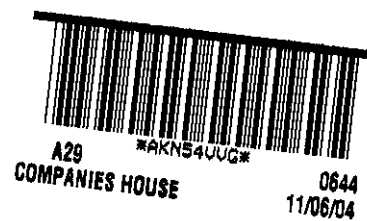


**AUTOBAR FLEXIBLE UK LIMITED**

**Report and Financial Statements**

**28 March 2004**



**REPORT AND FINANCIAL STATEMENTS 2004**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M J Davey  
M J O'Leary  
O G Smadja

**SECRETARY**

W T McKay BBS FCA

**REGISTERED OFFICE**

41- 42 Kew Bridge Road  
Brentford  
Middlesex  
TW8 0DY

**BANKERS**

Lloyds TSB Bank Plc  
City Office  
P.O. Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

**SOLICITORS**

Dixon Ward  
16 The Green  
Richmond  
Surrey  
TW9 1QD

Speechly Bircham  
6 St Andrew Street  
London  
EC4A 3LX

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cardiff

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the financial year ("the year") which was a fifty-two week period ended 28 March 2004. The comparative financial year was a fifty-two week period ended 30 March 2003.

**PRINCIPAL ACTIVITIES**

The company manufactures polythene sheets and bags.

**BUSINESS REVIEW**

The company made a loss before taxation of £260,000 (2003 – profit of £1,960,000 - this included the benefit of the waiver of an inter-group loan of £2,500,000 from its parent company, Autobar Group Limited). Underlying performance has improved this year on reduced turnover, by focusing more on in house manufactured products rather than finished goods purchased for resale. The UK market remains competitive.

**RESULTS**

|   | <b>Year<br/>ended 28<br/>March<br/>2004<br/>£'000</b> | <b>Year<br/>ended 30<br/>March<br/>2003<br/>£'000</b> |
|---|---|---|
| Turnover  | 5,372   | 6,104   |
| (Loss)/profit on ordinary activities before tax                       | (260)   | 1,960   |
| Tax credit on (loss)/profit on ordinary activities                    | 69  | 180   |
| (Loss)/profit on ordinary activities after tax                        | (191)   | 2,140   |
| Dividends   | (400)   | -   |
| Retained (loss)/profit for the financial year transferred to reserves | (591)   | 2,140   |

**FUTURE DEVELOPMENTS**

The company will continue developing sales in its key markets.

Details of an important event since the balance sheet date are contained in note 19 of the financial statements.

**DIRECTORS AND THEIR INTERESTS**

The directors, who served throughout the year, are as set out on page 1.

No director had, at the beginning or end of the financial year, any interests in the shares of any group company or any material interests in any contracts of significance to the group's business.

**RESEARCH AND DEVELOPMENT**

No research and development has been undertaken during the year.

**POLITICAL AND CHARITABLE DONATIONS**

The company has made no political or charitable donations during the year (2003 - £nil).

**DIRECTORS' REPORT (continued)**

**CREDITOR PAYMENT POLICY**

The company endeavours to settle and agree terms and conditions under which business transactions with its suppliers are conducted prior to placing orders. This ensures that those suppliers are aware of the terms of payment in advance. The average creditor days outstanding at 28 March 2004 were 79 days (2003 – 79 days).

Approved by the Board of Directors  
and signed on behalf of the Board



W T McKay  
Company Secretary

9 June 2004

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOBAR FLEXIBLE UK LIMITED**

We have audited the financial statements of Autobar Flexible UK Limited for the 52 weeks ended 28 March 2004 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above 52 week period and consider the implications for our report if we become aware of any apparent misstatements.

