

PLAS-PAK (UK) LIMITED

A C C O U N T S

FOR THE YEAR ENDED  
31ST DECEMBER 1988

PLAS-PAK (UK) LIMITED

ACCOUNTS

For the year ended 31st December 1988

I N D E X

	Page
Directors and Officers	1
Report of the Directors	2 - 4
Report of the Auditors	5
Statutory Accounts:	
Profit and Loss Account	6
Balance Sheet	7
Source and Application of Funds	8
Notes to the Accounts	9 - 15
Detailed Profit and Loss Account	16 - 18

## DIRECTORS AND OFFICERS

## DIRECTORS

A Radford (Chairman)  
K J Mackintosh (Managing Director)  
F J Davies  
A B Hargreaves FCA  
P J Collis  
P Browne  
R Wilding (appointed on 23rd March 1988)  
J L Hibbert (appointed on 23rd March 1988)

## SECRETARY AND REGISTERED OFFICE

C R Jenkins LLB FCIS  
Cliftonville House  
Bedford Road  
Northampton  
NN4 0PX

## AUDITORS

Spicer & Oppenheim  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4AE

## SOLICITORS

Beachcroft Stanleys  
100 Fetter Lane  
London  
EC4A 1BN

## REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 31st December 1988.

## PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacturing and selling of plastic packaging materials.

## REVIEW OF THE BUSINESS

The company enjoyed a year of profitable progress establishing a sound manufacturing operation and further volume growth with existing and new customers. With material supply shortages easing, prospects look good for further profitable growth in several market sectors.

## RESULTS AND DIVIDENDS

The results of the company for the period are set out in detail on page 6. The directors do not propose the payment of a dividend.

## DIRECTORS

The directors who served during the year are listed below. Of these directors only Mr K J Mackintosh had an interest in the Ordinary Shares of the company. His interests at the close of the financial period (31st December 1988) and at the close of the previous financial period (27th December 1987) were:

	December 1988	December 1987
K J Mackintosh	21,045	21,045

The full list of the directors who served during the period and the interests of those serving at the end of the period in the ordinary shares of Rockware Group plc, the holding company, as at the close of the financial period and at the close of the previous financial period are set out on page 3.

## REPORT OF THE DIRECTORS continued

Options on Ordinary shares of 25p each		--- SAYE ---				--- Scheme ---				- 54p -	
		Executive Scheme		71p		100p		100p			
Ordinary Shares of 25p each		1988	1987	1988	1987	1988	1987	1988	1987	1988	1987
A Radford (Chairman)	-	-	-	-	75,000	75,000	1,480	1,480	1,480	-	-
K J Mackintosh (Managing Director)	2,500	2,500	-	-	-	-	-	-	-	9,866	-
F J Davies	23,080	23,080	200,000	200,000	200,000	200,000	7,400	7,400	7,400	-	-
A B Hargreaves	1,188	1,188	100,000	100,000	100,000	100,000	7,400	7,400	7,400	-	-
P J Collis	-	-	-	-	-	-	-	-	-	9,866	-
P Browne	-	-	-	-	-	-	-	-	-	4,933	-
R Wilding	-	-	-	-	-	-	-	7,400	7,400	-	-
J L Hibbert	-	-	-	-	-	-	-	2,960	2,960	-	-

## REPORT OF THE DIRECTORS continued

## DIRECTORS continued

None of the directors had any interest in any other shares or stocks of Rockware Group plc.

Messrs Radford, Davies, Hargreaves and Collis retire at the forthcoming Annual General Meeting and being eligible will be proposed for re-election.

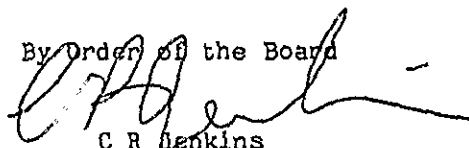
## TAXATION STATUS

In the opinion of the directors, the company is not a close company for taxation purposes.

## AUDITORS

A resolution to reappoint Spicer & Oppenheim as auditors will be proposed at the Annual General Meeting.

