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Company Registration No. 516832 (England and Wales)

**E P PACKAGING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**



# **E P PACKAGING LIMITED**

## **COMPANY INFORMATION**

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**Directors**

R A Thompson  
R E Steele  
N C Pretzlik  
K Baldwin  
C W Gawne  
A W Haiselden

**Secretary**

A W Haiselden

**Company number**

516832

**Registered office**

194 High Street  
Tonbridge  
Kent  
TN9 1BE

**Auditors**

Carley & Company  
St James's House  
8 Overcliffe  
Gravesend  
Kent  
DA11 0HJ

**Bankers**

National Westminster Bank Plc  
Lombard Business Centre 3rd Floor  
21 Lombard Street  
London  
EC3P 3AR

**Solicitors**

Wright Son & Pepper  
9 Grays Inn Square  
London  
WC1R 5JF

Eversheds  
10 Newhall Street  
Birmingham  
B3 3LX

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# **E P PACKAGING LIMITED**

## **CONTENTS**

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	<b>Page</b>
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 16

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# **E P PACKAGING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors present their report and financial statements for the year ended 31 December 1999.

### **Principal activities and review of the business**

The principal activity of the company was that of a manufacturer of plastic packaging for the food, cosmetic and toy industries.

The operations for the year were affected by problems with external transport contractors and internal restructuring. The prospects for 2000 are much improved.

The company's balance sheet as detailed on page 5 show a satisfactory position, shareholder's funds amounting to £1,144,868.

### **Results and dividends**

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

### **Market value of land and buildings**

In the opinion of the directors there was no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts as at 31st December 1998.

### **Directors**

The following directors have held office since 1 January 1999:

R A Thompson  
R E Steele  
N C Pretzlik  
K Baldwin  
C W Gawne  
A W Haiselden

### **Directors' interests**

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of 25p each	
	31 December 1999	1 January 1999
N C Pretzlik	-	-
K Baldwin	-	-
C W Gawne	-	-
R E Steele	-	-
R A Thompson	-	-
A W Haiselden	-	-

The directors' interests in the share capital of the holding company are shown in the accounts of that company.

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carley & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

# **E P PACKAGING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999**

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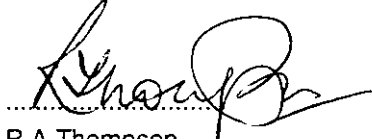
### **Directors' responsibilities**

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;
- 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.

By order of the board



R A Thompson

Director

24 May 2000

# **E P PACKAGING LIMITED**

## **AUDITORS' REPORT TO THE SHAREHOLDERS OF E P PACKAGING LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **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.

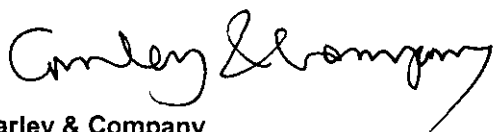
### **Basis of opinion**

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Carley & Company**

Chartered Accountants  
**Registered Auditor**

25th May 2000

St James's House  
8 Overcliffe  
Gravesend  
Kent  
DA11 0HJ

# **E P PACKAGING LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Turnover	2	8,055,725	7,375,294
Cost of sales		(6,534,267)	(5,802,993)
<b>Gross profit</b>		<b>1,521,458</b>	<b>1,572,301</b>
Distribution costs		(851,656)	(686,377)
Administrative expenses		(578,069)	(595,802)
Other operating income		12,500	-
<b>Operating profit</b>	3	<b>104,233</b>	<b>290,122</b>
Other interest receivable and similar income	4	756	-
Interest payable and similar charges	5	(31,652)	(19,260)
<b>Profit on ordinary activities before taxation</b>		<b>73,337</b>	<b>270,862</b>
Tax on profit on ordinary activities	6	(2,268)	(62,453)
<b>Profit on ordinary activities after taxation</b>	16	<b>71,069</b>	<b>208,409</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

