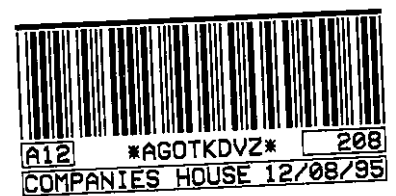


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DELYN
ANNUAL
REPORT &
ACCOUNTS
1995



DELYN

DIRECTORS AND ADVISERS

DELYN GROUP PLC

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

John Norris B.Sc.(Eng.), Ph.D.
John A. Fooks J.P., M.A., F.C.A.

SECRETARY

Malcolm Braun

Delyn Group PLC
14 Cathedral Road
Cardiff CF1 9LJ
Telephone 01222 660100
Facsimile 01222 660120

REGISTERED OFFICE

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

AUDITORS

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

STOCKBROKERS

Albert E. Sharp & Co
Edmund House
12 Newhall Street, Birmingham B3 3ER

BANKERS

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

REGISTRARS

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

CHAIRMAN'S STATEMENT

DELYN GROUP PLC

Dear Shareholder

The group produced pre-tax profits for the year ended 29 January 1995 of £853,000 (1994 – £168,000) on a turnover of £17.5 million, which was an increase of 26% over the prior year. Your Board is recommending an increase in total dividend to 1.75p per share (1994 – 1.67p). The final dividend of 1.25p per share will be paid on 1 August 1995 to shareholders on the register as at 11 July 1995.

Delyn Packaging maintained its successful policy of developing thermoformed packaging containers for use both in the UK and Continental Europe. We have continued to invest in the latest thermoforming machinery which has enabled the company to maintain progress in turbulent conditions where raw material prices have increased by approximately 50% during the year. Although we have been able to pass on most of these increases there was a time lag which affected margins during the year.

Our plastics film making subsidiary, Calendered Plastics, achieved particular success in selling film into the markets for modified atmosphere packaging. Profit margins also came under pressure as a result of the escalation in polymer prices during the year. The company continues to widen its range of films and has an excellent customer base upon which to build for the future.

Expenditure on plant and machinery during the year amounted to £1.3 million (1994 – £0.8 million) which was in advance of the depreciation charge for the year of £0.9 million (1994 – £0.8 million).

The group's recent entry into house building has been encouraging and the development in the London Borough of Greenwich is proceeding as expected with 14 of the first 18 units available having been sold by the end of the financial year. The second phase of 30 flats commenced in March with completion now scheduled for August 1995. Panorama Homes is now becoming a known name in the market and is regularly being offered interesting development opportunities. Construction has now commenced on a 3 acre site in central Edinburgh. This development is in an excellent location and will consist of 75 flats particularly suited to the first time buyer. Our policy for Panorama is to purchase sites in Greater London and areas where there is an established level of demand for housing.

At the year end gearing had increased to 50% (1994 – 33%) primarily as a result of funding for capital expenditure and an increase in stocks and house building work in progress. Our housing developments are carried out on a phased basis with close attention being paid to cash flow.

Earnings per share increased by 23% to 6.57p from 5.33p in 1994 that was calculated on profit before exceptional items and after taxation. (Earnings per share in 1994 on the loss attributable to shareholders was minus 1.54p).

John Fooks, J.P., M.A., F.C.A., Chairman of East Surrey Holdings plc., joined the Board in March 1995 as a non-executive director and his extensive experience in industry and property has further strengthened your Board.

The past year has been affected by the unusual level of raw material price increases in the plastics industry that have continued into the current year. Every effort is being made to maintain margins and it is considered that we are well placed with the current order book in advance of that of last year.

I would like to take this opportunity to thank all our employees for their efforts during the year and look forward to their continued support in the future.

Paul Norman

REPORT OF THE DIRECTORS

DELYN GROUP PLC

The directors present their report and accounts for the 52 weeks ended 29 January 1995.

ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group during the year continued to be the manufacture of plastic materials, consumer packaging and housebuilding.

Details of companies within the group and the countries in which they operate are shown in note 14 to the accounts.

A review of the group's business activities is contained in the chairman's statement on page 1.