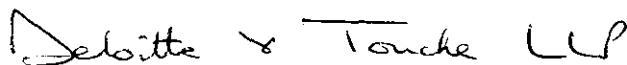
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 28 March 2004 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Cardiff

9 June 2004

**PROFIT AND LOSS ACCOUNT**  
**Year ended 28 March 2004**

|   | Note | 52 weeks<br>ended 28<br>March<br>2004<br>£'000 | 52 weeks<br>ended 30<br>March<br>2003<br>£'000 |
|---|------|--|--|
| <b>TURNOVER: continuing operations</b>                          | 2    | 5,372  | 6,104  |
| Net operating charges   | 3    | (5,636)  | (3,980)  |
| <b>OPERATING (LOSS)/PROFIT: continuing operations</b>           |      | (264)  | 2,124  |
| Net interest receivable/(payable)                               | 4    | 4  | (164)  |
| <b>(LOSS)/PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |      | (260)  | 1,960  |
| Tax on (loss)/profit on ordinary activities                     | 6    | 69   | 180  |
| <b>(LOSS)/PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION</b>  |      | (191)  | 2,140  |
| Dividends   | 7    | (400)  | -  |
| <b>RETAINED (LOSS)/PROFIT FOR THE<br/>FINANCIAL YEAR</b>        | 14   | (591)  | 2,140  |

There are no recognised gains and losses other than the (loss)/profit in either the current or prior year and, accordingly, no statement of total recognised gains and losses is given.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**Year ended 28 March 2004**

|  | £'000 | £'000 |
|--|-------|-------|
| (Loss)/profit on ordinary activities after<br>taxation                   | (191) | 2,140 |
| Dividends  | (400) | -     |
| Retained (loss)/profit for the financial year<br>transferred to reserves | (591) | 2,140 |
| Net (reduction in)/addition to shareholders'<br>funds                    | (591) | 2,140 |
| Opening shareholders' funds  | 2,068 | (72)  |
| Closing shareholders' funds  | 1,477 | 2,068 |

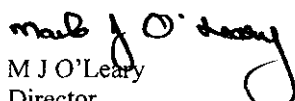


**BALANCE SHEET**  
**28 March 2004**

|   | Note | 2004           |              | 2003           |              |
|---|------|----------------|--------------|----------------|--------------|
|   |      | £'000          | £'000        | £'000          | £'000        |
| <b>FIXED ASSETS</b>                                   |      |                |              |                |              |
| Tangible assets                                       | 8    |                | 664          |                | 977          |
| <b>CURRENT ASSETS</b>                                 |      |                |              |                |              |
| Stocks  | 9    | 597            |              | 638            |              |
| Debtors   | 10   | 1,475          |              | 1,911          |              |
| Cash at bank and in hand                              |      | 152            |              | 2              |              |
|   |      | <u>2,224</u>   |              | <u>2,551</u>   |              |
| <b>CREDITORS: amounts falling due within one year</b> | 11   | <u>(1,277)</u> |              | <u>(1,287)</u> |              |
| <b>NET CURRENT ASSETS</b>                             |      |                | <u>947</u>   |                | <u>1,264</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                | 1,611        |                | 2,241        |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 12   |                | <u>(134)</u> |                | <u>(173)</u> |
| <b>NET ASSETS</b>                                     |      |                | <u>1,477</u> |                | <u>2,068</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |                |              |                |              |
| Called up share capital                               | 13   |                | 400          |                | 400          |
| Profit and loss account                               | 14   |                | 1,077        |                | 1,668        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |      |                | <u>1,477</u> |                | <u>2,068</u> |

These financial statements were approved by the Board of Directors on 9 June 2004.

