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BLOWMOGAN LIMITED

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FINANCIAL STATEMENTS

FOR THE YEAR (53 WEEKS) ENDED 3 AUGUST 1986

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Silbury Court
Central Milton Keynes

BLOWMOCAN LIMITED
REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year (53 weeks) ended 3 August 1986.

1. Principal activity

The company is principally engaged in the manufacture and sale of plastic containers.

2. Results

The period to 3rd August 1986 saw both sales and profits well ahead of last year as a result of the investment in people and equipment which continued throughout the year.

The directors remain committed to company growth and a second factory is already well underway. Part will be ready for occupation by the end of December 1986 and the new equipment to be installed then will further extend the product range, providing substantial new opportunities for the latter part of 1986/87. The directors forecast that profits growth may be moderated during the coming year as a result of this major expansion.

The profit for the year before taxation amounted to £308,492 (1985 £208,583).

The directors do not recommend payment of a dividend and the profit after taxation amounting to £297,396 (1985 £208,583) has therefore been retained.

3. Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year.

Mr J R Dickinson retires by rotation and being eligible offers himself for re-election.

The interests of the directors in the shares of the company at 3 August 1986 and at 28 July 1985 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	1986 and 1985 Ordinary shares
J H Bunker	120,000
J H Bunker (non-beneficial)	15,000
G W Copeland	78,000
G W Copeland (non-beneficial)	9,000
J R Dickinson	78,000

No director had, during or at the end of the year, any material interest in a contract which was significant in relation to the company's business.

BLOWMOGAN LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

4. Fixed assets

In the opinion of the directors, the value of the leasehold premises is in excess of the net book amount. Major items of fixed asset investment are included in notes 5 and 6 to the financial statements.

5. Charitable Donations

The company made charitable donations of £110 during the year.

6. Auditors

Grant Thornton (formally Thornton Baker) offer themselves for reappointment as auditors in accordance with Section 384(1) of the Companies Act 1985.

ON BEHALF OF THE BOARD

.....
G W COPELAND
Director

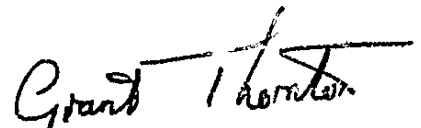
16 October 1986

Pitfield
Kiln Farm
Milton Keynes
Bucks MK11 3LE

REPORT OF THE AUDITORS
TO THE MEMBERS OF BLOWMOCAN LIMITED

We have audited the financial statements on pages 4 to 14 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 the company's affairs at 3 August 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.



GRANT THORNTON
Chartered Accountants

16 October 1986
Silbury Court
Central Milton Keynes

BLOWMOCAN LIMITED
ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below. They have remained unchanged from the previous year with the exception of the inclusion of engineering stock at 3 August 1986, the effect of which is disclosed below.

a) Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

b) Depreciation

Depreciation is calculated to write down the cost of intangible and tangible fixed assets other than long leasehold premises by the reducing balance method over their expected useful lives.

The rates generally applicable are:

Plant and machinery	10% & 20%
Moulds and small tools	33.3%
Motor vehicles	25%
Licences	33.3%

Depreciation is not provided on long leasehold premises on which the cost of maintenance is charged in the profit and loss account, or on assets yet to be installed or completed.

c) Stocks

Stocks, which include engineering stock for the first time this year, are stated at the lower of cost and net realisable value.

Cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis. In the case of finished goods, cost consists of direct materials, direct labour and attributable production overheads.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

This year the value of engineering spares (£68,738) appears for the first time as a stock holding, having previously been written off to revenue costs as purchased. The change in accounting policy arises from the directors' decision to hold larger quantities of engineering spares on the premises and have, during the year, provided extra storage facilities to enable this to happen. The comparative figures have not been restated as the directors are unable to assess the quantity and value of engineering spares at 28 July 1985 which, in any event, would have been not material.

d) Deferred taxation

Deferred tax is tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

BLOWMOGAN LIMITED
ACCOUNTING POLICIES (CONTINUED)

d) Deferred taxation (Continued)

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

e) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

BLOWMOCAN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR (53 WEEKS) ENDED 3 AUGUST 1986

	Note	1986 £	1985 £
Turnover	1	5,058,750	3,931,053
Cost of sales		3,828,091	2,938,760
Gross profit		<u>1,230,659</u>	<u>992,293</u>
Selling and distribution costs		473,437	404,322
Administrative expenses		<u>299,205</u>	<u>268,094</u>
		772,642	672,416
		458,017	319,877
Other operating income		<u>9,219</u>	<u>-</u>
Operating profit		467,236	319,877
Other interest receivable and similar income		53	7,322
		467,289	327,199
Interest payable and similar charges	2	<u>158,797</u>	<u>118,616</u>
Profit on ordinary activities before taxation		308,492	208,583
Tax on profit on ordinary activities	4	<u>11,096</u>	<u>-</u>
Profit retained on ordinary activities after taxation	13	<u><u>£297,396</u></u>	<u><u>£208,583</u></u>

The accounting policies and notes on pages 4 and 8 to 14 form part of these financial statements.