RESULTS

Operating profit was £1,024,000 which, after deduction of £171,000 in respect of interest charges and after allowing for a tax charge of £291,000 left a profit on the ordinary activities of the group of £562,000. The directors recommended the payment of a final dividend of 1.25p per share, making a total for the year of 1.75p. The final dividend, if approved, will be paid on 1 August 1995 to shareholders on the register as at 11 July 1995. The sum of £150,000 will be absorbed by these dividend payments, leaving a profit of £412,000 to be added to group reserves.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group 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 preparation of the financial statements for the year ended 29 January 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 the group, and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE

The application of the Cadbury Report on the Financial Aspects of Corporate Governance has been considered by the company and progress is being made in applying its requirements as considered appropriate to a company of our size. The board is pleased to confirm that the company has complied throughout the period with the Committee's Code of Best Practice except as noted below.

The composition of the board at present is of three executive directors and two non-executive with Mr. John Fooks having been appointed as a non-executive director on 3 March 1995. Although the Code suggests that three non-executive directors are required, the board believes that in common with many companies of a similar size two non-executive directors are appropriate to the group's circumstances. The non-executive directors have not been appointed for a fixed period.

The company has not yet established an Audit Committee as recommended, but the full board consider the group's financial statements and matters arising from the audit.

Mr. Paul Norman holds the joint role of Chairman and Chief Executive and is supported by Mr. Malcolm Braun as Financial Director/Secretary; Executive Director Mr. Derek Lowthe (Managing Director of Delyn Packaging Limited); Dr. John Norris and Mr. John Fooks who are non-executive directors. No director has a Service Agreement in excess of 3 years.

The board meets at regular and frequent intervals throughout the year and is responsible for the overall direction, financial planning, capital expenditure and strategy of all companies within the group. In addition to this an annual conference is held away from company premises with all directors of subsidiary companies to discuss performance and future strategy. A formal schedule of matters reserved to the board was adopted on 11 May 1994 formalising these procedures together with the procedure allowing directors to seek independent professional advice.

The company has not complied with the aspects of the Code relating to internal financial control as the guidance to directors on reporting was not applicable for the year under review.

REPORT OF THE DIRECTORS

DELYN GROUP PLC

Remuneration of all directors within the group is considered by the Remuneration Committee which during the year under review did not have a majority of non-executive directors. The committee currently comprises the Chairman and the two non-executive directors.

GOING CONCERN

After making appropriate enquiries the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future.

For this reason they continue to adopt the going concern basis in preparing the group and company financial statements.

DIRECTORS

The directors of the company at 29 January 1995 are listed at the front of these accounts. With the exception of Mr. J. A. Fooks, who was appointed on 3 March 1995, all other directors served for the whole of the period.

Details of the independent non-executive directors are shown below:

John Norris, B.Sc(Eng), Ph.D. Chemical Engineer, appointed 6 December 1977. He has wide experience in the fields of paper, packaging, plastics and building products and in addition spent 7 years as Investment Director with the Welsh Development Agency.

John Anthony Fooks, J.P., M.A., F.C.A., appointed 3 March 1995 – Chairman East Surrey Holdings plc, and is also a director of Bradford Property Trust PLC, Cheam Group Plc., Pittards PLC and other companies.

Dr. John Norris retires by rotation and, being eligible, offers himself for re-election.

In accordance with the company's articles of association Mr. Fooks retires from office and, being eligible, offers himself for re-election.

There are no service contracts between the company and Dr. Norris or Mr. Fooks.

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 29 January 1995, together with their interests on 30 January 1994 were as shown in note 12 to the accounts.

SUBSTANTIAL SHAREHOLDINGS

At 3 May 1995 interests in 3% or more of the company's shares were as follows:

	Ordinary Shares	%
Honor Establishment Limited*	2,435,000	28.41
Henderson Administration Group plc	1,405,000	16.39
Mercury Asset Management plc	1,166,000	13.60
Framlington Group plc – Throgmorton 1000 Smaller Companies Trust	650,000	7.58
AES Smaller Companies Trust	300,000	3.50

* 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.

FIXED ASSETS

Changes in the group's fixed assets are detailed in note 13 to the accounts.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The total amount of charitable contributions made by the group during the period was £632. 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.

