

GKN - BRAMBLES ENTERPRISES LIMITED

Annual report

for the year ended 31 December 1990

Registered no: 2330378

**Coopers
& Lybrand
Deloitte**

GKN - BRAMBLES ENTERPRISES LIMITED

**Annual report
for the year ended 31 December 1990**

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GKN - BRAMBLES ENTERPRISES LIMITED**Directors and advisers****Executive directors** B A Walsh

R J B Jessop

R C Milne

G M Pemberton

J E Fletcher

J H Hughes

Secretary and registered officeD McKerrow
Abinger House
Church Street
Dorking
Surrey
RH4 1DF**Auditors**Coopers & Lybrand Deloitte
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ**Bankers**

National Westminster Bank Plc

GKN - BRAMBLES ENTERPRISES LIMITED

Financial highlights

		Period 21 Dec 1988 to 31 Dec 1989
	1990	
	£	£
Results		
Turnover	5,784,220	2,293,693
Operating profit	215,540	194,218
Profit on ordinary activities after taxation	49,555	63,899
Profit for the financial year	(445)	3,899
Dividends	50,000	60,000
	<u> </u>	<u> </u>

GKN - BRAMBLES ENTERPRISES LIMITED

Report of the directors for the year ended 31 December 1990

The directors present their report and the audited financial statements for the year ended 31 December 1990.

Principal activities

The profit and loss account for the year is set out on page 6.

The principal activity of the company is the provision of management services to the companies jointly owned by GKN Plc and Brambles UK Limited

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

The directors of the company who served during the year ended 31 December 1990 were:

	Date of Appointment	Date of Resignation
B A Walsh	31 March 1989	
G M Pemberton	31 March 1989	
R C Milne	31 March 1989	
D C Ferguson	31 March 1989	18 September 1990
J F J Weerts	31 March 1989	18 September 1990
R J B Jessop	31 March 1989	
P T Williams	31 March 1989	31 August 1990
J E Fletcher	19 September 1990	
J H Hughes	19 September 1990	

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company at 31 December 1990, or at any time during the year.

Close company provisions

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company; there has been no change in this respect since the end of the financial year.

GKN - BRAMBLES ENTERPRISES LIMITED

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand Deloitte, will be proposed at the annual general meeting.

By order of the board

D McKerrow

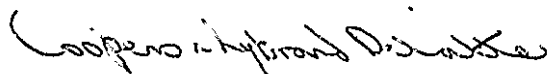


17th September 1991

**Report of the auditors to the members of
GKN - BRAMBLES ENTERPRISES LIMITED**

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

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand Deloitte
Chartered Accountants

London

17 September 1991

GKN - BRAMBLES ENTERPRISES LIMITED

Profit and loss account
for the year ended 31 December 1990

	Notes	1990 £	Period 21 December 1988 to 31 December 1989 £
Turnover	2	5,784,220	2,293,693
Administrative expenses		<u>(5,568,680)</u>	<u>(2,099,475)</u>
Operating profit	3	215,540	194,218
Other interest receivable and similar income		<u>6,816</u>	<u>394</u>
Interest payable and similar charges	6	<u>(52,994)</u>	<u>(69,505)</u>
Profit on ordinary activities before taxation		169,362	125,107
Tax on profit on ordinary activities	7	<u>(119,807)</u>	<u>(61,208)</u>
Profit on ordinary activities after taxation		<u>49,555</u>	<u>63,899</u>
Profit for the financial year		<u><u>49,555</u></u>	<u><u>63,899</u></u>
Statement of retained profits			
Retained profits at 1 January 1990		3,899	-
Profit for year		49,555	63,899
Dividends	8	<u>(50,000)</u>	<u>(60,000)</u>
Retained profits at 31 December 1990		<u><u>3,454</u></u>	<u><u>3,899</u></u>

GKN - BRAMBLES ENTERPRISES LIMITED

Balance sheet - 31 December 1990

	Notes	1990 £	£	1989 £	£
Fixed assets					
Tangible assets	9		152,017		94,560
Current assets					
Debtors	10	2,115,815		1,220,345	
Cash at bank and in hand		3,114		4,275	
		<u>2,118,929</u>		<u>1,224,620</u>	
Creditors: amounts falling due within one year	11	<u>2,217,492</u>		<u>1,265,281</u>	
Net current assets			<u>(98,563)</u>		<u>(40,661)</u>
Total assets less current liabilities			<u>53,454</u>		<u>53,899</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account			3,454		3,899
			<u>53,454</u>		<u>53,899</u>

