

EP PACKAGING LIMITED

FINANCIAL STATEMENTS

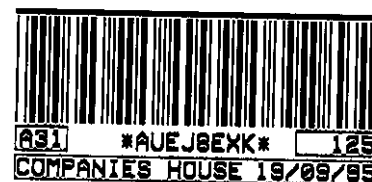
31 DECEMBER 1994

Registered number: 516832

BISHOP FLEMING

CHARTERED ACCOUNTANTS

Devon



EP PACKAGING LIMITED

FINANCIAL STATEMENTS

for the year ended 31 December 1994

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

EP PACKAGING LIMITED

DIRECTORS' REPORT

31 December 1994

The directors present their report and the audited financial statements for the year ended 31 December 1994.

Principal activity

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

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £356,138.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose payment of an ordinary dividend, the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 7 to the accounts.

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 7.

Directors

The directors who served during the year were as follows:

A W Haiselden
N Pretzlik
R Thompson
K Baldwin (appointed 01/11/94)
C Harrage (appointed 01/11/94)
C Gawne (appointed 01/11/94)
J Cheeseman (appointed 01/11/94)

On 31 January 1994 P Underhill resigned as a director.

continued

EP PACKAGING LIMITED

DIRECTORS' REPORT
(continued)

31 December 1994

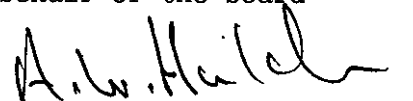
Future developments

Work is continuing on the development and modification of existing products to meet customers requirements and, through a continuing programme of research and development, to take advantage of new technology as it becomes available.

Auditors

Bishop Fleming have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



Secretary - A W Haiselden

194 High Street
Tonbridge
Kent. TN9 1BE

Date: 28.6.95.

Registered number: 368438

EP PACKAGING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

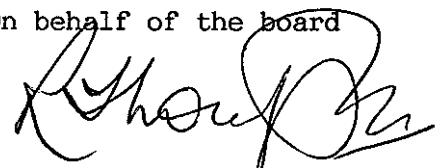
We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



Director - R Thompson

Date: 28/6/95

EP PACKAGING LIMITED

AUDITORS' REPORT

Auditors' report to the members of

EP Packaging Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BISHOP FLEMING
Chartered Accountants and
Registered Auditors
50 The Terrace
Torquay
TQ1 1DD

Date: 5 July 1995

EP PACKAGING LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	2	4,901,482	3,883,787
Cost of sales		(4,122,169)	(3,266,931)
Gross profit		779,313	616,856
Net operating expenses			
Distribution costs		(370,647)	(301,351)
Administrative expenses		(240,498)	(229,713)
Other operating charges		(100,000)	-
Other operating income		165,282	45,301
Operating profit	3	233,450	131,093
Interest payable	5	(80,449)	(130,764)
Profit on ordinary activities before taxation		153,001	329
Taxation	6	(18,866)	49,004
Profit on ordinary activities after taxation and retained for the year	15	134,135	49,333

Movements in reserves are shown in note 15.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1994 or 1993 other than the profit for the year.

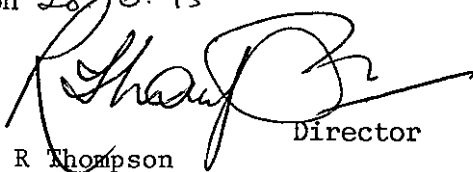
EP PACKAGING LIMITED

BALANCE SHEET

at 31 December 1994

	Note	1994 £	1993 £
Fixed assets			
Tangible assets	7	2,331,122	2,326,548
Current assets			
Stocks	8	508,782	443,608
Debtors	9	1,402,143	1,236,784
Cash at bank and in hand		1,360	214
		<u>1,912,285</u>	<u>1,680,606</u>
Creditors: amounts falling due within one year	10	<u>(2,046,479)</u>	<u>(1,711,167)</u>
Net current liabilities		<u>(134,194)</u>	<u>(30,561)</u>
Total assets less current liabilities		<u>2,196,928</u>	<u>2,295,987</u>
Creditors: amounts falling due after more than one year	11	<u>(1,840,790)</u>	<u>(2,103,822)</u>
		<u>356,138</u>	<u>192,165</u>
Capital and reserves			
Called up share capital	14	500,000	500,000
Profit and loss account	15	<u>(143,862)</u>	<u>(307,835)</u>
Total shareholders' funds	13	<u>356,138</u>	<u>192,165</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 28.6.95