By order of the board
Malcolm Braith Secretary

2 June 1995

DELYN**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

DELYN GROUP PLC

For the 52 weeks ended 29 January 1995		1995 £000	1994 £000
Notes			
2	TURNOVER — continuing operations	17,562	13,971
	Cost of sales — continuing operations	(13,037)	(9,971)
	GROSS PROFIT	4,525	4,000
4	Other operating expenses (net) — continuing operations	(3,501)	(3,135)
	OPERATING PROFIT — continuing operations	1,024	865
5	Loss on disposal of associated undertaking:		
	— Goodwill previously written off to reserves		(198)
	— Provision for debts due to the group		(387)
			(585)
	PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	1,024	280
6	Interest payable less receivable	(171)	(112)
7	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	853	168
9	Tax on profit on ordinary activities	(291)	(299)
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	562	(131)
10	DIVIDENDS PAID AND PROPOSED	(150)	(143)
23	RETAINED PROFIT/(LOSS) FOR YEAR	412	(274)
		1995 pence	1994 pence
	EARNINGS PER ORDINARY SHARE OF 5p		
	— on profit before exceptional items and after taxation	6.57	5.33
	— effect of exceptional items	—	(6.87)
11	EARNINGS PER SHARE ON PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	6.57	(1.54)
	HISTORICAL COST PROFITS AND LOSSES	1995 £000	1994 £000
	Reported profit on ordinary activities before taxation	853	168
	Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	14	20
	Historical cost profit on ordinary activities before taxation	867	188
	Historical cost profit/(loss) for the year retained after taxation and dividends	426	(254)

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 19 form part of these accounts.

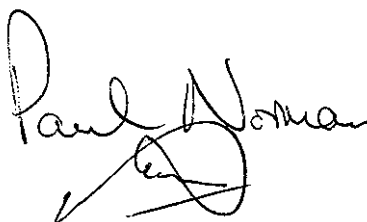
DELYN**CONSOLIDATED BALANCE SHEET**

DELYN GROUP PLC

As at 29 January 1995		1995 £000	1995 £000	1994 £000
Notes				
	FIXED ASSETS			
13	Tangible assets		6,470	6,129
	CURRENT ASSETS			
15	Stocks	4,051		3,232
16	Debtors	3,592		2,441
	Cash at bank and in hand	22		1
		<u>7,665</u>		<u>5,674</u>
17	CREDITORS: amounts falling due within one year	<u>5,392</u>		<u>4,139</u>
	NET CURRENT ASSETS		<u>2,273</u>	<u>1,535</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,743</u>	<u>7,664</u>
18	CREDITORS: amounts falling due after more than one year	1,470		808
20	Provisions for liabilities and charges	911		917
21	Accruals and deferred income	120		124
			<u>2,501</u>	<u>1,849</u>
	NET ASSETS		<u>6,242</u>	<u>5,815</u>
	CAPITAL AND RESERVES			
22	Called-up share capital		429	427
23	Share premium account		108	95
23	Revaluation reserve		883	883
23	Other reserves		25	25
23	Profit and loss account		4,797	4,385
	EQUITY SHAREHOLDERS' FUNDS		<u>6,242</u>	<u>5,815</u>

The accounts were approved by the board of directors on 2 June 1995

PAUL A. NORMAN
MALCOLM BRAUN
Directors



The notes on pages 9 to 19 form part of these accounts

DELYN**BALANCE SHEET**

DELYN GROUP PLC

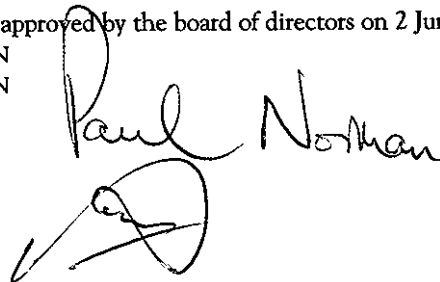
As at 29 January 1995		1995 £000	1995 £000	1994 £000
<i>Notes</i>				
FIXED ASSETS				
13	Tangible assets	2,242		2,283
14	Investments	302		302
			2,544	2,585
CURRENT ASSETS				
16	Debtors	2,759		2,734
	Cash at bank and in hand	1		1
		2,760		2,735
17	CREDITORS: amounts falling due within one year	1,269		1,081
	NET CURRENT ASSETS		1,491	1,654
	TOTAL ASSETS LESS CURRENT LIABILITIES		4,035	4,239
18	CREDITORS: amounts falling due after more than one year	23		22
20	Provisions for liabilities and charges	293		304
21	Accruals and deferred income	120		124
			436	450
	NET ASSETS		3,599	3,789
CAPITAL AND RESERVES				
22	Called-up share capital		429	427
23	Share premium account		108	95
23	Revaluation reserve		883	883
23	Profit and loss account		2,179	2,384
	EQUITY SHAREHOLDERS' FUNDS		3,599	3,789

