		25	25
22	Profit and loss account		3,974	3,610
	<b>TOTAL CAPITAL EMPLOYED</b>		5,382	5,025

The accounts were approved by the board of directors on 7 May 1992

PAUL A. NORMAN

MALCOLM BRAUN

Directors




The notes on pages 8 to 18 form part of these accounts

**BALANCE SHEET**

DELYN GROUP PLC

As at 2 February 1992		1992 £000	1992 £000	1991 £000
<i>Notes</i>				
	<b>FIXED ASSETS</b>			
11	Tangible assets	2,409		4,723
12	Investments	342		602
			2,751	5,325
	<b>CURRENT ASSETS</b>			
13	Stocks	—		1,181
14	Debtors	3,494		1,951
	Cash at bank and in hand	—		—
		3,494		3,132
15	<b>CREDITORS: amounts falling due within one year</b>	1,341		2,268
	<b>NET CURRENT ASSETS</b>		2,153	864
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,904	6,189
16	<b>CREDITORS: amounts falling due after more than one year</b>		11	613
19	Provisions for liabilities and charges		378	575
20	Accruals and deferred income		129	159
	<b>NET ASSETS</b>		4,386	4,842
	<b>CAPITAL AND RESERVES</b>			
21	Called-up share capital		424	424
22	Share premium account		68	68
22	Revaluation reserve		883	883
22	Merger reserve		—	159
22	Profit and loss account		3,011	3,308
	<b>TOTAL CAPITAL EMPLOYED</b>		4,386	4,842

The accounts were approved by the board of directors on 7 May 1992

PAUL A. NORMAN

MALCOLM BRAUN

Directors




The notes on pages 8 to 18 form part of these accounts

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

DELYN GROUP PLC

For the 52 weeks ended 2 February 1992	1992 £000	1992 £000	1991 £000
<b>SOURCE OF FUNDS</b>			
Operating profit before taxation		524	614
<b>ADJUSTMENT FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS</b>			
Share of loss in associated undertaking		15	—
Depreciation of fixed assets		869	862
Amortisation of government grants		(13)	(14)
Pension provision		(9)	130
Exchange difference		—	(1)
Profit on sale of fixed assets		(9)	(7)
Exceptional charge relating to Plastella S.A.		42	—
<b>TOTAL GENERATED FROM OPERATIONS</b>		<b>1,419</b>	<b>1,584</b>
Proceeds on sale of fixed assets		19	16
Loan and hire purchase finance		24	139
		<b>1,462</b>	<b>1,739</b>
<b>APPLICATION OF FUNDS</b>			
Purchase of fixed assets		181	527
Dividends paid		123	123
Loan and hire purchase repayments		989	970
Taxation paid		144	43
		<b>1,437</b>	<b>1,663</b>
<b>MOVEMENT IN WORKING CAPITAL</b>			
Increase/(decrease) in stocks	81		(107)
Increase in debtors	24		631
(Increase) in creditors	(316)		(288)
<b>MOVEMENT IN NET LIQUID FUNDS</b>			
Increase/(decrease) in cash and bank balances	<u>236</u>		<u>(160)</u>
		25	76
		<b>1,462</b>	<b>1,739</b>
Details relating to the change in the group's shareholding in Plastella S.A. are as follows:			
Net liabilities discharged	£000		£000
Fixed assets	179	Share of net assets of	
Stocks	267	associate	55
Debtors	226	Exceptional charge	42
Cash	1		
Creditors	<u>(775)</u>		
	(102)		
Goodwill previously written off to reserves	199		
	<b>97</b>		<b>97</b>

**ACCOUNTING POLICIES**

DELYN GROUP PLC

**FINANCIAL YEAR**

Accounting periods are of 52 or 53 weeks and end on the nearest Sunday to 31 January.

**ACCOUNTING CONVENTION**

These accounts have been prepared under the historical cost basis as adjusted for the revaluation of land and buildings and are in accordance with applicable accounting standards.

**CONSOLIDATION**

The group accounts include the accounts of the company and all subsidiaries. On 31 October 1991, Mercurex S.A. subscribed for capital in Plastella S.A. giving them a 50% interest in that company. Accordingly the results for Plastella S.A. up to 31 October 1991 are included in the consolidated profit and loss account. Intragroup sales and profits are eliminated fully on consolidation.