R Thompson Director

EP PACKAGING LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 1994

	1994		1993	
	£	£	£	£
Net cash inflow from operating activities		260,616		544,617
Returns on investments and servicing of finance				
Interest paid	(62,871)		(117,870)	
Hire purchase interest	(17,578)		(12,894)	
Net cash outflow from returns on investments and servicing of finance		(80,449)		(130,764)
Taxation				
Corporation tax paid (including ACT)	-		-	
Investing activities				
Payments to acquire:				
Tangible fixed assets	(309,966)		(1,185,356)	
Receipts from sales of:				
Tangible fixed assets	50,857		9,650	
Net cash outflow from investing activities		(259,109)		(1,175,706)
Net cash outflow before financing		(78,942)		(761,853)
Financing				
Bank loan repayments	(94,579)		(88,212)	
Other loan advances	-		1,000,000	
Leasing/HP repayments	(47,163)		(43,095)	
Leasing/HP advances	251,912		18,434	
Net cash inflow from financing		110,170		887,127
Increase in cash and cash equivalents		31,228		125,274

See Note 19 for the notes to this statement.

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

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

Investment property

In accordance with SSAP 19, investment properties are revalued annually with the aggregate surplus or deficit transferred to a revaluation reserve. However, in the case of a permanent diminution in value, the amount is charged to the profit and loss account. No depreciation is provided for on this property.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the lease.

Deferred taxation

Deferred taxation is provided at the anticipated future tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

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 2 years from incurring the expenditure.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

3 Operating profit

	1994 £	1993 £
Operating profit is stated after crediting:		
Net rental income	79,481	40,876
Profit on sale of assets	29,519	2,355
Bad debts recovered	-	935
	<u> </u>	<u> </u>
and after charging		
Provision for permanent diminution in value of investment property	100,000	-
Staff costs (note 4)	1,108,493	908,921
Auditors' remuneration	6,370	6,980
Operating leases		
Hire of plant and machinery	192	660
	<u> </u>	<u> </u>

4 Directors and employees

	1994 £	1993 £
Staff costs including directors' emoluments		
Wages and salaries	1,108,493	908,921
	<u> </u>	<u> </u>

	Number	Number
Average number employed including executive directors		
Production staff	123	88
Administration staff	7	9
Sales staff	3	2
	<u> </u>	<u> </u>
	133	99
	<u> </u>	<u> </u>

	£	£
Directors		
Salaries	12,309	-
Pensions	856	-
	<u> </u>	<u> </u>
	13,165	-
	<u> </u>	<u> </u>

The fees and salaries of the directors, excluding pension scheme contributions were as follows:

Chairman	-	-
	<u> </u>	<u> </u>
Highest paid director	5,960	-
	<u> </u>	<u> </u>
Other directors		
£0 - £5,000	5	4
£5,001 - £10,000	1	-

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

5 Interest payable

	1994 £	1993 £
Bank interest	48,438	64,786
Bank loan interest	14,433	23,084
Loans from group companies	-	30,000
Finance leases & hire purchase interest	17,578	12,894
	<u>80,449</u>	<u>130,764</u>

6 Taxation

	1994 £	1993 £
Corporation tax on profit on ordinary activities at 25% (1993-25%)	18,866	-
Over provision in earlier years	-	(33,908)
Group relief	-	(15,096)
	<u>18,866</u>	<u>(49,004)</u>