The accounts were approved by the board of directors on 2 June 1995

PAUL A. NORMAN

MALCOLM BRAUN

Directors



The notes on pages 9 to 19 form part of these accounts

DELYN**CONSOLIDATED CASH FLOW STATEMENT**

DELYN GROUP PLC

For the 52 weeks ended 29 January 1995	1995 £000	1994 £000
NET CASH INFLOW/(OUTFLOW) FROM CONTINUING OPERATING ACTIVITIES	741	(70)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid (net)	(87)	(52)
Interest paid on hire purchase contracts	(84)	(60)
Dividends paid	(143)	(142)
Net cash outflow from returns on investments and servicing of finance	(314)	(254)
TAXATION		
U.K. corporation tax paid	(401)	(277)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(384)	(93)
Sale of tangible fixed assets	54	14
Net cash outflow from investing activities	(330)	(79)
FINANCING		
Issue of shares	15	30
Loans received	907	630
Repayment of loans	(652)	—
Payments of principal under hire purchase contracts	(465)	(382)
Net cash (outflow)/inflow from financing	(195)	278
Decrease in cash and cash equivalents	(499)	(402)

NOTES TO THE CASH FLOW STATEMENT

DELYN GROUP PLC

Reconciliation of operating profit to net cash inflow/(outflow) from continuing operating activities	1995 £000	1994 £000
Operating profit	1,024	865
Depreciation of tangible fixed assets	930	863
(Profit)/loss on sale of tangible fixed assets	(10)	15
Increase in stocks	(819)	(1,782)
Increase in debtors and prepayments	(1,151)	(441)
Increase in trade and other creditors	640	427
Increase in other taxation and social security	44	18
Increase/(decrease) in accruals and deferred income	97	(40)
Amortisation of government grants	(4)	(10)
(Decrease)/increase in pensions provision	(10)	15
NET CASH INFLOW/(OUTFLOW) FROM CONTINUING OPERATING ACTIVITIES	741	(70)

Analysis of cash and cash equivalents	1995 £000	1994 £000
Balance at beginning of year	(479)	(77)
Net cash outflow	(499)	(402)
BALANCE AT END OF YEAR	(978)	(479)

Analysis of balances	1995 £000	1994 £000	Change in year £000
Cash at bank and in hand	22	1	21
Bank overdrafts	(1,000)	(480)	(520)
	(978)	(479)	(499)

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	1995 Share Capital and premium £000	1995 Loans and hire purchase obligations £000	1994 Share Capital and premium £000	1994 Loans and hire purchase obligations £000
Opening balance	522	1,419	492	415
Shares issued	2	—	3	—
Share premium	13	—	27	—
Loans	—	907	—	630
Inception of hire purchase contracts	—	931	—	756
Repayment of loans	—	(652)	—	—
Repayment of principal under hire purchase contracts	—	(465)	—	(382)
	537	2,140	522	1,419

During the period there was a movement in share capital of £1,500 and share premium of £12,826 in respect of Directors share options that were exercised

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.

The company's retained loss for the financial year was £205,000 (1994 – Loss £643,000).

2 SEGMENTAL ANALYSIS BY CLASS OF BUSINESS	1995 £000	1994 £000
Turnover		
Consumer packaging and materials	16,592	13,971
Housebuilding	970	—
	17,562	13,971
Profit before taxation		
Consumer packaging and materials	1,289	1,340
Housebuilding	4	(41)
	1,293	1,299
Common costs	(397)	(485)
	896	814
Loss on disposal of associated undertaking	—	(585)
Profit before interest	896	229
Interest on unallocated group borrowings	(43)	(61)
	853	168

As a result of the continued development of the group's housebuilding activity a more detailed analysis of the group's activities between packaging and housebuilding has been undertaken. The comparative figures for 1994 have been amended to be consistent with the current basis.

The sum of £78,200 (1994 – £28,300) has been included in the segmental analysis for housebuilding in respect of costs not directly associated to building projects currently under development.

Net Assets		
Consumer packaging and materials	6,225	5,599
Housebuilding	1,143	696
Net operating assets	7,368	6,295
Unallocated group borrowings	(1,126)	(480)
	6,242	5,815

The group's net assets are principally held in the United Kingdom.