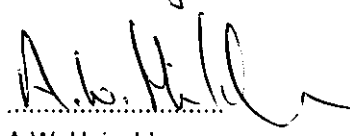
# E P PACKAGING LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	£	1998 £	£
<b>Fixed assets</b>					
Tangible assets	7	1,540,279		1,860,869	
Investments	8	250		250	
		<u>1,540,529</u>		<u>1,861,119</u>	
<b>Current assets</b>					
Stocks	9	598,469		520,407	
Debtors	10	2,456,497		2,279,195	
Cash at bank and in hand		764		66,041	
		<u>3,055,730</u>		<u>2,865,643</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,106,533)</u>		<u>(2,880,559)</u>	
<b>Net current liabilities</b>			(50,803)		(14,916)
<b>Total assets less current liabilities</b>			<u>1,489,726</u>		<u>1,846,203</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(344,858)		(772,404)
			<u>1,144,868</u>		<u>1,073,799</u>
<b>Capital and reserves</b>					
Called up share capital	15	500,000		500,000	
Profit and loss account	16	644,868		573,799	
<b>Shareholders' funds - equity interests</b>	17	<u>1,144,868</u>		<u>1,073,799</u>	

The financial statements were approved by the Board on 24 May 2000.

  
R A Thompson  
Director

  
A W Haiselden  
Director



# E P PACKAGING LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Net cash inflow from operating activities	445,060	466,204
Returns on investments and servicing of finance		
Interest received	756	-
Interest paid	(31,652)	(19,260)
Net cash outflow for returns on investments and servicing of finance	(30,896)	(19,260)
Taxation	(62,431)	(21,756)
Capital expenditure		
Payments to acquire tangible assets	(310,009)	(418,257)
Receipts from sales of tangible assets	600,000	3,500
Net cash inflow/(outflow) for capital expenditure	289,991	(414,757)
Net cash inflow before management of liquid resources and financing	641,724	10,431
Financing		
New long term bank loan	-	110,000
Other new long term loans	-	6,454
Other new short term loans	-	39,654
Repayment of long term bank loan	(110,000)	-
Repayment of other long term loans	(505,327)	-
Repayment of other short term loans	(22,257)	(14,713)
Capital element of finance lease contracts	(116,428)	(102,743)
Net cash (outflow)/inflow from financing	(754,012)	38,652
(Decrease)/increase in cash in the year	(112,288)	49,083

# E P PACKAGING LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999	1998
		£	£
	Operating profit	104,233	290,122
	Depreciation of tangible assets	348,175	309,654
	Loss/(profit) on disposal of tangible assets	196	(2,286)
	Increase in stocks	(78,062)	(63,237)
	Increase in debtors	(177,302)	(653,753)
	Increase in creditors within one year	247,820	585,704
	<b>Net cash inflow from operating activities</b>	<b>445,060</b>	<b>466,204</b>

2	Analysis of net debt	1 January 1999	Cash flow	Other non-cash changes	31 December 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	66,041	(65,277)		764
	Bank overdrafts	-	(47,011)		(47,011)
		<u>66,041</u>	<u>(112,288)</u>		<u>(46,247)</u>
	Debt:				
	Finance leases	(206,993)	116,428	(317,772)	(408,337)
	Debts falling due within one year	(24,941)	22,257	-	(2,684)
	Debts falling due after one year	(665,327)	615,327	-	(50,000)
		<u>(897,261)</u>	<u>754,012</u>	<u>(317,772)</u>	<u>(461,021)</u>
	<b>Net debt</b>	<b>(831,220)</b>	<b>641,724</b>	<b>(317,772)</b>	<b>(507,268)</b>

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	(Decrease)/increase in cash in the year	(112,288)	49,083
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	754,012	(38,652)
	Change in net debt resulting from cash flows	641,724	10,431
	New finance lease	(317,772)	(134,393)
	<b>Movement in net debt in the year</b>	<b>323,952</b>	<b>(123,962)</b>
	Opening net debt	(831,220)	(707,258)
	<b>Closing net debt</b>	<b>(507,268)</b>	<b>(831,220)</b>

# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum
Plant and machinery	10 - 50% per annum
Fixtures, fittings & equipment	10 - 50% per annum
Motor vehicles	25% per annum

#### **1.4 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.6 Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value.