**ASSOCIATED UNDERTAKING**

As noted above, Plastella S.A. became an associated company on 31 October 1991 and the group share of its losses subsequent to that date is included in the consolidated profit and loss account and the group's share of its net assets is included in the consolidated balance sheet as an investment.

**GOODWILL**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is written off immediately against reserves. Amounts previously written off to reserves are accounted for in the profit and loss account on disposal of subsidiaries.

**FIXED ASSETS**

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition as modified by the revaluation of certain land and buildings.

Fixed assets are being depreciated on a straight line basis over their estimated useful lives as follows:

Freehold buildings — 25 years

Plant and equipment between 3 and 10 years

Leasehold buildings — 50 years

**GOVERNMENT GRANTS**

Government and local authority grants receivable are credited to a deferred income account. A proportion equivalent to the rate of depreciation is credited to profit and loss account annually.

**HIRE PURCHASE AND OPERATING LEASES**

Assets held under hire purchase contracts are recorded in the balance sheet at the fair value of the assets at the inception of the contracts. The excess of hire payments over recorded obligations are treated as finance charges. Rental costs under operating leases are charged to the profit and loss account by equal amounts over the periods of the leases.

**STOCKS**

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost comprises purchase price and other directly attributable costs. Net realisable value is the estimated selling price less appropriate selling and distribution costs.

**FOREIGN CURRENCIES**

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies and the share of net assets of associated undertakings, and from the translation of the results of those companies at average rates, are taken to reserves. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

**TURNOVER**

Group turnover comprises the net invoiced value of sales to third parties (excluding VAT and trade discounts) of goods and services in the normal course of business.

**DEFERRED TAXATION**

Provision is made for timing differences between the treatment of items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise in the foreseeable future.

**PENSIONS**

Pension costs for the group's defined benefit pension scheme are charged against profits so as to spread the cost of pensions over the expected working lives of employees with the group.

**NOTES TO THE ACCOUNTS**

DELYN GROUP PLC

**1 HOLDING COMPANY PROFIT AND LOSS ACCOUNT**

The company has taken advantage of the exemption in the Companies Act 1985 not to present its own profit and loss account. On 4 February 1991 the company transferred the manufacture of plastics packaging, together with the net assets applicable thereto, to a subsidiary company - Delyn Packaging Limited.

A loss before taxation of £291,000 in the year, after charging an amount of £260,000 in respect of the provision for the diminution in value of Plastella S.A., is dealt with in the accounts of the company. (1991 - Profit £278,000).

2 ANALYSIS BY GEOGRAPHICAL AREA	Turnover 1992 £000	Profit 1992 £000	Turnover 1991 £000	Profit 1991 £000
Turnover and profit				
The group turnover comprises a single activity				
Analysis by country of origin:				
United Kingdom	12,267	648	12,181	810
France - associate (1991 - subsidiary)	869	(124)	1,287	(196)
	13,136	524	13,468	614

Turnover by destination is not materially different from that stated above.

Net assets by geographical area	1992 £000	1991 £000
United Kingdom	5,342	5,014
France - associate (1991 - subsidiary)	40	11
	5,382	5,025

**3 OTHER OPERATING EXPENSES**

	1992 £000	1991 £000
Selling and distribution costs	1,545	1,416
Administrative expenses	1,624	1,520
	3,169	2,936

**4 EXCEPTIONAL CHARGE**

On 31 October 1991 the group's former 100% holding in Plastella S.A. was diluted to that of a 50% interest in an associated undertaking. Set out below are the financial implications of this change:

	1992 £000
Profit arising on dilution of shareholding	157
Less transfer of goodwill previously written off to reserves	199
Exceptional charge	42

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	1992 £000	1991 £000
Loans repayable within five years:		
Bank loans repayable within 5 years by instalments	150	293
Bank overdrafts repayable within 5 years not by instalments	155	179
Hire purchase contracts	101	166
	406	638