3 ANALYSIS OF TURNOVER BY GEOGRAPHICAL AREA	1995 £000	1994 £000
United Kingdom	16,317	13,102
Europe	1,234	824
Rest of World	11	45
	17,562	13,971

All sales originate from the United Kingdom and the group's profit before taxation arises from these sales.

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

	1995 £000	1994 £000
4 OTHER OPERATING EXPENSES		
Selling and distribution costs	1,595	1,454
Administrative expenses	1,906	1,681
	<u>3,501</u>	<u>3,135</u>
5 LOSS ON DISPOSAL OF ASSOCIATED UNDERTAKING		
	1995 £000	1994 £000
Goodwill previously written off to reserves	—	(198)
Provision for sale proceeds not received	—	(45)
Provision for other debts	—	(342)
	<u>—</u>	<u>(585)</u>
<p>The sums provided for in the 1994 accounts due from Mercurex S.A. in respect of the disposal of the former associated undertaking, Plastella S.A., have been admitted by the French Courts. The Administrative Receiver has continued trading for both Mercurex and Plastella but, to date, details have not been published relating to any potential distribution to creditors.</p>		
6 INTEREST PAYABLE LESS RECEIVABLE		
	1995 £000	1994 £000
Bank loans and overdrafts repayable within 5 years not by instalments	171	116
Hire purchase contracts	84	60
Interest receivable	—	(7)
	<u>255</u>	<u>169</u>
Less interest capitalised	(84)	(57)
	<u>171</u>	<u>112</u>
7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	1995 £000	1994 £000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and amounts written-off tangible fixed assets	930	863
— Less: deferred income release	(4)	(12)
	<u>926</u>	<u>851</u>
Included in the above is depreciation on assets held under hire purchase contracts	178	189
Rental of land and buildings	213	166
Hire of other assets — operating leases	62	49
Auditors' remuneration — Audit (Company £4,000)	26	26
— Other (Company £1,000)	12	25
(Profit)/loss of tangible fixed assets	(10)	15
(Profit)/loss on exchange rate differences	(4)	7

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

8 EMPLOYEES	1995 £000	1994 £000
Particulars of employees (including executive directors) are as shown below:		
Employee costs during the year amounted to:		
Wages and salaries	4,574	4,041
Social security costs	399	373
Other pension costs — see note 28	304	259
	5,277	4,673

The average number employed during the year was:	1995 Number	1994 Number
Production	176	159
Sales and distribution	22	22
Administration	36	35
	234	216

9 TAX ON PROFIT ON ORDINARY ACTIVITIES	1995 £000	1994 £000
Tax on profit on ordinary activities for the year was:		
UK corporation tax at 33% — current year	313	258
Deferred tax	1	41
Adjustments in respect of prior years — current	(28)	(11)
— deferred	5	11
	291	299

10 DIVIDENDS	1995 £000	1994 £000
Interim paid — 0.50p per share (1994 — 0.50p)	43	43
Final proposed — 1.25p per share (1994 — 1.17p)	107	100
	150	143

11 EARNINGS PER SHARE

The calculation of the earnings per share is based on £562,000 — profit (1994 — loss £131,000) and 8,556,700 ordinary shares of 5p each in issue during the period (1994 — 8,513,432). No material dilution of earnings per share would arise if outstanding share options were exercised. In addition to the earnings per share based on the profit/(loss) for the 1993/4 financial year the directors consider it appropriate to show the above calculation based on the profit/(loss) for that year excluding the exceptional items net of tax as a clearer measure of operating performance.

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

12	DIRECTORS' REMUNERATION AND INTERESTS	1995 £000	1994 £000
	Details of directors' remuneration are shown below:		
	Emoluments	239	207
	Pension costs	22	15
		261	222
	Directors' remuneration		
	Chairman — Emoluments	98	74
	— Pension Costs	10	4
	Highest paid director — Emoluments	64	60
	— Pension Costs	6	6
	Other directors:	1995 Number	1994 Number
	£10,001 – £15,000	1	1
	£55,001 – £60,000	—	1
	£60,001 – £65,000	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 29 January 1995 together with their interests on 30 January 1994, were as follows:

	Beneficial and family interests	
	5p ordinary shares 1995	5p ordinary shares 1994
Paul A. Norman	2,435,000	2,435,000
Malcolm Braun	66,800	56,800
Derek W. Lowthe	8,000	8,000
John Norris	—	—
John Fooks	—	—
	Options exercised during year	Ordinary shares over which options are outstanding
		5p ordinary shares 1995 5p ordinary shares 1994
Malcolm Braun	30,000	72,000 102,000
Derek W. Lowthe	—	97,000 97,000

The exercise period for the above options expires in December 1996 at an option price of 47.75p per 5p Ordinary Share. The market price of the company's shares at the beginning and end of the financial year was 104p and 72p respectively. The market price of the shares when the options were exercised was 86p.