7 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost or valuation					
1 January 1994	42,807	1,142,575	103,208	1,464,104	2,752,694
Additions	-	281,522	27,011	1,433	309,966
Disposals	-	(40,290)	-	-	(40,290)
Deficit on revaluation	-	-	-	(100,000)	(100,000)
31 December 1994	<u>42,807</u>	<u>1,383,807</u>	<u>130,219</u>	<u>1,365,537</u>	<u>2,922,370</u>
Depreciation					
1 January 1994	24,964	331,993	48,706	20,483	426,146
Charge for year	10,706	149,050	18,237	6,061	184,054
Disposals	-	(18,952)	-	-	(18,952)
31 December 1994	<u>35,670</u>	<u>462,091</u>	<u>66,943</u>	<u>26,544</u>	<u>591,248</u>
Net book amount					
31 December 1994	<u>7,137</u>	<u>921,716</u>	<u>63,276</u>	<u>1,338,993</u>	<u>2,331,122</u>
1 January 1994	<u>17,843</u>	<u>810,582</u>	<u>54,502</u>	<u>1,443,621</u>	<u>2,326,548</u>

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

7 Tangible fixed assets (cont)

	Freehold Buildings £	Freehold Investment Property £	Total £
The cost or valuation figures for property includes:			
Stated at historical cost	10,710	1,000,000	1,010,710
Revaluation	454,827	(100,000)	354,827
	<u>465,537</u>	<u>900,000</u>	<u>1,365,537</u>

There is a first legal mortgage over freehold property.

The freehold investment property was valued by the directors at 31 December 1994 at £900,000.

Included in fixed assets are the following assets held under hire purchases and lease agreements:-

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Total £
1 January 1994	42,807	78,500	16,853	138,160
Deletions	(42,807)	-	-	(42,807)
Additions	-	286,462	-	286,462
31 December 1994	<u>-</u>	<u>364,962</u>	<u>16,853</u>	<u>381,815</u>
Accumulated depreciation				
1 January 1994	24,964	17,925	2,314	45,203
Deletions	(24,964)	-	-	(24,964)
Charge for the period	-	29,531	2,503	32,034
31 December 1994	<u>-</u>	<u>47,456</u>	<u>4,817</u>	<u>52,273</u>
Net book amount				
31 December 1994	<u>-</u>	<u>317,506</u>	<u>12,036</u>	<u>329,542</u>
1 January 1994	<u>17,843</u>	<u>60,575</u>	<u>14,539</u>	<u>92,957</u>

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

8 Stocks

	1994 £	1993 £
Work in progress	-	6,126
Raw materials and consumables	216,834	179,598
Finished goods and goods for resale	291,948	257,884
	<u>508,782</u>	<u>443,608</u>

9 Debtors

	1994 £	1993 £
Amounts falling due within one year		
Trade debtors	1,256,744	1,002,174
Other debtors	32,061	32,256
Prepayments and accrued income	113,338	65,652
	<u>1,402,143</u>	<u>1,100,082</u>

Prepayments includes £106,030 (1993-£49,437) tooling costs incurred which the directors believe will be recovered in full against future sales.

Included in Other debtors is a loan of £21,225, the maximum outstanding during the year to one of the directors - K Baldwin (appointed 1 November 1994). The loan was made during 1993 and interest is payable at 2% over the National Westminster Bank Plc base rate calculated on a daily basis.

10 Creditors: amounts falling due within one year

	1994 £	1993 £
Bank loans	84,579	72,579
Bank overdraft	644,428	674,509
Trade creditors	448,615	444,596
Sundry creditors	-	3,317
Amounts owed to group undertakings	622,533	368,763
Corporation tax	18,866	-
Other taxation and social security	107,189	72,581
Other creditors	17,680	11,479
Accruals and deferred income	32,007	38,228
Finance leases and HP contracts - note 11	70,582	25,115
	<u>2,046,479</u>	<u>1,711,167</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company. The bank loan bears interest at a rate of 2% above base rate.