By Order of the Board



C R Jenkins  
Secretary

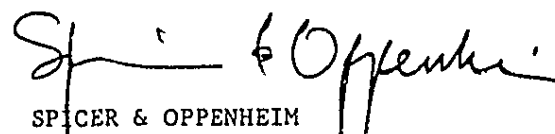
Northampton

AUDITORS' REPORT TO THE MEMBERS OF PLAS-PAK (UK) LIMITED

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We have audited the financial statements on pages 6 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of affairs of the company at 31st December 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

  
SPICER & OPPENHEIM  
Chartered Accountants

Queen Anne House  
69/71 Queen Square  
Bristol  
BS1 4AE

28th March 1989

PROFIT AND LOSS ACCOUNT  
For the year ended 31st December 1988

	Notes	1988	1987
TURNOVER	1(b)	2,984,131	1,110,051
Cost of Sales		<u>(2,116,291)</u>	<u>(865,628)</u>
GROSS PROFIT		867,840	244,423
Distribution costs	(107,180)	(46,496)	
Administration expenses	<u>(596,193)</u>	<u>(285,058)</u>	
		(703,373)	(331,554)
OPERATING PROFIT/(LOSS)	2	164,467	(87,131)
Net Interest payable	5	<u>(123,529)</u>	<u>(56,802)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		40,938	(143,933)
Tax on profit/(loss) on ordinary activities	6	<u>10,224</u>	<u>53,609</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		<u><u>£51,162</u></u>	<u><u>£(90,324)</u></u>

The notes on pages 9 to 15 form an integral part of these accounts. A statement of movement on reserves is set out in note 15.



## BALANCE SHEET

31st December 1988

	Notes	1988	1987
<b>FIXED ASSETS</b>			
Tangible assets	7	1,290,594	1,166,399
<b>CURRENT ASSETS</b>			
Stocks	8	347,081	166,095
Debtors	9	937,301	517,756
Cash at bank and in hand		255	69,012
		<u>1,284,637</u>	<u>752,863</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Finance creditors	10	(1,226,996)	(309,910)
Trade and other creditors	11	(729,287)	(622,328)
		<u>(1,956,283)</u>	<u>(932,238)</u>
<b>NET CURRENT (LIABILITIES)</b>		<u>(671,646)</u>	<u>(179,375)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>618,948</u>	<u>987,024</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Finance creditors	12	(231,599)	(640,613)
<b>PROVISION FOR LIABILITIES &amp; CHARGES</b>	13	(8,864)	(19,088)
		<u>£378,485</u>	<u>£327,323</u>
<b>CAPITAL AND RESERVES</b>			
<b>CALLED UP SHARE CAPITAL</b>	14	65,307	65,307
<b>RESERVES</b>	15	313,178	262,016
<b>SHAREHOLDERS' FUNDS</b>		<u>£378,485</u>	<u>£327,323</u>

APPROVED BY THE BOARD OF DIRECTORS

A Radford

K J Mackintosh

28<sup>th</sup> March 1989

The notes on pages 9 to 15 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS  
For the year ended 31st December 1988

	1988	1987
FUNDS GENERATED BY OPERATIONS		
Profit/(Loss) attributable to members	51,162	(90,324)
Adjustment for items not involving the movement of funds:		
Depreciation	75,016	33,268
Deferred tax credit	(10,224)	(53,609)
	<u>64,792</u>	<u>(20,341)</u>
	115,954	(110,665)
OTHER SOURCES OF FUNDS		
Consideration for shares issued during the period	-	200,000
Proceeds on sale of fixed assets	1,500	1,400
Proceeds on sale of subsidiary	-	50,000
	<u>1,500</u>	<u>251,400</u>
APPLICATIONS		
Fixed assets	200,782	94,994
Increase in working capital	470,498	476,361
	<u>671,280</u>	<u>571,355</u>
NET CHANGE IN EXTERNAL FINANCE	<u>£(553,826)</u>	<u>£(430,620)</u>
FINANCED/(APPLIED) AS FOLLOWS		
Bank balances and short term loans	1,191,743	(29,549)
Finance leases entered into	113,947	60,474
Finance leases discharged	(21,884)	(305)
Holding company loan received/(discharged)	(250,000)	400,000
Bank loans (discharged)	(466,895)	-
Reduction in other creditors greater than one year	(13,085)	-
	<u>£553,826</u>	<u>£430,620</u>
Note: Increase in working capital represents the following (increases)/decreases in assets and (decreases)/increases in liabilities		
Stocks and stores	(180,986)	(12,760)
Debtors	(392,910)	(320,005)
Trade and other creditors	106,959	(139,830)
Balances with group companies	(3,561)	(3,766)
	<u>£(470,498)</u>	<u>£(476,361)</u>

NOTES TO THE ACCOUNTS  
31st December 1988

## 1. ACCOUNTING POLICIES

## a. CONVENTION

These financial statements have been prepared in accordance with the historical cost convention, modified to incorporate the revaluation of land and buildings. The principal accounting policies which the directors have adopted within that convention are set out below.

## b. TURNOVER

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deducting trade discounts and value added tax.