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 29 January 1995 and 2 June 1995 there were no changes in the shareholdings detailed above. No director was interested in any significant contract during the year ended 29 January 1995.

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

13 TANGIBLE FIXED ASSETS	Leasehold buildings (long term) £000	Plant and equipment £000	Total £000	
Group				
Cost or valuation				
At beginning of year	2,506	8,354	10,860	
Additions at cost	8	1,307	1,315	
Cost of disposals	—	(184)	(184)	
At end of year	2,514	9,477	11,991	
Aggregate depreciation:				
At beginning of year	289	4,442	4,731	
Amount provided	51	879	930	
Eliminated on disposals	—	(140)	(140)	
At end of year	340	5,181	5,521	
NET BOOK VALUE				
At 29 January 1995	2,174	4,296	6,470	
At 30 January 1994	2,217	3,912	6,129	
Company				
Cost or valuation				
At beginning of year	2,496	108	2,604	
Additions at cost	8	35	43	
Eliminated on disposals	—	(14)	(14)	
At end of year	2,504	129	2,633	
Aggregate depreciation:				
At beginning of year	279	42	321	
Amount provided	51	23	74	
Eliminated on disposals	—	(4)	(4)	
At end of year	330	61	391	
NET BOOK VALUE				
At 29 January 1995	2,174	68	2,242	
At 30 January 1994	2,217	66	2,283	
Plant and equipment includes fixed assets held under hire purchase contracts at a net book value of £1,727,000 (1994 – £1,185,000).				
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.				
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 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Leasehold buildings are stated at:				
Open Market value 1989	2,300	2,300	2,300	2,300
Cost	214	206	204	196
	2,514	2,506	2,504	2,496
The historical cost of leasehold buildings is:				
Cost	2,480	2,472	2,470	2,462
Accumulated depreciation based on historic cost	1,071	1,033	1,061	1,023
Historic cost net book value	1,409	1,439	1,409	1,439
All other tangible fixed assets are stated at historic cost.				

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

14 **FIXED ASSET INVESTMENTS**

Company

Interest
in group
undertakings
1995
£000
302

Cost at beginning and end of year

Interest in group undertakings

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

Subsidiary companies	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 and tools	England
Panorama Homes Limited	Housebuilding	England
Spencer Noble International Limited	Dormant	England
Plastella Limited	Dormant	England

Associated undertaking	Nature of business	Country of Registration or Incorporation
Menbury Limited	Housebuilding	England

Overseas branch	Nature of business	Country of Operation
Delyn France	Distribution for Delyn Group products	France

On 20 January 1995 Panorama Homes Limited entered into a joint venture agreement with Colroy Investments Limited, a subsidiary of M. J. Gleeson Group PLC to purchase 50% of the nominal value of the ordinary shares of Menbury Limited. The principal activity of Menbury Limited is housebuilding where development is currently being undertaken at a site in Edinburgh. The only transaction undertaken in the period to 29 January 1995 has been the acquisition of land.

Details of the company's net assets as at 29 January 1995 are as set out below:

Land	£000
Cash	887
Other debtors	9
Amounts due to shareholders	151
	(1,047)
	—

15 **STOCKS**

The following are included in the net book value of stocks:

	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Raw materials and consumables	1,416	979	—	—
Work in progress	27	41	—	—
Finished goods and goods for resale	1,152	772	—	—
Housebuilding — work in progress	1,456	1,440	—	—
	4,051	3,232	—	—
Housebuilding — work in progress				
— Land	833	1,045	—	—
— Construction and other costs	482	338	—	—
— Interest	141	57	—	—
	1,456	1,440	—	—

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

16 DEBTORS	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Amounts falling due within one year:				
Trade debtors	2,926	2,309	—	—
Other debtors	23	40	1	—
Prepayments and accrued income	118	92	19	17
Amounts due from subsidiaries	—	—	2,739	2,717
Amounts due from associated undertaking	525	—	—	—
	3,592	2,441	2,759	2,734