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

11 Creditors: amounts falling due
after more than one year

	1994 £	1993 £
Bank loans	62,943	169,522
Amounts owed to group undertakings	1,582,567	1,731,761
Obligations under finance leases	195,280	35,998
	<u>1,840,790</u>	<u>1,937,281</u>

Bank loans are repayable as follows:

Wholly repayable within five years:
repayable by instalments

62,943	242,101
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Other loans are repayable as follows:

Not wholly repayable within five years:
not repayable by instalments

1,582,567	1,731,761
-----------	-----------

Obligations under finance leases
and hire purchase contractsThese are repayable over varying periods
by monthly instalments as follows:

In the next year - see note 10

70,582	25,115
--------	--------

12 Deferred taxation

	1994		1993	
	Unprovided £	Provided £	Unprovided £	Provided £
Capital allowances in advance of depreciation	147,734	-	150,000	-
Trading losses carried forward	(147,734)	-	(150,000)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate
of 33% (1993-33%).

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

13 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the financial year representing a Net addition to shareholders' funds	134,135	49,933
Opening shareholders' funds	222,003	172,670
Closing shareholders' funds	<u>356,138</u>	<u>222,003</u>

14 Called up share capital

	1994		1993	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
Ordinary shares of 25p each	<u>2,000,000</u>	<u>500,000</u>	<u>2,000,000</u>	<u>500,000</u>
Allotted called up and fully paid				
Equity shares				
Ordinary shares of 25p each	<u>2,000,000</u>	<u>500,000</u>	<u>2,000,000</u>	<u>500,000</u>

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

15 Profit and loss account

	1994 £
1 January 1994	(277,997)
Retained profit for the year	<u>134,135</u>
31 December 1994	<u><u>(143,862)</u></u>

16 Capital commitments

	1994 £	1993 £
Contracted for but not provided in financial statements	<u>64,462</u>	<u>62,000</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>

17 Contingent liabilities

The company had given an unlimited composite cross guarantee to the group's bankers in respect of bank borrowings of other group companies, secured by the fixed and floating charge referred to in note 10. At 31 December 1994 the indebtedness of these companies in respect of the cross guarantee was approximately £Nil (1993-£586,000).

18 Ultimate parent undertaking

The company is a subsidiary of Arthur Woollacott Limited. The company's ultimate parent undertaking at the balance sheet date was Arthur Woollacott Holdings Limited, a company registered in England and Wales. Copies of the financial statements of Arthur Woollacott Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

EP PACKAGING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1994

19 Notes to the cash flow statement

Reconciliation of operating profit to
net cash inflow from operating activities

	1994 £	1993 £
Operating profit	233,450	131,093
Depreciation charges	184,054	154,568
Provision for the diminution of value of investment property	100,000	-
(Profit) on sale of fixed assets	(29,519)	(2,355)
(Increase) in stocks	(65,174)	(128,731)
(Increase) in debtors	(302,061)	(153,555)
Increase in creditors	139,866	543,597
Net cash inflow from operating activities	<u>260,616</u>	<u>544,617</u>

Analysis of changes in cash and cash
equivalents as shown in the balance sheet

Balance at 1 January 1994	(674,296)	(799,569)
Net cash inflow	<u>31,228</u>	<u>125,274</u>
Balance at 31 December 1994	<u>(643,068)</u>	<u>(674,295)</u>

Analysis of the balances of cash and cash
equivalents as shown in the balance sheet

	1994 £	1993 £	Change in year £
Cash at bank and in hand	1,360	213	1,147
Bank overdrafts	<u>(644,428)</u>	<u>(674,509)</u>	<u>30,081</u>
	<u>(643,068)</u>	<u>(674,296)</u>	<u>31,228</u>

Analysis of changes in financing during the year

	Finance Leasing £
Balance at 1 January 1994	61,113
Cash inflow from financing	<u>204,749</u>
Balance at 31 December 1994	<u>265,862</u>