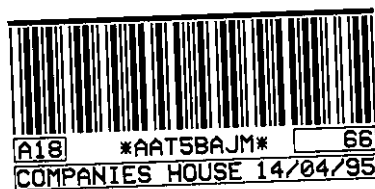


PHOENIX IRONWORKS COMPANY LIMITED
(Registered Number: 207158)

FINANCIAL STATEMENTS

31 DECEMBER 1994



PHOENIX IRONWORKS COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 1994.

ACTIVITIES

The principal activity of the company continued to be the manufacture of rolls for the paper and plastics industry.

RESULTS

The results for the year are set out in the profit and loss account on page 4. The directors recommend the payment of a final ordinary dividend of £4,991 (1993 - £Nil) leaving a result for the year of £Nil (1993 - loss £1,319).

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in Note 7 to the financial statements.

In the opinion of the directors, the market value of the land and buildings does not differ significantly from the net book value of these assets.

DIRECTORS

The directors during the year were as follows:

J Clarke CEng MIMechE	- Chairman
J E R Dalton BA	- Managing Director
R M Hannam ACA	

All directors retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

No directors who held office at the end of the financial year had any interest in the shares of any group company.

PHOENIX IRONWORKS COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

AUDITORS

Our auditors, Price Waterhouse, are willing to continue in office, and a resolution concerning their re-appointment and remuneration will be submitted to the Annual General Meeting.

By Order of the Board



V MCNICHOLAS
Secretary
22 March 1995

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF PHOENIX IRONWORKS COMPANY LIMITED

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

22 March 1995

PHOENIX IRONWORKS COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994**

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
TURNOVER	2	392,919	414,845
Movement in stocks of finished goods and work in progress		9,424	(7,583)
Other operating income		-	130
Raw materials and consumables		(138,774)	(146,472)
Other external charges		<u>(15,236)</u>	<u>(20,187)</u>
		(144,586)	(174,112)
		248,333	240,733
Staff costs	4	(166,347)	(175,231)
Depreciation and other amounts written off tangible fixed assets		(13,140)	(13,843)
Other operating charges		<u>(61,146)</u>	<u>(54,873)</u>
OPERATING PROFIT/(LOSS)		7,700	(3,214)
Interest receivable		<u>12</u>	<u>112</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	7,712	(3,102)
Tax on profit/(loss) on ordinary activities	6	<u>(2,721)</u>	<u>1,783</u>
PROFIT/(LOSS) FOR THE YEAR		4,991	(1,319)
Dividends		<u>(4,991)</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		-	(1,319)
Retained profit brought forward		<u>19,006</u>	<u>20,325</u>
RETAINED PROFIT CARRIED FORWARD		<u>19,006</u>	<u>19,006</u>

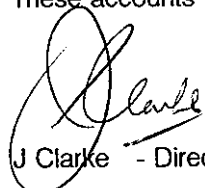
The notes on pages 7 to 15 form part of these accounts.

PHOENIX IRONWORKS COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	7	81,945	95,085
CURRENT ASSETS			
Stocks	8	22,288	12,902
Debtors	9	94,509	92,913
Cash at bank and in hand		<u>170</u>	<u>5,085</u>
		116,967	110,900
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(150,562)</u>	<u>(156,543)</u>
NET CURRENT LIABILITIES		<u>(33,595)</u>	<u>(45,643)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		48,350	49,442
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(12,534)</u>	<u>(13,626)</u>
		<u>35,816</u>	<u>35,816</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,920	2,920
Revaluation reserve	13	13,890	13,890
Profit and loss account		<u>19,006</u>	<u>19,006</u>
		<u>35,816</u>	<u>35,816</u>

These accounts were approved by the board of directors on 22 March 1995.


J Clarke - Director

The notes on pages 7 to 15 form part of these accounts.

PHOENIX IRONWORKS COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses other than those reflected in the profit and loss account (1993 - £Nil).