**NOTES TO THE ACCOUNTS** continued

DELYN GROUP PLC

6	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1992 £000	1991 £000
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written-off tangible fixed assets	869	862
	— Less: deferred income release	13	14
		<b>856</b>	<b>848</b>
	Included in the above is depreciation on assets held under hire purchase contracts	166	175
	Hire of plant and equipment — operating leases	2	25
	Hire of other assets — operating leases	49	42
	Auditor's remuneration and expenses (Company £2,000)	21	24
	and after crediting:		
	Profit on sale of tangible fixed assets	9	7
7	<b>EMPLOYEES</b>	1992 £000	1991 £000
	Particulars of employees (including executive directors) are as shown below:		
	Employees costs during the year amounted to:		
	Wages and salaries	3,855	3,684
	Social security costs	457	423
	Other pension costs (note 25)	202	174
		<b>4,514</b>	<b>4,281</b>
	The average number employed during the year was:	1992 Number	1991 Number
	Production	201	212
	Sales and distribution	25	19
	Administration	38	35
		<b>264</b>	<b>266</b>
8	<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	1992 £000	1991 £000
	Tax on profit on ordinary activities for the year was:		
	UK corporation tax at 33.16% — current year	184	265
	Overseas tax	—	(33)
	Deferred tax	59	—
	Adjustments in respect of prior years	—	3
		<b>243</b>	<b>235</b>
9	<b>DIVIDENDS</b>	1992 £000	1991 £000
	Interim paid — 0.45p per share (1991 — 0.45p)	38	38
	Final proposed — 1.00p per share (1991 — 1.00p)	85	85
		<b>123</b>	<b>123</b>

**NOTES TO THE ACCOUNTS** *continued*

DELYN GROUP PLC

10 DIRECTORS' REMUNERATION AND INTERESTS	1992 £000	1991 £000
Details of directors' remuneration are shown below:		
Emoluments	122	127
Pension costs	10	8
	132	135

Directors' remuneration (excluding pension contributions) of:

Chairman	—	—
Highest paid director	55	55

Other directors:	1992 Number	1991 Number
£ 5,001 – £10,000	—	1
£10,001 – £15,000	1	1
£50,001 – £55,000	1	1

The directors' interests in the shares of the company including shares over which options have been granted under the terms of the company's Executive Share Option Scheme, on 2 February 1992 together with their interests on 3 February 1991, were as follows:

	<i>Beneficial and family interests</i>	
	5p ordinary shares 1992	5p ordinary shares 1991
Paul A. Norman	2,435,000	2,435,000
Malcolm Braun	56,800	56,800
Derek W. Lowthe	8,000	8,000
John Norris	—	—
	<i>Ordinary shares over which options are outstanding</i>	
	5p ordinary shares 1992	5p ordinary shares 1991
Malcolm Braun	132,000	132,000
Derek W. Lowthe	132,000	132,000

No director had a non-beneficial interest in the shares of the company nor any interest in the shares of any other company in the group during the period under review. Between 2 February 1992 and 7 May 1992 there were no changes in the shareholdings detailed above. No director was interested in any significant contract during the year ended 2 February 1992.

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

11 TANGIBLE FIXED ASSETS	Freehold land and buildings £000	Leasehold buildings (long term) £000	Plant and equipment £000	Total £000
<b>Group</b>				
Cost or valuation				
At beginning of year	250	2,452	7,313	10,015
Additions at cost	—	9	172	181
Eliminated in respect of former subsidiary	(250)	—	(394)	(644)
Cost of disposals	—	—	(36)	(36)
<b>At end of year</b>	<b>—</b>	<b>2,461</b>	<b>7,055</b>	<b>9,516</b>
Aggregate depreciation:				
At beginning of year	178	123	2,481	2,782
Amount provided	6	57	806	869
Eliminated in respect of former subsidiary	(184)	—	(281)	(465)
Eliminated on disposals	—	—	(26)	(26)
<b>At end of year</b>	<b>—</b>	<b>180</b>	<b>7,980</b>	<b>3,160</b>
<b>NET BOOK VALUE</b>				
At 2 February 1992	—	2,281	4,075	6,356
At 3 February 1991	72	2,329	4,832	7,233
<b>Company</b>				
Cost or valuation				
At beginning of year	—	2,442	3,987	6,429
Additions at cost	—	9	19	28
Transfer to subsidiary	—	—	(3,716)	(3,716)
<b>At end of year</b>	<b>—</b>	<b>2,451</b>	<b>290</b>	<b>2,741</b>
Aggregate depreciation:				
At beginning of year	—	113	1,593	1,706
Amount provided	—	57	46	103
Transfer to subsidiary	—	—	(1,477)	(1,477)
<b>At end of year</b>	<b>—</b>	<b>170</b>	<b>162</b>	<b>332</b>
<b>NET BOOK VALUE</b>				
At 2 February 1992	—	2,281	128	2,409
At 3 February 1991	—	2,329	2,394	4,723