BLOWMOGAN LIMITED

BALANCE SHEET AT 3 AUGUST 1986

	Note	£	1986	£	£	1985	£
Intangible fixed assets	5		27,829			7,718	
Tangible fixed assets	6		2,320,388			1,900,504	
			<u>2,348,217</u>			<u>1,908,222</u>	
Current assets							
Stocks	7	236,134		251,272			
Debtors	8	1,121,644		871,479			
Cash at bank and in hand		367		204			
			<u>1,358,145</u>		<u>1,122,955</u>		
Creditors: amounts falling due within one year	9	1,209,360		941,243			
			<u>148,785</u>		<u>181,712</u>		
Net current assets							
Total assets less current liabilities			2,497,002			2,089,934	
Creditors: amounts falling due after more than one year	10		953,413			843,741	
			<u>£1,543,589</u>			<u>£1,246,193</u>	
Capital and Reserves							
Called up share capital	12		300,000			300,000	
Profit and loss account	13		1,243,589			946,193	
			<u>£1,543,589</u>			<u>£1,246,193</u>	

The financial statements were approved by the Board of Directors on 16 October 1986.

.....
G W COPELAND)
) Directors
.....
H BUNKER)

The accounting policies and notes on pages 4 and 8 to 14 form part of these financial statements.

BLOWMOCAN LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 3 AUGUST 1986

	1986	1985
	£	£
Source of funds		
From operations		
Profit on ordinary activities before taxation	308,492	208,583
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	269,627	216,215
(Profit)/Loss on disposal of fixed assets	(29,700)	1,210
	<u>239,927</u>	<u>217,425</u>
	548,419	426,008
From other sources		
Proceeds of disposals of tangible fixed assets	30,678	6,810
	<u>579,097</u>	<u>432,818</u>
Application of funds		
Purchase of tangible fixed assets	710,600	563,283
Tax paid	2,196	-
	<u>712,796</u>	<u>563,283</u>
Net outflow of funds	<u>£(133,699)</u>	<u>£(130,465)</u>
Increase/(decrease) in working capital		
Stocks	(15,138)	99,713
Debtors	250,165	183,927
Creditors: amounts falling due within one year	(342,538)	(113,800)
Creditors: amounts falling due after more than one year	(111,868)	(50,706)
	<u>(219,379)</u>	<u>119,134</u>
Net liquid funds		
Cash at bank and in hand	163	(138,574)
Bank overdraft	85,517	(111,025)
	<u>85,680</u>	<u>(249,599)</u>
Net decrease in working capital	<u>£(133,699)</u>	<u>£(130,465)</u>

BLOWMOCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 AUGUST 1986

1. Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to one activity, the manufacture and sale of plastic containers and is transacted in the United Kingdom.

Profit on ordinary activities is stated after:

	1986 £	1985 £
Auditors' remuneration	5,500	5,000
Depreciation and amortisation of assets	269,627	216,215
Operating lease rentals:		
Hire of plant and equipment	146,164	99,520

2. Interest payable and similar charges

	1986 £	1985 £
On bank loans, overdrafts and other loans		
- repayable within five years	36,085	-
- repayable wholly or partly in more than 5 years	72,551	73,952
- Finance charges in respect of hire purchase contracts	50,161	44,664
	<u>£158,797</u>	<u>£118,616</u>

3. Directors and employees

Staff costs during the year

	1986 £	1985 £
Wages and salaries	1,033,141	779,953
Social security	97,295	73,670
Pension costs	23,456	19,559
	<u>£1,153,892</u>	<u>£873,182</u>

The average number of employees of the company during the year was 120 (1985 111), of whom 6 (1985 6) were part-time employees.

Staff costs include remuneration in respect of directors, as follows:

	1986	1985
Management remuneration	<u>£93,331</u>	

BLOWMOCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 3 AUGUST 1986

3. Directors and employees (continued)

The emoluments of the directors, including benefits in kind but excluding pension contributions, were as follows:

	1986	1985
The chairman	<u>£41,585</u>	<u>£35,000</u>
The highest paid director	<u>£43,318</u>	<u>£36,558</u>
Other directors		
	1986	1985
	<u>Number</u>	<u>Number</u>
£ 0 to £5,000	1	1

4. Tax on profit on ordinary activities

	£
Corporation tax at 30%	8,900
Adjustment in respect of prior years:	
Corporation tax	<u>2,196</u>
	<u>£11,096</u>

5. Intangible fixed assets

	Licences £
Cost	
At 29 July 1985	8,343
Additions	<u>29,060</u>
At 3 August 1986	<u>37,403</u>
Depreciation	
At 29 July 1985	625
Charge	<u>8,949</u>
At 3 August 1986	<u>9,574</u>
Net book amount at 3 August 1986	<u>£27,829</u>
Net book amount at 28 July 1985	<u>£7,718</u>

BLOWMOCAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 3 AUGUST 1986

6. Tangible fixed assets

	Total £	Long leasehold £	Plant and machinery £	Motor vehicles £	Buildings in the course of construction £
Cost					
At 29 July 1985	2,567,461	664,417	1,897,898	5,146	-
Additions	681,540	998	647,099	-	33,443
	3,249,001	665,415	2,544,997	5,146	33,443
Disposals	1,230	-	1,230	-	-
At 3 August 1986	3,247,771	665,415	2,543,767	5,146	33,443
Depreciation					
At 29 July 1985	666,957	-	664,344	2,613	-
Provided in the year	260,678	-	260,112	566	-
	927,635	-	924,456	3,179	-
Disposals	252	-	252	-	-
At 3 August 1986	927,383	-	924,204	3,179	-
Net book amount At 3 August 1986	£2,320,388	£665,415	£1,619,563	£1,967	£33,443
Net book amount At 28 July 1985	£1,900,504	£664,417	£1,233,554	£2,533	£ -

The leasehold property and plant and machinery with a net book amount of £144,730 are subject to specific charges.

Included in the above are assets held under hire purchase agreements as follows:

	Plant and machinery £
Cost at 3 August 1986	£756,078
Depreciation provided in year	£59,442
Net book value at 3 August 1986 (1985 £336,358)	£516,277

BLOWMOGAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 3 AUGUST 1986

7. Stocks

	1986 £	1985 £
Engineering stores	68,739	-
Raw materials	90,975	168,538
Finished goods	76,420	82,734
	<u>£236,134</u>	<u>£251,272</u>

8. Debtors

	1986 £	1985 £
Amounts falling due within one year:		
Trade debtors	1,066,303	863,541
Other debtors	30,500	-
Prepayments and accrued income	24,841	7,938
	<u>£1,121,644</u>	<u>£871,479</u>

9. Creditors - amounts falling due within one year

	1986 £	1985 £
Instalments due on bank loans	39,568	36,170
Bank overdraft	25,508	111,025
Trade creditors	840,622	624,463
Current taxation	8,900	-
Social security and other taxes	101,549	44,641
Other creditors	16,793	-
Accruals and deferred income	26,295	23,592
Hire purchase creditors	150,125	101,352
	<u>£1,209,360</u>	<u>£941,243</u>

The bank loans and overdraft are secured by a fixed and floating charge over all the assets of the company.

BLOWMOCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 3 AUGUST 1986

10. Creditors - amounts falling due after more than one year

	1986 £	1985 £
Bank loans	658,134	666,860
Hire purchase creditors	295,279	168,738
Other creditors	-	8,143
	<u>£953,413</u>	<u>£843,741</u>

Bank loans (excluding current instalments)

	1986 £	1985 £
Repayable by instalments over more than five years:		
At 2½% above base rate repayable in equal monthly instalments terminating on 4 May 2003	538,514	517,994
Repayable wholly within five years :		
At 2½% above base rate repayable in equal monthly instalments terminating on 26 June 1990	119,620	148,866
	<u>£658,134</u>	<u>£666,860</u>

The bank loans are secured by fixed and floating charges over all the assets of the company. Included in loans repayable over more than 5 years is a bridging loan (£32,649) which, though due to be repaid in the forthcoming year, is to be rolled into the existing long term loan facility. Amounts due under hire purchase contracts are all payable within 2 to 5 years from the balance sheet date.

11. Deferred taxation

	Amount provided		Amount not provided	
	1986 £	1985 £	1986 £	1985 £
Accelerated capital allowances	-	-	487,000	570,000
Less: Trading losses	-	-	18,000	120,000
	<u>£ -</u>	<u>£ -</u>	<u>£469,000</u>	<u>£450,000</u>

12. Called up share capital

Authorised, allotted,
called up and fully paid
1986 and 1985

Ordinary shares of £1 each

£300,000

BLOWMOCAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 3 AUGUST 1986

13. Reserves

	Profit and loss account £
At 29 July 1985	946,193
Retained profit for the year	297,396
	<hr/>
At 3 August 1986	<u>£1,243,589</u>

14. Capital commitments

	1986 £	1985 £
Contracted for but not provided in these financial statements	1,510,000	250,000
Authorised by the directors but not contracted for	570,000	330,000
	<hr/>	<hr/>
	<u>£2,080,000</u>	<u>£580,000</u>

15. Leasing commitments

Operating lease payments due within 1 year are £118,458. The commitments to make payments included in this sum expire during the following years:

	£
1 year	17,492
2 to 5 years	100,966
	<hr/>
	<u>£118,458</u>

16. Contingent liabilities

There were no contingent liabilities at 3 August 1986 and 28 July 1985 except in respect of deferred taxation (see note 11).