

# BOWATER PACKAGING LIMITED

192236  
227.

## DIRECTORS' REPORT

The directors present the accounts of the Company for the year ended 31st December, 1980.

## ACTIVITIES

The principal activities of the Company comprise the manufacture of corrugated and solid fibreboard cases; multiwall sacks, drums; foil, paper and board products; cartons and flexible packaging; round boxes and tubes; and packaging systems.

## DIRECTORS

Messrs. B.H.A. Ball (Chairman), D.J. Bennington, C.H.H. Cook, J.C. Hallam, S.T. Lane, J.L.C. Mott and P.S. Williams held office throughout the year.

## DIRECTORS' INTERESTS

The directors of the Company were interested (as defined in the Companies Act 1967 and according to the register maintained thereunder) in the shares and debentures of The Bowater Corporation Limited and its subsidiaries as follows:-

### The Bowater Corporation Limited Ordinary shares of £1

B.H.A. Ball  
P.S. Williams

Held beneficially  
31.12.80                      1.1.80

285  
100

285  
100


## ACCOUNTS

The profit for the year amounted to £6,076,000 which, together with the profit brought forward of £2,605,000, amounted to £8,681,000. The directors have declared an interim dividend of £1,305,000 and do not recommend the payment of a final dividend, leaving retained profit carried forward of £7,376,000.

## EXPORTS

The sales value of goods exported during the year was £6,770,955 (1979 - £3,588,000).

By order of the Board

  
T.H. AUCOTT  
Secretary

9th April, 1981



REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Bowater Packaging Limited set out on pages 3 to 10. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs at 31st December 1980 and of the profit for the year then ended and comply with the Companies Acts 1948 to 1980.

The company has not presented a source and application of funds statement and has therefore not complied with the requirement of Statement of Standard Accounting Practice No. 10.

*Ernst & Whinney*

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## PROFIT AND LOSS ACCOUNT - YEAR ENDED 31ST DECEMBER, 1980


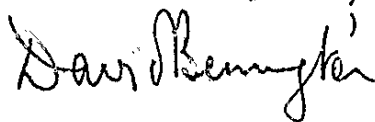
	Note -----	1980 ----- £000	1979 ----- £000
SALES	(3)	124,747 =====	108,518 =====
TRADING PROFIT	(4)	6,880	9,772
INTEREST PAYABLE	(5)	2,232 -----	1,623 -----
PROFIT BEFORE TAXATION		4,648	8,149
TAXATION	(7)	(879) -----	3,337 -----
PROFIT AFTER TAXATION		5,527	4,812
DIVIDENDS FROM SUBSIDIARIES		788	4,294
EXTRAORDINARY ITEM	(8)	(239) -----	(1,740) -----
NET PROFIT FOR THE YEAR		6,076	7,366
RETAINED PROFIT AT 1ST JANUARY, 1980		2,605 -----	12,139 -----
		8,681	19,505
INTERIM DIVIDEND		1,305 -----	16,900 -----
RETAINED PROFIT AT 31ST DECEMBER, 1980		7,376 =====	2,605 =====

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BALANCE SHEET - 31ST DECEMBER, 1980

	Note	1980	1979
	----	-----	-----
		£000	£000
CURRENT ASSETS			
Cash		41	1,081
Accounts receivable		19,045	18,429
Inventories	(9)	14,695	15,108
		-----	-----
		33,781	34,618
		-----	-----
CURRENT LIABILITIES			
Bank loans and overdrafts		2,040	159
Accounts payable		13,353	13,467
Dividend		1,305	16,900
		-----	-----
		16,698	30,526
		-----	-----
NET CURRENT ASSETS		17,083	4,092
INTER GROUP BALANCES	(10)	14,256	9,298
INVESTMENT IN SUBSIDIARIES	(11)	13,764	14,440
FIXED ASSETS	(12)	17,284	14,558
		-----	-----
		62,387	42,388
		=====	=====
Represented by:			
SHARE CAPITAL	(13)	6,780	6,780
RESERVES		7,376	2,605
		-----	-----
		14,156	9,385
INVESTMENT GRANTS	(14)	1,077	941
LOAN CAPITAL	(15)	47,154	31,321
DEFERRED TAXATION	(7)	-	741
		-----	-----
		62,387	42,388
		=====	=====