## c. DEPRECIATION OF TANGIBLE ASSETS

## Land and Buildings

Depreciation is not provided on freehold land. Freehold buildings are amortised over the shorter of, 50 years or the expected useful life of the property.

When properties are revalued, the excess of the valuation over costs is credited to revaluation reserve and that part relating to buildings is released to revenue reserves over the expected useful lives of the buildings.

For the other classes of tangible fixed assets depreciation is provided to write down their cost to their estimated residual values using the straight line method at the following rates:

Plant and Machinery	10%
Fixtures and Fittings	25%
Motor Vehicles	25%

## d. VALUATION OF STOCK

- (i) Stocks of finished goods are valued at the lower of cost and net realisable value. Cost is defined as all the costs of production including attributable factory overheads.
- (ii) Work in progress is valued at direct cost of production plus attributable overheads according to condition and location.
- (iii) All other stocks are valued at the lower of cost and net realisable value.

## e. LEASED ASSETS

Fixed assets leased under finance leases are capitalised and depreciated over their estimated useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

The costs of operating leases are charged to the profit and loss account as they accrue.

1. f. DEFERRED TAXATION

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where these are expected to be deferred for some considerable period because of the availability of tax allowances for fixed asset expenditure in advance of depreciation. The provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise. Advance corporation tax which is available to reduce the corporation tax payable on future profits is deducted from the provision for deferred taxation.

g. FOREIGN CURRENCIES

Foreign currency balances are translated at the rates ruling at the balance sheet date. Transactions throughout the year have been translated at the rates ruling at the time.

2. OPERATING PROFIT/(LOSS)

	1988	1987
Operating loss is arrived at after charging:		
Depreciation of owned assets	57,440	33,268
Depreciation of leased assets	11,697	-
Auditors' remuneration	8,250	7,500
Hire of vehicles	6,897	6,800
	<u>      </u>	<u>      </u>

3. EMPLOYEES

The average number employed by the company within each category of persons was:

Production staff	40	40
Sales and distribution staff	5	5
Administration staff	4	4
	<u>      </u>	<u>      </u>
	49	49
	<u>      </u>	<u>      </u>

The costs incurred in respect of these employees were:

Wages and salaries	524,786	263,788
Social security costs	49,743	26,998
Other pension costs	5,616	3,108
	<u>      </u>	<u>      </u>
	£580,145	£293,894
	<u>      </u>	<u>      </u>

NOTES TO THE ACCOUNTS  
31st December 1988

## 4. DIRECTORS

	1988	1987
Emoluments of directors of the company included in staff costs were as follows:		
Management remuneration	<u>£80,534</u>	<u>£36,095</u>
The emoluments, excluding pension contributions, of directors were as follows:		
Chairman	<u>£ -</u>	<u>£ -</u>
Highest paid director	<u>£39,743</u>	<u>£19,893</u>
Other directors	No of directors	
£0 - £5,000	5	3
£10,001 - £15,000	-	1
£20,001 - £25,000	-	-
£25,001 - £30,000	1	-

## 5. NET INTEREST PAYABLE

Bank overdrafts	93,157	19,197
Loans repayable within 5 years	-	2,168
Loans repayable wholly or in part after 5 years	-	27,088
Group loan interest	14,512	1,507
Hire purchase interest	15,860	6,943
	<u>123,529</u>	<u>56,903</u>
Less bank interest received	-	(101)
	<u>£123,529</u>	<u>£56,802</u>

NOTES TO THE ACCOUNTS  
31st December 1988

## 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1988	1987
Taxation is based on the profit for the year and comprises:		
Deferred taxation credit	10,224	53,609
	<u>£10,224</u>	<u>£53,609</u>

## 7. TANGIBLE ASSETS

	Freehold Land and Buildings	Plant, Equipment, Fixtures & Fittings	Motor Vehicles	Total
a. COST OR VALUATION				
At 28th December 1987	633,175	838,173	64,462	1,535,810
Additions	-	200,782	-	200,782
Disposals	-	-	(7,561)	(7,561)
At 31st December 1988	<u>633,175</u>	<u>1,038,955</u>	<u>56,901</u>	<u>1,729,031</u>
DEPRECIATION				
At 28th December 1987	4,000	331,977	33,434	369,411
Charge for the year	5,000	60,786	9,230	75,016
Disposals	-	-	(5,990)	(5,990)
At 31st December 1988	<u>9,000</u>	<u>392,763</u>	<u>36,674</u>	<u>438,437</u>
NET BOOK VALUE				
At 31st December 1988	<u>£624,175</u>	<u>646,192</u>	<u>20,227</u>	<u>£1,290,594</u>
At 28th December 1987	<u>£629,175</u>	<u>506,196</u>	<u>31,028</u>	<u>£1,166,399</u>