HISTORICAL COST PROFITS AND LOSSES

	<u>1994</u> £	<u>1993</u> £
Reported profit/(loss) on ordinary activities before taxation	7,712	(3,102)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>300</u>	<u>300</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>8,012</u>	<u>(2,802)</u>
Historical cost profit for the year retained/ (loss withdrawn from reserves) after taxation and dividends	<u>300</u>	<u>(1,019)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1994</u> £	<u>1993</u> £
Loss for the financial year	-	(1,319)
Opening shareholders funds	<u>35,816</u>	<u>37,135</u>
Closing shareholders funds	<u>35,816</u>	<u>35,816</u>

The notes on pages 7 to 15 form part of these accounts.

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

1 ACCOUNTING POLICIES

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

(1) Depreciation

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

Freehold buildings	40 years
Plant and machinery	10 years
Fixtures, fittings and equipment	5 to 10 years

No depreciation is provided on freehold land.

(2) Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress, cost includes an appropriate proportion of overheads. Progress payments are deducted from work in progress where applicable.

(3) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is only made if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

(4) Leased assets

All leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

(6) Pension costs

Contributions to the Frederick Greenwood & Sons (Holdings) Limited Retirement Benefits Scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating Frederick Greenwood & Sons (Holdings) Limited Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they become payable.

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

2 ANALYSIS OF TURNOVER AND PROFIT/(LOSS) BEFORE TAXATION

All of the turnover and loss arose from the principal activity of the company and related to goods supplied in the United Kingdom.

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Profit/(loss) on ordinary activities is stated after charging/(crediting):		
Depreciation of tangible fixed assets	13,140	13,843
Operating leases	7,364	4,174
Auditors' remuneration (including expenses)	1,780	1,750
Profit on sale of tangible fixed assets	<u> </u>	<u>(130)</u>

Non audit services supplied by the company's auditors during the year amounted to £840 (1993 - £805).

4 STAFF COSTS

	<u>1994</u>	<u>1993</u>
	£	£
Employee costs:		
Wages and salaries	147,206	155,380
Social security costs	14,759	15,882
Other pension costs	<u>4,382</u>	<u>3,969</u>
	<u>166,347</u>	<u>175,231</u>

Average number of employees by activity:

	<u>1994</u>	<u>1993</u>
Engineering	7	8
Administration	<u>3</u>	<u>3</u>
	10	11
	<u> </u>	<u> </u>

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

4 STAFF COSTS (CONTINUED)

Pension scheme:

The company participates in the Frederick Greenwood & Sons (Holdings) Limited Retirement Benefits Scheme. This scheme is of the defined benefit type providing benefits to certain employees within the Group and the assets are held separately from the Group's assets.

The latest actuarial valuation of the Scheme was carried out as at 6 April 1993. Details of this valuation are contained in the financial statements of Frederick Greenwood & Sons (Holdings) Limited.

5 DIRECTORS' EMOLUMENTS

	<u>1994</u>	<u>1993</u>
	£	£
Emoluments	24,126	23,351
Pension contributions	<u>3,153</u>	<u>2,845</u>
	27,279	26,196
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1993 - £Nil) and of the highest paid director amounted to £24,126 (1993 - £23,351).

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>1994</u>	<u>1993</u>
£Nil - £5,000	2	2
£20,001 - £25,000	<u>1</u>	<u>1</u>

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
Corporation tax		
- Charge/(credit) at 25% (1993 - 33%)	3,200	(1,000)
- Prior years	613	(693)
Deferred tax (Note 11)	<u>(1,092)</u>	<u>(90)</u>
	2,721	(1,783)
	<u> </u>	<u> </u>

7 TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Plant and machinery</u>	<u>Fixtures, fittings and equipment</u>	<u>Total</u>
	£	£	£	£
Cost or valuation				
At beginning and end of year	<u>46,890</u>	<u>163,333</u>	<u>24,561</u>	<u>234,784</u>
Depreciation				
At beginning of year	12,600	105,588	21,511	139,699
Charge for year	<u>922</u>	<u>10,848</u>	<u>1,370</u>	<u>13,140</u>
At end of year	13,522	116,436	22,881	152,839
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 1994	<u>33,368</u>	<u>46,897</u>	<u>1,680</u>	<u>81,945</u>
At 1 January 1994	<u>34,290</u>	<u>57,745</u>	<u>3,050</u>	<u>95,085</u>