Directors

## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980

## 1. ACCOUNTING POLICIES

## Sales

Sales are defined as the net amount receivable (excluding VAT) for goods supplied and services provided and include sales to fellow subsidiaries.

## Depreciation

Depreciation is calculated to write off the book value of each fixed asset over its expected life by equal annual instalments, except that depreciation is not provided on freehold land.

The annual rates of depreciation used are as follows:

Freehold buildings	%
Leasehold land and buildings	2
- long leases (over 50 years unexpired)	2
- short leases	life of lease
Plant and machinery	7 1/2% to 33 1/3%

## Investment grants

Investment grants and regional development grants are credited to profit and loss account at average rates reflecting the expected life of relevant assets, depreciation having been provided on the cost of assets before deducting grants.

## Inventories

Inventories are stated at the lower of cost, including production overheads and net realisable value.

## Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Differences arising from fluctuations in exchange rates are taken to profit and loss account where they relate to items of a trading nature. Those arising on long term assets and liabilities are taken to reserves.

## Deferred taxation

Deferred taxation is provided at the Corporation tax rate ruling at the balance sheet date on any significant timing differences between accounting and taxable profits, except where it can be demonstrated with reasonable probability that a tax liability is unlikely to crystallise in the foreseeable future.

## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980 (CONT)

## 2. ULTIMATE HOLDING COMPANY

The ultimate holding company is The Bowater Corporation Limited, a company incorporated in England.

3. SALES	1980	1979
	-----	-----
	£000	£000
Sales include: to subsidiaries	1,245	1,288
to fellow subsidiaries	7,191	6,434
	=====	=====

## 4. TRADING PROFIT

Stated after charging:

Depreciation	2,290	1,734
Hire of plant and machinery	789	590
Directors' emoluments	254	213
Auditors' remuneration	49	30
	=====	=====

and after crediting:

Investment grants	243	198
	=====	=====

## 5. INTEREST PAYABLE

Bank loans and overdrafts	382	200
Other short term borrowings	-	173
Loan capital	1,850	1,250
	-----	-----
	2,232	1,623
	=====	=====

## 6. EMOLUMENTS (excluding pension contributions)

	£	£
The Chairman, who was also the highest paid director	36,603	30,429

The other directors, received emoluments within the ranges stated below:

	1980	1979
£15,001 - £20,000	-	3
£20,001 - £25,000	3	3
£25,001 - £30,000	3	-

One employee received emoluments in excess of £20,000 in 1980.

## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980 (CONT)

7. TAXATION	1980	1979
	-----	-----
	£000	£000
(i) Taxation relief comprises:		
Amount payable for group relief	-	2,336
Adjustment to prior years	(2)	-
Deferred taxation (including £136,000 transfer from Cross Paperware Limited)	(877)	1,001
	-----	-----
	(879)	3,337
	=====	=====

The taxable profit for the year will be covered by group relief surrendered by fellow subsidiaries, without payment. In 1979 amounts payable for group relief represented relief at 52% on tax losses surrendered by fellow subsidiaries.

As long as the company remains a member of the Bowater group, it is anticipated that any reversal of significant timing differences between accounting and taxable profits will be covered by group relief, surrendered without payment, thus no deferred tax is provided.