Plant and equipment of the group includes fixed assets held under hire purchase contracts at a net book value of £982,000 (1991 – £1,244,000).

The group's leasehold buildings were revalued on 27 January 1989 by Pyle Owen & Partners, an independent firm of surveyors, at open market value. The surplus arising of £883,000 has been credited to revaluation reserve.

**NOTES TO THE ACCOUNTS** continued

DELYN GROUP PLC

**11 TANGIBLE FIXED ASSETS** continued

The directors are of the opinion that there has been no significant change in the open market valuation of the group's leasehold buildings since 27 January 1989.

	Group 1992 £000	Group 1991 £000	Company 1992 £000	Company 1991 £000
Leasehold buildings are stated at:				
Open Market value 1989	2,300	2,300	2,300	2,300
Cost	151	152	151	142
	<u>2,461</u>	<u>2,452</u>	<u>2,451</u>	<u>2,442</u>
The historical cost of leasehold buildings is:				
Cost	2,424	2,418	2,414	2,408
Accumulated depreciation based on historic cost	966	948	956	933
Historic cost net book value	<u>1,458</u>	<u>1,470</u>	<u>1,458</u>	<u>1,475</u>

All other tangible assets are stated at historic cost.

**12 FIXED ASSET INVESTMENTS**

**Group**

**Associated undertaking**

The group's 100% holding in Plastella S.A. became a 50% interest in an associated undertaking on 31 October 1991. Set out below is the investment value as at the balance sheet date:

	£000
Share of associated undertaking's net assets at 1 November 1991	55
Share of losses for period 1 November 1991 to 2 February 1992	(15)
Share of associated undertaking's net assets at 2 February 1992	<u>40</u>

Company	Interests in Group Undertakings £000	Associated Undertaking £000	Total £000
Cost	855	—	855
Reclassification	(553)	553	—
Cost at 2 February 1992	<u>302</u>	<u>553</u>	<u>855</u>
Amounts written off			
At 4 February 1991	253	—	253
Reclassification	(253)	253	—
Diminution in value	—	260	260
	<u>—</u>	<u>513</u>	<u>513</u>
Net book value at 2 February 1992	<u>302</u>	<u>40</u>	<u>342</u>
Net book value at 3 February 1991	<u>602</u>	<u>—</u>	<u>602</u>

**Interest in group undertakings**

Fixed asset investments comprise shares in the undermentioned subsidiary companies, all of which are 100% owned and operate in their country of registration or incorporation.

	Nature of business	Country of Registration or Incorporation
Delyn Packaging Limited	Manufacture of plastics packaging	England
Calendered Plastics Limited	Plastics film producer	England
Alpha Products (Bristol) Limited	Manufacture of moulds	England
Plastella Limited	Dormant	England
Spencer Noble International Limited	Packaging Consultancy	England

**Associated undertaking**

The associated undertaking represents a 50% holding in the undermentioned company:

	Nature of business	Country of Registration or Incorporation
Plastella S.A.	Manufacture of plastics packaging	France