Signed on behalf of the Board of Directors

  
M J O'Leary  
Director

**CASH FLOW STATEMENT**  
**52 weeks ended 28 March 2004**

|  | Note | Year ended    |               | Year ended    |               |
|--|------|---------------|---------------|---------------|---------------|
|  |      | 28 March 2004 | 28 March 2004 | 30 March 2003 | 30 March 2003 |
|  |      | £'000         | £'000         | £'000         | £'000         |
| <b>Net cash inflow/(outflow) from operating activities</b>                         | 16   |               | 306           |               | (517)         |
| <b>Returns on investments and servicing of finance</b>                             |      |               |               |               |               |
| Interest received/(paid)   |      | 4             |               | (164)         |               |
| Dividends payable  |      | (400)         |               | -             |               |
| <b>Net cash outflow from returns on investments and servicing of finance</b>       |      |               | (396)         |               | (164)         |
| <b>Taxation</b>  |      |               | 125           |               | 135           |
| <b>Capital expenditure and financial investment</b>                                |      |               |               |               |               |
| Payments to acquire tangible fixed assets  |      | (100)         |               | (197)         |               |
| Receipts from sales of tangible fixed assets                                       |      | 314           |               | 143           |               |
| <b>Net cash inflow/(outflow) from capital expenditure and financial investment</b> |      |               | 214           |               | (54)          |
| <b>Financing</b>   |      |               |               |               |               |
| Increase in other loans  |      | -             |               | 2,500         |               |
| <b>Net cash inflow from financing</b>  |      |               | -             |               | 2,500         |
| <b>Increase in cash in the year</b>  | 17   |               | 249           |               | 1,900         |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents the invoiced value of sales, excluding trade discounts and value added tax.

**Translation of foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the year-end date. Transactions in currencies other than Sterling are translated at the rates ruling at the dates of the transactions. All exchange differences are dealt with in the profit and loss account.

**Depreciation**

Depreciation is provided against the cost of tangible fixed assets over their expected useful lives by equal annual instalments within the following ranges:

|  |                                    |
|--|------------------------------------|
| <b>Land and buildings:</b>                 |                                    |
| Freehold land                              | No depreciation provided           |
| Freehold buildings                         | 30 – 50 years                      |
| Leasehold land and buildings and additions | Over unexpired period of the lease |
| Plant and machinery                        | 3 – 10 years                       |
| Fixtures and fittings                      | 5 – 7 years                        |

**Deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Pensions**

Pensions to United Kingdom employees are funded through contributions to an insurance company under The Autobar Group Retirement Benefits Plan. The company is unable to identify its share of the underlying assets and liabilities within that pension scheme; contributions to the scheme in the year are charged in full to the profit and loss account.

Autobar Group Limited, the company's intermediate parent company and the parent of the smallest group for which accounts are drawn up and of which the company is a member, has implemented in full FRS 17 "Retirement benefits".

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**1. ACCOUNTING POLICIES (continued)**

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost comprises (in the case of bought in goods): invoice price; (in the case of products manufactured by the company): direct material, labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**Leases**

Assets held under finance lease and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over their useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

**2. ANALYSIS OF TURNOVER**

The company was engaged in one class of business during the year.

Turnover is analysed below:

|   | <b>Year ended<br/>28<br/>March<br/>2004<br/>£'000</b> | <b>Year ended<br/>30 March<br/>2003<br/>£'000</b> |
|---|---|---|
| <b>Geographical analysis of turnover by destination</b> |   |   |
| United Kingdom  | 4,444   | 5,155   |
| Other European countries                                | 928   | 949   |
|   | <u>5,372</u>  | <u>6,104</u>                                      |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**3. NET OPERATING CHARGES**

|  | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|--|---|---|
| Change in stocks of finished goods and work-in-progress              | 106                                     | (52)                                    |
| Raw materials and consumables  | 4,330                                   | 5,176                                   |
| Goods purchased for resale   | 176                                     | 302                                     |
| Other external charges   | -                                       | 77                                      |
| Staff costs:   |   |   |
| - wages and salaries   | 765                                     | 785                                     |
| - social security costs  | 58                                      | 58                                      |
| - other pension costs  | 40                                      | 37                                      |
| Depreciation and other amounts<br>written off tangible fixed assets: |   |   |
| - owned assets   | 99                                      | 115                                     |
| Auditors' remuneration:  |   |   |
| - audit fees   | 7                                       | 10                                      |
| - other services   | 6                                       | -                                       |
| Other operating charges  | 70                                      | (2,500)                                 |
| Exchange gains   | (21)                                    | (28)                                    |
|  | <u>5,636</u>                            | <u>3,980</u>                            |

Other operating credits in 2003 include the waiver of an intra-group loan from the company's parent company of £2.5m.