NOTES TO THE ACCOUNTS  
31st December 1988

7. TANGIBLE ASSETS continued

b. LAND AND BUILDINGS

Land and buildings are stated at their open market valuation as determined on 30th June 1987. If stated under historical cost principles the comparable amounts for the total of land and buildings would be:

	£
Cost	593,613
Accumulated depreciation	(9,000)
	<u>584,613</u>
Historical cost value	<u>584,613</u>

All other assets are stated at historical cost.

c. LEASED ASSETS

Included in plant, machinery etc are assets of net book value £162,724 (December 1987 - £60,474) held under finance lease.

8. STOCKS

Raw materials and consumables	232,381	94,493
Work in progress	40,580	48,284
Finished goods	74,120	23,318
	<u>£347,081</u>	<u>£166,095</u>

9. DEBTORS

Trade debtors	791,564	507,071
Amounts owed by group companies	26,635	-
Other debtors	1,448	2,227
Prepayments and accrued income	117,654	8,458
	<u>£937,301</u>	<u>£517,756</u>

10. FINANCE CREDITORS

Bank overdraft	1,122,986	-
Loans from Group Companies	50,000	300,000
Amounts owed to Group Companies	26,840	3,766
Obligations under finance leases	27,170	6,144
	<u>£1,226,996</u>	<u>£309,910</u>

11. TRADE AND OTHER CREDITORS

Trade creditors	430,988	425,959
Other creditors	14,360	85,314
Other taxation and social security	57,860	59,367
Accruals and deferred income	226,079	51,688
	<u>£729,287</u>	<u>£622,328</u>

NOTES TO THE ACCOUNTS  
31st December 1988

12. CREDITORS - AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

	1988	1987
Bank loans (secured)	-	466,895
Hire purchase	6,304	19,389
Obligations under finance leases	125,295	54,329
Loans from group companies	100,000	100,000
	<u>£231,599</u>	<u>£640,613</u>

a. The hire purchase repayments and obligations under finance leases are repayable wholly within five years.

b. The amount due to group companies is a loan for a minimum period of 3 years as from October 1987.

13. PROVISION FOR LIABILITIES AND CHARGES  
Deferred Taxation

	1988	1987
a. Movement in period		
At 28th December 1987	19,088	72,697
Credit for the period	(10,224)	(53,609)
	<u>£8,864</u>	<u>£19,088</u>
At 31st December 1988		

b. As explained in note 1(f), provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and accounting purposes, except where it is probable that a liability will not crystallise. The source of the balance on the deferred tax account and the amounts for which provision has not been made are as follows:

	PROVIDED		UNPROVIDED	
	December 1988	27th December 1987	December 1988	27th December 1987
Capital allowances in excess of depreciation	116,013	113,106	33,037	32,413
Revenue tax losses	(104,249)	(91,118)	-	-
	<u>11,764</u>	<u>21,988</u>	<u>33,037</u>	<u>32,413</u>
Advance Corporation Tax	(2,900)	(2,900)	-	-
	<u>£8,864</u>	<u>£19,088</u>	<u>£33,037</u>	<u>£32,413</u>



NOTES TO THE ACCOUNTS  
31st December 1988

## 14. SHARE CAPITAL

	1988	1987
Authorised	32,000	32,000
Ordinary shares of £1 each - Class A	33,207	33,207
- Class B	100	100
- Class C		
	<u>£65,307</u>	<u>£65,307</u>
Allocated and fully paid	32,000	32,000
Ordinary shares of £1 each - Class A	33,207	33,207
- Class B	100	100
- Class C		
	<u>£65,307</u>	<u>£65,307</u>

## 15. RESERVES

	Total	Profit & Loss Account	Share Premium Account	Revaluation Reserve	Capital Reserve
As at 28th December 1987	262,016	47,761	166,693	39,562	8,000
Retained profit for the period	51,162	51,162	-	-	-
As at 31st December 1988	<u>313,178</u>	<u>98,923</u>	<u>166,693</u>	<u>39,562</u>	<u>8,000</u>

## 16. FINANCIAL COMMITMENTS

	1988	1987
Future capital expenditure contracted but not provided for	<u>Nil</u>	<u>£29,000</u>

## 17. TRANSACTIONS INVOLVING DIRECTORS

During the year, the company incurred expenditure on behalf of a director which was recharged to his current account and periodically settled. The aggregate amount due from K J Mackintosh is as follows:

Amount outstanding at year end	<u>£217</u>
Maximum amount outstanding during the year	<u>£4,586</u>