**NOTES TO THE ACCOUNTS** continued

DELYN GROUP PLC

	Group 1992 £000	Group 1991 £000	Company 1992 £000	Company 1991 £000
<b>13 STOCKS</b>				
The following are included in the net book value of stocks:				
Raw materials and consumables	599	678	—	403
Work in progress	46	49	—	5
Finished goods and goods for resale	771	875	—	773
	<b>1,416</b>	<b>1,602</b>	<b>—</b>	<b>1,181</b>
<b>14 DEBTORS</b>				
Amounts falling due within one year:				
Trade debtors	1,828	2,153	—	1,676
Order debtors	1	59	—	3
Prepayments and accrued income	56	215	13	140
Amounts due from subsidiaries	—	—	3,238	132
Amounts due from associated undertaking	97	—	—	—
	<b>1,982</b>	<b>2,427</b>	<b>3,251</b>	<b>1,951</b>
Amounts falling due after one year:				
Amounts due from associated undertaking	243	—	243	—
	<b>2,225</b>	<b>2,427</b>	<b>3,494</b>	<b>1,951</b>
<b>15 CREDITORS</b>				
Amounts falling due within one year:				
Bank loans and overdrafts	840	1,075	1,049	147
Trade creditors	947	1,265	—	582
Amounts due to subsidiaries	—	—	85	384
Amounts due to associated undertaking	10	—	—	—
Other creditors:				
— advance corporation tax payable	41	41	41	41
— VAT	305	233	—	220
— social security and PAYE	191	269	—	109
Proposed dividend	85	85	85	85
Corporation tax	142	103	—	44
Accruals and deferred income	323	468	53	365
Obligations under hire purchase contracts	266	308	28	291
	<b>3,150</b>	<b>3,847</b>	<b>1,341</b>	<b>2,268</b>

The bank facilities are secured by fixed and floating charges over the property and undertakings of the holding company and subsidiaries in favour of National Westminster Bank Plc and Société Générale.

The company is also subject to unlimited guarantees in respect of the borrowings of the other group companies, which at the year end amounted to £670,000.

**NOTES TO THE ACCOUNTS** continued

**DELYN GROUP PLC**

	Group 1992 £000	Group 1991 £000	Company 1992 £000	Company 1991 £000
16 CREDITORS amounts falling due after more than one year				
Bank loans (note 17)	—	688	—	—
Obligations under hire purchase contracts (note 18)	391	626	11	613
	<b>391</b>	<b>1,314</b>	<b>11</b>	<b>613</b>
17 BANK LOANS included in creditors falling due after more than one year are repayable as follows:				
Within 1-2 years	—	650	—	—
Within 2-5 years	—	38	—	—
	—	<b>688</b>	—	—
18 OBLIGATIONS under hire purchase contracts are due as follows:				
Within 1-2 years	43	254	3	248
Within 2-5 years	348	372	8	365
	<b>391</b>	<b>626</b>	<b>11</b>	<b>613</b>

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions & similar obligations (see note 25) £000	Deferred taxation (see below) £000	Total £000
Group			
At beginning of year	249	669	918
Profit and loss account	202	59	261
Contributions paid to pension scheme	(211)	—	(211)
Movement in advance corporation tax recoverable	—	1	1
At end of year	<b>240</b>	<b>729</b>	<b>969</b>
Company			
At beginning of year	249	326	575
Inter group transfer	—	(231)	(231)
Profit and loss account	202	42	244
Contributions paid to pension scheme	(211)	—	(211)
Movement in advance corporation tax recoverable	—	1	1
At end of year	<b>240</b>	<b>138</b>	<b>378</b>

DEFERRED TAXATION

Deferred taxation provided in the financial statements, and the potential liability including the amount for which provision has been made, are as follows:

	Amount provided		Total potential liability	
Group	1992 £000	1991 £000	1992 £000	1991 £000
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	744	758	839	853
Advance corporation tax	(35)	(36)	(35)	(36)
Sundry timing differences	20	(53)	20	(53)
	<b>729</b>	<b>669</b>	<b>824</b>	<b>764</b>

**NOTES TO THE ACCOUNTS** continued

**DELYN GROUP PLC**

**19 PROVISIONS FOR LIABILITIES AND CHARGES** continued

Company	Amount provided		Total potential liability	
	1992 £000	1991 £000	1992 £000	1991 £000
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	170	433	265	528
Advance corporation tax	(35)	(36)	(35)	(36)
Sundry timing differences	3	(71)	3	(71)
	<u>138</u>	<u>326</u>	<u>233</u>	<u>421</u>