**4. NET INTEREST RECEIVABLE/(PAYABLE)**

|   | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|---|---|---|
| Interest receivable/(payable) and<br>similar charges: |   |   |
| - Group company loans                                 | 4                                       | (164)                                   |
|   | <u>4</u>                                | <u>(164)</u>                            |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

|   | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|---|---|---|
| Directors' emoluments (excluding pension contributions) | -                                       | -                                       |

The directors are remunerated by other group companies for their services to the group as a whole. 3 directors (2003 – 3) who served during the year are members of a defined benefit scheme.

|   | 2004<br>Number | 2003<br>Number |
|---|----------------|----------------|
| Average monthly number of persons employed (including directors): |                |                |
| - Production  | 34             | 33             |
| - Sales and distribution  | 9              | 9              |
| - Administration  | 4              | 5              |
|   | <u>47</u>      | <u>47</u>      |

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

|   | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|---|---|---|
| United Kingdom corporation tax at 30% (2003 – 30%)                | 68                                      | 148                                     |
| Current tax   | 68                                      | 148                                     |
| Deferred taxation on timing differences arising during the period | 9                                       | 32                                      |
| Adjustments in respect of prior periods                           | (8)                                     | -                                       |
|   | <u>69</u>                               | <u>180</u>                              |

It is currently anticipated that the current tax credit for the period of £68,000, will be recovered by the surrender of losses to another group company in exchange for a payment of the same amount.

The tax credit for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30%. The differences are explained below:

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

|  | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|--|---|---|
| (Loss)/profit on ordinary activities before tax                              | (260)                                   | 1,960                                   |
| Tax (credit)/charge on (loss)/profit on ordinary activities at standard rate | (78)                                    | 588                                     |
| Factors affecting the charge:  |   |   |
| Income not subject to taxation   | -                                       | (750)                                   |
| Expenses not deductible for tax purposes                                     | 1                                       | -                                       |
| Depreciation in excess of capital allowances                                 | 9                                       | 14                                      |
| Current tax credit for the year  | (68)                                    | (148)                                   |

**7. DIVIDENDS**

A dividend of £400,000 has been paid (2003 - £nil), being £1 per share.

**8. TANGIBLE FIXED ASSETS**

|                                 | Freehold<br>land and<br>buildings<br>£'000 | Plant and<br>machinery<br>£'000 | Fixtures<br>and fittings<br>£'000 | Total<br>£'000 |
|---------------------------------|--|---------------------------------|-----------------------------------|----------------|
| <b>Cost</b>                     |  |                                 |                                   |                |
| At 31 March 2003                | 450  | 2,692                           | 161                               | 3,303          |
| Additions                       | -  | 100                             | -                                 | 100            |
| Transferred to group company    | (450)                                      | -                               | -                                 | (450)          |
| At 28 March 2004                | -  | 2,792                           | 161                               | 2,953          |
| <b>Accumulated depreciation</b> |  |                                 |                                   |                |
| At 31 March 2003                | (132)                                      | (2,061)                         | (133)                             | (2,326)        |
| Charge for year                 | (4)  | (86)                            | (9)                               | (99)           |
| Transferred to group company    | 136  | -                               | -                                 | 136            |
| At 28 March 2004                | -  | (2,147)                         | (142)                             | (2,289)        |
| <b>Net book value</b>           |  |                                 |                                   |                |
| At 28 March 2004                | -  | 645                             | 19                                | 664            |
| At 30 March 2003                | 318  | 631                             | 28                                | 977            |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**9. STOCKS**

|                                      | 2004<br>£'000 | 2003<br>£'000 |
|--------------------------------------|---------------|---------------|
| Raw materials and consumables        | 184           | 125           |
| Work-in-progress                     | 40            | 45            |
| Finished goods and goods for re-sale | 373           | 468           |
|                                      | <u>597</u>    | <u>638</u>    |