#### **1.7 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### **1.8 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### **1.9 Government grants**

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### **1.10 Tooling Costs**

Costs incurred in preparing prototypes are shown in prepayments to the extent that they will be recovered against future sales. They are amortised over two years from incurring expenditure.

# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

<b>3 Operating profit</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

Operating profit is stated after charging:

Depreciation of tangible assets	348,175	309,654
Operating lease rentals	42,325	-
Auditors' remuneration	6,000	5,635

and after crediting:

Government grants	12,500	-
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<b>4 Other interest receivable and similar income</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

Other interest	756	-
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<b>5 Interest payable</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

On bank loans and overdrafts	10,550	3,284
Hire purchase interest	21,102	15,976
	31,652	19,260

<b>6 Taxation</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

**U.K. current year taxation**

U.K. corporation tax at 20% (1998 - 28%)	2,290	62,453
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**Prior years**

U.K. corporation tax	(22)	-
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2,268	62,453
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# E P PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 1999	583,111	2,284,916	291,898	67,553	3,227,478
Additions	71,040	473,794	72,946	10,000	627,780
Disposals	(654,151)	(18,840)	(27,097)	-	(700,088)
At 31 December 1999	-	2,739,870	337,747	77,553	3,155,170
<b>Depreciation</b>					
At 1 January 1999	54,151	1,152,479	141,915	18,064	1,366,609
On disposals	(54,151)	(18,763)	(26,978)	-	(99,892)
Charge for the year	-	282,120	48,541	17,513	348,174
At 31 December 1999	-	1,415,836	163,478	35,577	1,614,891
<b>Net book value</b>					
At 31 December 1999	-	1,324,034	174,269	41,976	1,540,279
At 31 December 1998	528,960	1,132,437	149,983	49,489	1,860,869

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 December 1999	525,688	17,925	543,613
At 31 December 1998	364,671	49,465	414,136
<b>Depreciation charge for the year</b>			
31 December 1999	41,402	5,301	46,703
31 December 1998	46,313	15,560	61,873

# E P PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 8 Fixed asset investments

	Unlisted investments £
<b>Cost</b>	
At 1 January 1999 & at 31 December 1999	250

### 9 Stocks and work in progress

	1999 £	1998 £
Raw materials and consumables	313,460	338,071
Work in progress	12,558	5,793
Finished goods and goods for resale	272,451	176,543
	<u>598,469</u>	<u>520,407</u>

### 10 Debtors

	1999 £	1998 £
Trade debtors	2,045,919	1,992,200
Other debtors	53,000	18,572
Prepayments and accrued income	357,578	268,423
	<u>2,456,497</u>	<u>2,279,195</u>

Prepayments include £322,887 (1998: £210,436) tooling costs incurred which the directors believe will be recovered in full against future sales.

# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

<b>11 Creditors: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	47,011	-
Confidential invoice discounting	1,227,527	1,306,140
Net obligations under finance lease and hire purchase contracts	113,479	99,916
Trade creditors	1,478,606	1,164,362
Amounts owed to parent and fellow subsidiary undertakings	36,582	55,952
Corporation tax	2,290	62,453
Other taxes and social security costs	151,780	97,991
Other creditors	18,703	17,329
Accruals and deferred income	30,555	76,416
	<u>3,106,533</u>	<u>2,880,559</u>
Debt due within one year	<u>2,684</u>	<u>24,941</u>

The bank overdraft and loans of £47,011 (1998 £ 110,000) are secured by a fixed and floating charge over the assets of the company.