**20 ACCRUALS AND DEFERRED INCOME**

Government grants	Group 1992 £000	Group 1991 £000	Company 1992 £000	Company 1991 £000
At beginning of year	159	173	159	173
Inter group transfer	—	—	(26)	—
Amortisation in year	(13)	(14)	(4)	(14)
At end of year	<u>146</u>	<u>159</u>	<u>129</u>	<u>159</u>

**21 CALLED-UP SHARE CAPITAL**

	1992 £000	1991 £000
Ordinary shares of 5p each:		
Authorised	1,000	1,000

Allotted and fully paid 8,476,124 ordinary shares of 5p 424      424

Options have been granted to executive directors of the company for the purchase of 264,000 shares in aggregate at a price of 47.75p exercisable between December 1989 and December 1996.

**22 RESERVES**

Group	Share premium account £000	Revaluation reserve £000	Merger reserve £000	Other reserves £000	Profit and loss account £000
At beginning of year	68	883	15	25	3,610
Retained profit for the year	—	—	—	—	158
Goodwill written back (note 4)	—	—	199	—	—
Realisation of merger reserve	—	—	(206)	—	206
At end of year	<u>68</u>	<u>883</u>	<u>8</u>	<u>25</u>	<u>3,974</u>

**NOTES TO THE ACCOUNTS**

**DELYN GROUP PLC**

**22 RESERVES** *continued*

Company	Share premium account £000	Revaluation reserve £000	Merger reserve £000	Other reserves £000	Profit and loss account £000
At beginning of year	68	883	159	—	3,308
Loss for the year	—	—	—	—	(456)
Transfer relating to diminution in value of former subsidiary	—	—	(159)	—	159
<b>At end of year</b>	<b>68</b>	<b>883</b>	<b>—</b>	<b>—</b>	<b>3,011</b>

The merger reserve was created on the acquisition of Plastella S.A. and has now been eliminated as a result of the write down of that investment.

**23 CAPITAL EXPENDITURE**

	1992 £000	1991 £000
Amounts approved by the directors in respect of capital expenditure not provided for in these accounts is as follows:		
Contracted	—	—
Authorised but not contracted for	8	—
	<b>8</b>	<b>—</b>

**24 OPERATING LEASE COMMITMENTS**

At 2 February 1992 the group was committed to making the following payments during the next year in respect of operating leases which expire:

	Land and buildings 1992 £000	Other 1992 £000	Land and buildings 1991 £000	Other 1991 £000
— Within 1 year	—	4	—	17
— Within 2 – 5 years	25	40	—	25
— After 5 years	18	—	18	—
	<b>43</b>	<b>44</b>	<b>18</b>	<b>42</b>

**25 PENSION COSTS**

The company operates a pension scheme for group employees, providing benefits based on final pensionable salary. The scheme, known formally as the Delyn Group Retirement Benefits Scheme, is set up under trust and the assets of the scheme are held separately from the company.

The total assets of the scheme as at 1 July 1990, based on market values, amounted to £2,581,000 and the level of funding (i.e. the total value of the assets expressed as a percentage of the past service liabilities) was 104%.

The accounting policy is to provide for pension liabilities on a systematic basis over the period of employment of scheme members with surpluses being accounted for over the average future membership of the scheme's members. The funding policy is similar, although the incidence of contributions and pension costs may not necessarily be the same.

**NOTES TO THE ACCOUNTS**

DELYN GROUP PLC

**25 PENSION COSTS** continued

A pension cost of £202,000 arises in relation to the scheme for the period to 2 February 1992. The company's contributions over the same period amounted to £211,000 which reduces the provision in the balance sheet by £9,000 to £240,000 as at 2 February 1992. The amount of £240,000 included in provisions represents the excess of the accumulated pension cost over the payment of contributions to the pension fund.

The pension cost and provision have been assessed in accordance with advice received from the actuary to the scheme on the basis of an actuarial valuation carried out as at 1 July 1990. Pension costs were assessed using the projected unit actuarial method based on assumptions including a long-term rate of investment return on assets of 9% per annum, increases in members' pensionable salaries 2% less than this figure, pension increases at 4% per annum (3% on members' Guaranteed Minimum Pensions) and allowances for mortality, withdrawals from service and early retirements.