**10. DEBTORS**

|                                    | 2004<br>£'000 | 2003<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 1,322         | 1,512         |
| Amounts owed by group undertakings |               |               |
| - fellow subsidiary undertakings   | 15            | 16            |
| - parent undertakings              | 10            | 236           |
| Other debtors                      | 18            | 16            |
| Prepayments and accrued income     | 110           | 131           |
|                                    | <u>1,475</u>  | <u>1,911</u>  |

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | 2004<br>£'000 | 2003<br>£'000 |
|--|---------------|---------------|
| Bank overdraft   | -             | 99            |
| Trade creditors  | 806           | 610           |
| Amounts owed to group undertakings                     |               |               |
| - parent undertakings                                  | 1             | 54            |
| Amounts owed to undertakings under common control      | 123           | 149           |
| Other creditors including taxation and social security | 78            | 148           |
| Accruals and deferred income                           | 269           | 227           |
|  | <u>1,277</u>  | <u>1,287</u>  |



**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

|                           | <b>Deferred<br/>tax<br/>£'000</b> |
|---------------------------|-----------------------------------|
| At 31 March 2003          | 173                               |
| Profit and loss credit    | (1)                               |
| Transfer to group company | (38)                              |
|                           | <hr/>                             |
| At 28 March 2004          | 134                               |
|                           | <hr/> <hr/>                       |

The amounts of deferred taxation provided are as follows:

|  | <b>2004<br/>£'000</b> | <b>2003<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Capital allowances in excess of depreciation | 134                   | 173                   |
|  | <hr/>                 | <hr/>                 |

**13. CALLED UP SHARE CAPITAL**

|   | <b>2004<br/>£'000</b> | <b>2003<br/>£'000</b> |
|---|-----------------------|-----------------------|
| <b>Authorised, called up, allotted and fully paid</b> |                       |                       |
| 400,000 ordinary shares of £1 each                    | 400                   | 400                   |
|   | <hr/>                 | <hr/>                 |

**14. RESERVES**

|                            | <b>Profit and<br/>loss<br/>account<br/>£'000</b> |
|----------------------------|--|
| At 31 March 2003           | 1,668  |
| Retained loss for the year | (591)  |
|                            | <hr/>  |
| At 28 March 2004           | 1,077  |
|                            | <hr/> <hr/>                                      |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**15. PENSIONS**

The company is a member of The Autobar Group Retirement Benefits Plan which is a contracted out final salary defined benefit pension scheme for employees in the UK.

The pension costs relating to the group plan are assessed in accordance with the advice of an independent qualified actuary and in accordance with certain assumptions.

The company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to the actuarial risks associated with current and former employees of other entities participating in The Autobar Group Retirement Benefits Plan. A review of the whole scheme was prepared at 28 March 2004 by an independent qualified actuary for the purposes of FRS 17 "Retirement benefits". At that date, there was an excess of liabilities over assets of £33.5m (2003:£40.2m) and the group has commenced a planned series of special contributions to the scheme, to fund the deficit. It is not expected that there will be any additional implications for the company itself.

Full disclosure, in accordance with the requirements of FRS 17 are given in the accounts of Autobar Group Limited, the company's intermediate parent company and the parent of the smallest group for which accounts are drawn up and of which the company is a member.

The pension charge to the company for the year was £40,000 (2003 - £37,000).