The confidential invoice discounting liability of £1,227,527 (1998 £1,306,140) is secured on the company's trade debtors.

Finance lease and hire purchase liabilities of £408,337 (1998 £206,933) are secured on the respective asset.

# E P PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

12 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loans	-	110,000
Amounts owed to parent and fellow subsidiary undertakings	50,000	555,327
Net obligations under finance leases and hire purchase agreements	294,858	107,077
	<u>344,858</u>	<u>772,404</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years other than by instalments:	-	555,327
Wholly repayable within five years	52,684	134,941
	<u>52,684</u>	<u>690,268</u>
Included in current liabilities	(2,684)	(24,941)
	<u>50,000</u>	<u>665,327</u>
<b>Loan maturity analysis</b>		
Between one and two years	25,000	22,000
Between two and five years	25,000	88,000
In five years or more	-	555,327
	<u>25,000</u>	<u>665,327</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	113,479	99,916
Repayable between one and five years	294,858	107,077
	<u>408,337</u>	<u>206,993</u>
Included in liabilities falling due within one year	(113,479)	(99,916)
	<u>294,858</u>	<u>107,077</u>



# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

### **13 Provisions for liabilities and charges**

Deferred tax is provided at 30% (1998 - 30%) analysed over the following timing differences:

	<b>Not provided</b>		<b>Provided</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	184,219	287,127	-	-
Other timing differences	(2,237)	(4,117)	-	-
Tax losses available	(93,765)	(93,765)	-	-
	<u>88,217</u>	<u>189,245</u>	<u>-</u>	<u>-</u>

### **14 Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,320 (1998 - £14,783).

### **15 Share capital**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
2,000,000 Ordinary of 25p each	<u>500,000</u>	<u>500,000</u>
<b>Allotted, called up and fully paid</b>		
2,000,000 Ordinary of 25p each	<u>500,000</u>	<u>500,000</u>

### **16 Statement of movements on profit and loss account**

	<b>Profit and loss account £</b>
Balance at 1 January 1999	573,799
Retained profit for the year	<u>71,069</u>
Balance at 31 December 1999	<u>644,868</u>

# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

<b>17 Reconciliation of movements in shareholders' funds</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	71,069	208,409
Opening shareholders' funds	1,073,799	865,390
Closing shareholders' funds	<u>1,144,868</u>	<u>1,073,799</u>

### **18 Financial commitments**

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Expiry date:		
In over five years	<u>101,580</u>	<u>-</u>

<b>19 Capital commitments</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>

At 31 December 1999 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>59,950</u>	<u>46,203</u>
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<b>20 Directors' emoluments</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	162,837	183,333
Company pension contributions to money purchase schemes	10,004	13,535
	<u>172,841</u>	<u>196,868</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1998 - 3).

### **21 Transactions with directors**

A loan was made to a director during 1993 and repaid in 1999. Interest was payable at 2% over the National Westminster Bank Plc base rate calculated on a daily basis.

# **E P PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999**

### **22 Employees**

#### **Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>1999 Number</b>	<b>1998 Number</b>
Production staff	144	114
Administration staff	10	11
Sales staff	5	5
	<u>159</u>	<u>130</u>

#### **Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	1,837,762	1,496,807
Social security costs	131,409	115,603
Other pension costs	17,320	14,783
	<u>1,986,491</u>	<u>1,627,193</u>

### **23 Control**

The company is a subsidiary of Arthur Woollacott Limited. The ultimate parent company is Arthur Woollacott Holdings Limited, a company registered in England and Wales.

Copies of the financial statements of Arthur Woollacott Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

### **24 Related party transactions**

During the year the company has paid it's holding company, Arthur Woollacott Limited, £42,325 (1998 Nil) in respect of property rent, £56,530 (1998 £46,064 ) in respect of it's share of certain expenses and Nil (1998 £25,000) in respect of management fees. At the year end the company owed it's holding company £86,582 (1998 £611,279).