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**REPORT OF THE AUDITOR**

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DELYN GROUP PLC

Coopers  
& Lybrand  
Deloitte

TO THE MEMBERS OF DELYN GROUP PLC

We have audited the accounts on pages 4 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 2 February 1992 and of the profit and source and application of funds of the group for the 52 weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte  
Chartered Accountants and Registered Auditor  
Cardiff

*Coopers & Lybrand Deloitte*

7 May 1992

**FIVE YEAR RECORD**

	1988 £000	1989 £000	1990 £000	1991 £000	1992 £000
TURNOVER	8,226	8,952	11,764	13,468	13,136
OPERATING PROFIT	696	809	1,164	1,252	987
PROFIT BEFORE TAXATION	632	761	610	614	524
PROFIT AFTER TAXATION	414	504	414	379	281
ISSUED SHARE CAPITAL	398	398	424	424	424

	1988 pence	1989 pence	1990 pence	1991 pence	1992 pence
EARNINGS PER SHARE	5.200	6.332	5.011	4.471	3.315
DIVIDENDS PER SHARE	1.125	1.450	1.450	1.450	1.450
NET ASSETS PER SHARE	39.65	55.63	57.79	59.29	63.50

**NOTICE OF MEETING**

DELYN GROUP PLC

Notice is hereby given that the annual general meeting of the company will be held at the Park Hotel, Park Place, Cardiff on Wednesday 10 June 1992 at 10.30 a.m. for the following purposes:

1. To receive and, if approved, adopt the report of the directors and accounts for the 52 weeks ended 2 February 1992 and the report of the auditors.
2. To declare a dividend.
3. To elect a director: Mr. Paul Norman retires and will be proposed for re-election.
4. To re-appoint Coopers & Lybrand as auditor from the conclusion of this meeting until the conclusion of the next annual general meeting.
5. To authorise the board of directors to fix the remuneration of the auditors.
6. To consider and, if thought fit, pass the following as a special resolution:

That the directors of the company be and are hereby generally authorised and empowered during the period expiring on the date of the next annual general meeting of the company to exercise all powers of the company to allot relevant securities as defined in Section 80 of the Companies Act 1985 ('the Act') and to make an offer or agreement which would or might require relevant securities to be allotted after that date, all as if Section 89(i) of the Act did not apply, but limited:

(a) so that the aggregate nominal value of the relevant securities allotted under this authority shall not exceed the lesser of:

(i) the aggregate nominal value of the unissued share capital of the company at the date hereof, and

(ii) one third of the sum of the aggregate nominal value of the issued ordinary share capital of the company at the date hereof and the aggregate nominal value of such of the unissued share capital of the company as the company is obliged to allot by virtue of options, conversion rights, warrants or other similar contractual or other arrangements and for which share capital has been specifically reserved at the date hereof;

(b) to allotments in connection with a rights issue to ordinary shareholders of equity securities as defined in Section 94 of the Act in proportion (as nearly as may be) to their shareholdings and subject to the directors having a right:

(i) to sell for the benefit of those shareholders who are citizens of or residents in any overseas territory, where in the opinion of the directors it would at the time of the offer be illegal (by relevant law) or unduly costly or burdensome for the company to make or for those shareholders to accept an offer of equity securities of the company, the equity securities to which they would otherwise be entitled; and

(ii) to aggregate and sell for the benefit of the company all fractions of a share which may arise in apportioning the equity securities among the ordinary shareholders; and

(c) as regards other allotments of equity securities for cash in aggregate to the allotment of, involving, equity share capital not exceeding in nominal value 5% of the present issued ordinary share capital of the company.

By order of the board  
Malcolm Braun Secretary



REGISTERED OFFICE  
St. Alphage House  
Fore Street  
London EC2Y 5D11

7 May 1992

**NOTES**

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and to vote on his behalf. A proxy need not be a member of the company.

Members who are unable to attend the meeting are invited to sign and return the enclosed form of proxy to reach the company not less than 48 hours before the time of the meeting.

There will be available at the company's registered office during normal business hours on any weekday (Saturday-excepted) from 7 May 1992 until 9 June 1992 and at the meeting from 15 minutes prior thereto, the register of the directors' interests in the shares of the company and its subsidiaries and their service contracts.