17 CREDITORS				
Amounts falling due within one year:				
Bank loans and overdrafts — see note 18	1,281	715	992	734
Trade creditors	2,137	1,509	—	—
Amounts due to subsidiaries	—	—	3	3
Other creditors:	14	22	—	—
Advance corporation tax	41	41	41	41
Social security and other taxes	514	470	—	—
Proposed dividend	107	100	107	100
Corporation tax	329	443	5	101
Accruals and deferred income	560	463	99	86
Obligations under hire purchase contracts	409	376	22	16
	5,392	4,139	1,269	1,081

18 CREDITORS amounts falling due after more than one year				
Obligations under hire purchase contracts — see note 19	846	413	23	22
Bank loans	604	395	—	—
Trade Creditor	20	—	—	—
	1,470	808	23	22

The group's bank borrowings are secured by a fixed charge over its property assets and the land and development components of the housebuilding work in progress along with a floating charge over the group's other assets.

The bank loans bear interest at 1.5% above National Westminster Bank Plc base rate and are repayable on a pro rata basis to the sale of development units. The projected sales of units result in the loans being repayable as follows:

	£000
Within one year or less	281
Between one and years	371
Between two and five years	233
	885

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

19 OBLIGATIONS under hire purchase contracts are due as follows:	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
Within 1 year or less	409	376	22	16
Within 1-2 years	290	240	15	14
Within 2-5 years	556	173	8	8
	1,255	789	45	38

20 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Pensions & similar obligations (see note 28) £000	Deferred taxation (see below) £000	Total £000
At beginning of year	244	673	917
Profit and loss account	304	6	310
Contributions paid to pension scheme	(314)	—	(314)
Movement in advance corporation tax recoverable	—	(2)	(2)
At end of year	234	677	911
Company			
At beginning of year	244	60	304
Profit and loss account	304	1	305
Contributions paid to pension scheme	(314)	—	(314)
Movement in advance corporation tax recoverable	—	(2)	(2)
At end of year	234	59	293

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:

Group	Amount provided		Amount unprovided	
	1995 £000	1994 £000	1995 £000	1994 £000
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	741	740	—	—
Advance corporation tax	(25)	(25)	—	—
Sundry timing differences	(42)	(42)	—	—
Tax effect of property revaluation	—	—	—	95
	674	673	—	95
Company				
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	157	151	—	—
Advance corporation tax	(25)	(25)	—	—
Sundry timing differences	(71)	(66)	—	—
Tax effect of property revaluation	—	—	—	95
	61	60	—	95

21 ACCRUALS AND DEFERRED INCOME

Government grants	Group 1995 £000	Group 1994 £000	Company 1995 £000	Company 1994 £000
At beginning of year	124	134	124	126
Amortisation in year	(4)	(10)	(4)	(2)
At end of year	120	124	120	124

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

	1995 £000	1994 £000		
22 CALLED-UP SHARE CAPITAL				
Ordinary shares of 5p each:				
Authorised	1,000	1,000		
<hr/>				
Allotted and fully paid 8,571,124 ordinary shares of 5p (1994 – 8,541,124)	429	427		
<hr/>				
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. During the year options in respect of 30,000 ordinary shares were exercised. Options in respect of 169,000 ordinary shares remain. See note 12 in respect of options exercised during the year.				
<hr/>				
23 RESERVES				
Group	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At beginning of year	95	883	25	4,385
Premium on shares issued in year	13	—	—	—
Profit for the year	—	—	—	412
At end of year	108	883	25	4,797
<hr/>				
Company	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	
At beginning of year	95	883	2,384	
Premium on shares issued in year	13	—	—	
Loss for the year	—	—	(205)	
At end of year	108	883	2,179	
<hr/>				
24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
	1995 £000	1994 £000		
Profit/(Loss) for the financial year	562	(131)		
Dividends	(150)	(143)		
<hr/>				
New share capital issued	412	(274)		
	15	30		
Goodwill transferred to the profit and loss account in respect of disposals of associated undertaking	—	198		
<hr/>				
Net addition/(reduction) to shareholders' funds	427	(46)		
Opening shareholders' funds	5,815	5,861		
<hr/>				
Closing shareholders' funds	6,242	5,815		

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

25	CAPITAL EXPENDITURE	1995	1994
		£000	£000
	Amounts approved by the directors in respect of capital expenditure not provided for in these accounts is as follows:		
	Contracted	383	183
	Authorised but not contracted for	246	178
		629	361

26 **CONTINGENT LIABILITIES**

The company is subject to unlimited guarantees in respect of the bank borrowings of other group companies which, at the year end, amounted to £953,000 (1994 – £425,000).