## (ii) Deferred taxation comprises:

	Provision in accounts		Full deferral (memorandum only)	
	1980	1979	1980	1979
	-----	-----	-----	-----
	£000	£000	£000	£000
Depreciation	-	-	5,438	5,747
Stock relief	-	1,160	-	1,564
Other timing differences	-	(419)	(1,218)	(419)
	-----	-----	-----	-----
	-	741	4,220	6,892
	=====	=====	=====	=====

No figures have been included for stock relief on the assumption that the amendments included in the 1981 Finance Bill will be enacted.

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## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980 (CONT)

8. EXTRAORDINARY ITEM	1980	1979
	----	----
	£000	£000
Provision for closure costs of discontinued operation (less deferred taxation of £260,000)	-	(1,740)
Amount written off investment in subsidiary	(239)	-
	-----	-----
	(239)	(1,740)
	=====	=====
9. INVENTORIES		
Raw materials and other stores	8,216	9,688
Work in progress	1,327	1,306
Finished products	5,152	4,114
	-----	-----
	14,695	15,108
	=====	=====
10. INTER GROUP BALANCES		
Due from:		
Parent Corporation	4,366	-
Fellow subsidiaries	1,885	2,325
Subsidiaries	9,144	14,681
	-----	-----
	15,395	17,006
	-----	-----
Due to:		
Parent Corporation	-	1,714
Fellow subsidiaries	331	5,290
Subsidiaries	808	704
	-----	-----
	1,139	7,708
	-----	-----
NET	14,256	9,298
	=====	=====



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## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980 (CONT)

## 11. INVESTMENT IN SUBSIDIARIES

The principal subsidiary companies at 31st December 1980, which unless otherwise stated, are all wholly owned are as follows:

Hugh Stevenson & Sons Limited  
 Bowater Containers Limited  
 Bowater Industrial Packaging Limited  
 Bowater Consumer Packaging Limited  
 Bowater PKL (UK) Limited (70%)  
 Cross Paperware Limited

Group accounts have not been prepared since the company is a wholly owned subsidiary of a company incorporated in England.

The directors are of the opinion that the investments in subsidiaries, which are stated at cost, less amounts written off, are worth not less than the balance sheet amount.

The reduction in the investment in subsidiaries arises from the transfer of the trade of Cross Paperware Limited to Bowater Packaging Limited.

## 12. FIXED ASSETS

			1980 ----- Net Book Value ----- £000	1979 ----- Net Book Value ----- £000
	Cost ----- £000	Depreciation ----- £000		
Freehold land and buildings	2,863	624	2,239	1,391
Leasehold land and buildings	428	202	226	252
Long leases	2,108	889	1,219	1,248
Short leases	29,130	15,530	13,600	11,667
Plant and machinery	34,529	17,245	17,284	14,558
	=====	=====	=====	=====

Changes in fixed assets at cost during the year were:

	£000
Additions	6,826
	=====
Disposals	1,658
	=====

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## NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER, 1980 (CONT)

13. SHARE CAPITAL	1980	1979
	----	----
	£000	£000
Ordinary shares of £1 each		
Authorised £10,000,000		
Issued and fully paid	6,780	6,780
	=====	=====
14. INVESTMENT GRANTS		
At 1st January, 1980	941	954
Receivable on capital expenditure	379	185
Credited to profit and loss account	(243)	(198)
	-----	-----
At 31st December, 1980	1,077	941
	=====	=====
15. LOAN CAPITAL		
Unsecured loans from Parent Corporation		
having no fixed terms for repayment	47,154	31,321
	=====	=====
Certain of the loans are interest free.		
During the year the rates of interest		
charged on the remainder were 10% and 13%		
per annum, and are subject to variation.		
16. CAPITAL EXPENDITURE COMMITMENTS		
For which contracts have been placed	474	
	=====	
Authorised but not contracted	1,387	
	=====	
17. CONTINGENT LIABILITIES		
(i) As a member of the Bowater United Kingdom Group for VAT purposes,		
the company has joint and several liability for all amounts		
due to Customs and Excise under this arrangement.		
(ii) Bills receivable discounted amounted to £140,000.		