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

7 TANGIBLE FIXED ASSETS (CONTINUED)

	Freehold land and <u>buildings</u> £	Plant and <u>machinery</u> £	Fixtures fittings and <u>equipment</u> £	<u>Total</u> £
Cost or valuation at 31 December 1994 is represented by:				
Valuation in 1978	40,000	11,731	118	51,849
Cost	<u>6,890</u>	<u>151,602</u>	<u>24,443</u>	<u>182,935</u>
	46,890	163,333	24,561	234,784
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Freehold land included in the above valuation at £10,000 has not been depreciated.

If assets had not been revalued
they would have been stated at
the following amounts:

Historical cost of revalued assets	28,009	13,647	138	41,794
Aggregate depreciation based on historical cost	<u>(8,187)</u>	<u>(13,647)</u>	<u>(138)</u>	<u>(21,972)</u>
Historical cost net book value	<u>19,822</u>	<u>-</u>	<u>-</u>	<u>19,822</u>

The depreciation charge for the year as a result of the revaluation does not differ significantly from that based on historic cost.

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

8 STOCKS

	<u>1994</u>	<u>1993</u>
	£	£
Raw materials and consumables	7,324	7,364
Work in progress	<u>14,964</u>	<u>5,538</u>
	22,288	12,902
	<u> </u>	<u> </u>

The estimated replacement cost of stocks does not differ materially from the amounts shown above.

9 DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	90,618	79,136
Amounts owed by fellow subsidiary undertakings	1,037	10,401
Prepayments and accrued income	<u>2,854</u>	<u>3,376</u>
	94,509	92,913
	<u> </u>	<u> </u>

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Trade creditors	35,073	28,119
Amounts owed to parent company	88,278	107,000
Corporation tax	3,200	3,120
Other taxes and social security	15,496	13,983
Proposed dividend	4,991	-
Accruals and deferred income	<u>3,524</u>	<u>4,321</u>
	150,562	156,543
	<u> </u>	<u> </u>

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

11 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation:	Accelerated capital allowances £
At 1 January 1994	13,626
Transfer to profit and loss account (Note 6)	<u>(1,092)</u>
At 31 December 1994	<u>12,534</u>

There are no unprovided potential deferred taxation liabilities (1993 - £Nil).

The provision for deferred tax has been calculated using 33% (1993 - 33%).

12 CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised:		
3,000 ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid:		
2,920 ordinary shares of £1 each	<u>2,920</u>	<u>2,920</u>

13 RESERVES

Revaluation reserve:	£
At beginning and end of year	<u>13,890</u>

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

14 COMMITMENTS

	<u>1994</u> £	<u>1993</u> £
Capital expenditure:		
Contracted for but not provided	<u>Nil</u>	<u>Nil</u>
Authorised but not contracted for	<u>Nil</u>	<u>29,000</u>
Operating leases:		
The company has annual commitments under operating leases which expire within:		
	<u>1994</u> £	<u>1993</u> £
One year	-	1,391
Two to five years	<u>4,875</u>	<u>-</u>
	<u>4,875</u>	<u>1,391</u>

15 CONTINGENT LIABILITIES

- (1) Under a group registration the company is jointly and severally liable for Value Added Tax due by certain other group undertakings. At 31 December 1994 this contingent liability amounted to £102,239 (1993 - £Nil).
- (2) The company has given to the bankers of the parent company a guarantee in respect of any overdraft up to a maximum of £400,000. At 31 December 1994 this contingent liability amounted to £365,581 (1993 - £371,489).

PHOENIX IRONWORKS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994 (CONTINUED)

16 ULTIMATE PARENT COMPANY

The ultimate parent company is Ropner PLC, which is incorporated in England.

Copies of the group accounts can be obtained from:

Ropner PLC
140 Coniscliffe Road
PO Box 18
Darlington
Co Durham
DL3 7RP