The company has guaranteed the hire purchase commitments of other group companies which at the year end amounted to £1,117,000 (1994 – £750,000).

The guarantee given by the company in 1994 in respect of the construction costs for the house building project at Eltham by Panorama Homes Limited has been cancelled by agreement with the contractors. All costs relative to this contract have been accrued in the accounts.

The company has guaranteed payments due from Panorama Homes Limited to the associated undertaking, Menbury Limited. As at the year end there were no amounts outstanding in respect of this guarantee.

27 **OPERATING LEASE COMMITMENTS**

At 29 January 1995 the group was committed to make the following payments during the next year in respect of operating leases which expire:

	Land and buildings 1995 £000	Other 1995 £000	Land and buildings 1994 £000	Other 1994 £000
Within 1 year	76	—	38	7
Within 2–5 years	25	25	25	26
After 5 years	26	—	26	—
	127	25	89	33

28 **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 1993, the date of the last actuarial valuation, based on market values, amounted to £2,770,000 and the level of funding (i.e. the total value of the assets expressed as a percentage of the past service liabilities) was 92%.

The accounting policy is to provide for pension liabilities on a systematic basis over the period of employment of scheme members with surpluses/deficiencies 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.

A pension cost of £304,000 arises in relation to the scheme for the period to 29 January 1995. The company's contribution over the same period amounted to £314,000 which reduces the provision in the balance sheet by £10,000 to £234,000 as at 29 January 1995. The amount of £234,000 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 1993. 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 3% on members' Guaranteed Minimum Pensions (4½% on excess over G.M.P.) and allowances for mortality, withdrawals from service and early retirements.

Following the results of the 1993 actuarial valuation the company has increased its contribution to the scheme in order to re-establish a 100% past funding position.

REPORT OF THE AUDITORS

DELYN GROUP PLC

**Coopers
& Lybrand****TO THE MEMBERS OF DELYN GROUP PLC**

We have audited the financial statements on pages 4 to 19.

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 group's circumstances, consistently applied and adequately disclosed.

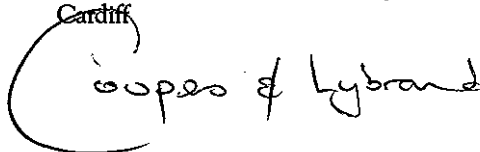
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs of the company and the group at 29 January 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff

2 June 1995

A large, stylized handwritten signature in cursive script that reads "Coopers & Lybrand". The signature is written in dark ink and is positioned below the printed name of the firm.

REPORT OF THE AUDITORS

DELYN GROUP PLC

**Coopers
& Lybrand****REPORT BY THE AUDITORS TO DELYN GROUP PLC ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the financial statements, we have reviewed the directors' statement on pages 2 and 3 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board. That bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the group's corporate governance procedures, nor on the ability of the group to continue in operational existence.

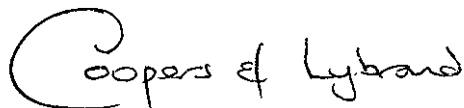
Opinion

With respect to the directors' statement on going concern on page 3 in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and their statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on pages 2 and 3 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand
Chartered Accountants
Cardiff

2 June 1995



NOTICE OF MEETING

DELYN GROUP PLC

Notice is hereby given that the annual general meeting of the company will be held at the Marriott Hotel, Mill Lane, Cardiff on Wednesday, 28 June 1995 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 29 January 1995 and the report of the auditors.
2. To declare a dividend.
3. To elect a director: Dr. John Norris retires and will be proposed for re-election.
4. To elect a director: Mr. John Fooks retires and will be proposed for re-election.
5. To re-appoint Coopers & Lybrand as auditors from the conclusion of this meeting until the conclusion of the next annual general meeting.
6. To authorise the board of directors to fix the remuneration of the auditors.
7. 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, or 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

Date 2 June 1995

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

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 (Saturdays excepted) from 2 June 1995 until 28 June 1995 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.