Approved by the board on 17th September 1991

R. Currie
J. M. H. Gier.

Director

GKN - BRAMBLES ENTERPRISES LIMITED

Statement of source and application of funds
for the year ended 31 December 1990

	1990 £	£	1989 £	£
Source of funds				
Profit on ordinary activities before taxation		169,362		125,107
Adjustment for items not involving the movement of funds:				
Depreciation	100,644		63,946	
Profit on disposal of fixed assets	(5,970)		-	
		<u>94,674</u>		<u>63,946</u>
Total funds generated from operations		264,036		189,053
Funds from other sources				
Sale proceeds of fixed assets		15,925		-
Issue of share capital		-		50,000
		<u>15,925</u>		<u>50,000</u>
Total source of funds		279,961		239,053
Application of funds				
Dividends paid	60,000			
Tax paid	69,397			
Purchase of fixed assets	168,055		158,506	
		<u>297,452</u>		<u>158,506</u>
Total application of funds		<u>(17,491)</u>		<u>80,547</u>
(Decrease)/increase in working capital				
Debtors excluding taxation	878,803		1,200,345	
Creditors falling due within one year excluding taxation and bank overdrafts	(1,049,951)		(867,789)	
		<u>(171,148)</u>		<u>332,556</u>
Movements in net liquid funds:				
Cash at bank and in hand	(1,161)		4,275	
Bank overdraft	154,818		(256,284)	
		<u>153,657</u>		<u>(252,009)</u>
		<u>(17,491)</u>		<u>80,547</u>

GKN - BRAMBLES ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 December 1990

Principal accounting policies

1 The financial statements have been prepared in accordance with generally accepted accounting principles in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	<u>%</u>	<u>Basis</u>
Furniture	33 $\frac{1}{3}$	Straight line
Computers	33 $\frac{1}{3}$	Straight line
Motor vehicles	44	Reducing balance
Fixtures and fittings	20	Straight line

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Profits and losses arising are taken through the profit and loss account.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

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Notes to the financial statements continued
for the year ended 31 December 1990

Turnover and profit on ordinary activities before taxation

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	Turnover	
	1990	1989
	£	£
Geographical segment		
United Kingdom	5,107,781	1,180,030
North America	676,439	1,113,663
	<u>5,784,220</u>	<u>2,293,693</u>

Turnover and profit on ordinary activities before taxation are derived solely from the company's principal activity.

Operating profit

3 Operating profit is stated after charging:

	1990	1989
	£	£
Depreciation of tangible fixed assets	100,644	63,946
Auditors' remuneration	7,500	4,500
Operating lease rentals for plant and machinery	9,882	6,843
Profit on disposal of fixed assets	<u>5,970</u>	<u>-</u>

GKN - BRAMBLES ENTERPRISES LIMITED

Notes to the financial statements continued
for the year ended 31 December 1990

Directors' emoluments

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	1990 £	1989 £
Fees	117,663	159,792
Other emoluments (including pension contributions and benefits in kind)	78,165	72,908
Compensation paid for loss of office	494,000	-
	<u>689,828</u>	<u>232,700</u>

Compensation paid for loss of office includes the money value of legal advice and pension contributions given to a former director.

In addition to the amount disclosed above as compensation for loss of office the company has entered into agreements with the former director to make payments to him totalling £157,000 over the next three years.

Directors' emoluments excluding pension contributions are as follows:

	1990	1989
Emoluments of the chairman	<u>£NIL</u>	<u>£NIL</u>
Emoluments of the highest paid director	<u>£141,316</u>	<u>£165,292</u>

The number of directors (including the chairman and the highest paid director) whose emoluments were within the ranges:

	1990	1989
£ 0 to £ 5,000	8	6
£165,001 to £170,000	-	1
£210,001 to £215,000	<u>1</u>	<u>-</u>

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Notes to the financial statements continued
for the year ended 31 December 1990

Employee information

5 The average weekly number of persons employed by the company including executive directors during the year is analysed below:

	1990	1989
Administration	<u>13</u>	<u>13</u>

Employment costs - all employees including executive directors:

	1990 £	1989 £
Wages and salaries	844,536	466,140
Social security costs	46,393	35,852
Other pension costs	105,716	108,453
Total direct costs of employment	<u>966,645</u>	<u>610,445</u>

Interest payable and similar charges

6 Interest payable on sums:

	1990 £	1989 £
Repayable within 5 years, not by instalments	52,994	28,843
On group loans	-	40,662
	<u>52,994</u>	<u>69,505</u>

GKN - BRAMBLES ENTERPRISES LIMITED

Notes to the financial statements continued
for the year ended 31 December 1990

Taxation

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	1990 £	1989 £
United Kingdom corporation tax at 34.25% (1989: 35%)	<u>119,807</u>	<u>61,208</u>

Dividends

8

	1990 £	1989 £
Proposed final of £1.00 per share (1989: £1.20 per share)	<u>50,000</u>	<u>60,000</u>

Tangible fixed assets

9

	Computer £	Furniture £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 1990	30,819	25,048	69,301	33,339	158,507
Additions	8,042	31,420	32,516	96,077	168,055
Disposals	-	-	(23,500)	-	(23,500)
At 31 December 1990	<u>38,861</u>	<u>56,468</u>	<u>78,317</u>	<u>129,416</u>	<u>303,062</u>
Depreciation					
At 1 January 1990	11,955	6,763	31,154	14,074	63,946
Charge for year	16,096	13,420	35,024	36,104	100,644
Disposals	-	-	(13,545)	-	(13,545)
At 31 December 1990	<u>28,051</u>	<u>20,183</u>	<u>52,633</u>	<u>50,178</u>	<u>151,045</u>
Net book value					
At 31 December 1990	<u>10,810</u>	<u>36,285</u>	<u>25,684</u>	<u>79,238</u>	<u>152,017</u>
At 31 December 1989	<u>18,864</u>	<u>18,285</u>	<u>38,147</u>	<u>19,264</u>	<u>94,560</u>

GKN - BRAMBLES ENTERPRISES LIMITED

Notes to the financial statements continued
for the year ended 31 December 1990

Debtors

10	1990 £	1989 £
Amounts falling due within one year		
Amounts owed by group undertakings	1,982,841	1,166,672
Other debtors	96,307	33,673
ACT recoverable	36,667	20,000
	<u>2,115,815</u>	<u>1,220,345</u>

Creditors: amounts falling due within one year

11	1990 £	1989 £
Bank loans & overdraft	101,466	256,284
Amounts owed to group undertakings	963,251	593,326
Other creditors including:		
Taxation and social security costs	163,767	144,062
Other creditors	321,524	105,867
Dividends payable	50,000	60,000
Accruals and deferred income	617,484	105,742
	<u>2,217,492</u>	<u>1,265,281</u>

The bank loans and overdrafts are secured by a letter of comfort provided by the two parent companies.

The creditor for taxation and social security includes UK corporation tax payable amounting to £111,618 (1989: £61,208) and ACT payable of £36,667 (1989: £20,000)

Pension and similar obligations

12 The company participates in a pension scheme administered by Brambles Pension Trustees Limited. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund should be valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was completed more than three years ago and the directors are now taking steps for a valuation to be undertaken.

The total pension cost for the company was £105,716.

A provision of £8,892 is included in provisions, this being the excess of the accumulated pension cost over the amount funded.

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Notes to the financial statements continued
for the year ended 31 December 1990

Contingent liabilities and financial commitments

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Lease commitments

The company has financial commitments in respect of non-cancellable operating leases of plant and machinery. The rentals payable under these leases in the next years are as follows:

	1990 £	1989 £
Date of lease termination In second to fifth years inclusive	<u>8,195</u>	<u>10,482</u>

In addition the company leases certain land and buildings on short and long term leases. The rents payable under these leases, which are subject to renegotiation at various intervals specified in the leases and in respect of which the company pays all insurance, maintenance and repairs of these properties, in the next year are as follows:

	1990	1989
After five years	<u>133,035</u>	<u>£69,685</u>

Called up share capital

14

	1990	1989
Authorised:-		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid	<u>50,000</u>	<u>50,000</u>

Ultimate and immediate parent companies

15 The company is a joint venture between GKN Plc and Brambles UK Limited, which each own 50% of the issued share capital.