**16. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

|   | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|---|---|---|
| Operating (loss)/profit                             | (264)                                   | 2,124                                   |
| Depreciation charge                                 | 99                                      | 115                                     |
| Decrease/(increase) in stocks                       | 41                                      | (36)                                    |
| Decrease/(increase) in debtors                      | 341                                     | (86)                                    |
| Increase/(decrease) in creditors                    | 89                                      | (134)                                   |
| Waiver of inter-company loan                        | -                                       | (2,500)                                 |
|   | <hr/>                                   | <hr/>                                   |
| Net cash inflow/(outflow) from operating activities | 306                                     | (517)                                   |
|   | <hr/> <hr/>                             | <hr/> <hr/>                             |

**17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)**

|                                   | Year ended<br>28 March<br>2004<br>£'000 | Year ended<br>30 March<br>2003<br>£'000 |
|-----------------------------------|---|---|
| Increase in cash in the year      | 249                                     | 1,900                                   |
|                                   | <hr/>                                   | <hr/>                                   |
| Movement in net funds in the year | 249                                     | 1,900                                   |
| Net debt at 31 March 2003         | (97)                                    | (1,997)                                 |
|                                   | <hr/>                                   | <hr/>                                   |
| Net funds/(debt) at 28 March 2004 | 152                                     | (97)                                    |
|                                   | <hr/> <hr/>                             | <hr/> <hr/>                             |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**18. ANALYSIS OF NET FUNDS/(DEBT)**

|                          | At 31<br>March<br>2003<br>£'000 | Cash flow<br>£'000 | At 28<br>March<br>2004<br>£'000 |
|--------------------------|---------------------------------|--------------------|---------------------------------|
| Cash at bank and in hand | 2                               | 150                | 152                             |
| Overdrafts               | (99)                            | 99                 | -                               |
| Total                    | <u>(97)</u>                     | <u>249</u>         | <u>152</u>                      |

**19. ULTIMATE AND INTERMEDIATE PARENT COMPANY**

At 28 March 2004, St Martins Le Grand Limited was the company's ultimate parent company, controlling entity and parent of the largest group for which group accounts are drawn up and of which the company is a member. Autobar Group Limited is its intermediate parent company and parent of the smallest group for which consolidated accounts are drawn up and of which the company is a member. Both companies are incorporated in Great Britain and their financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

On 12 May 2004 St Martins Group Limited (the sole shareholder of Autobar Group Limited) agreed to sell all of the share capital of the Autobar Group Limited to Lees (Guernsey) Limited, a company controlled by funds advised by Charterhouse Capital Partners LLP. The completion of this intended sale of Autobar Group Limited is subject to certain conditions, which are expected to have been satisfied within one month from the date of this report.

**20. FINANCIAL COMMITMENTS**

At 28 March 2004, the company was committed to making the following payments during the next year in respect of operating leases:

|                          | 2004<br>£'000 |
|--------------------------|---------------|
| Leases which expire:     |               |
| Within two to five years | <u>39</u>     |

**NOTES TO THE ACCOUNTS**  
**52 weeks ended 28 March 2004**

**21. RELATED PARTY TRANSACTIONS**

As identified in note 19, at 28 March 2004 St Martins Le Grand Limited was the company's ultimate parent company and Autobar Group Limited its intermediate parent company. St Martins Le Grand Limited is ultimately owned by the Government of Kuwait. The Government of Kuwait also ultimately owns Autobar Group BV, a Dutch registered group of companies. The company has during the year entered into some normal trading transactions with companies within these two groups. All material related party transactions are summarised below:

|  | <b>52 weeks<br/>ended 28<br/>March<br/>2004<br/>£'000</b> | <b>52 weeks<br/>ended 30<br/>March<br/>2003<br/>£'000</b> |
|--|---|---|
| Sales to undertakings under common control                   | 1   | 29  |
| Purchases from undertakings under common control             | 1,374   | 2,109   |
| Management charges paid to undertakings under common control | -   | -   |
| Interest paid to undertakings under common control           | -   | -   |
| Net balances due (to)/from undertakings under common control | (123)   | (146)   |

Normal trading transactions also occur between the company and companies within the Autobar Group Limited group. The consolidated financial statements of Autobar Group Limited are publicly available and, accordingly, as a result of the exemption allowed by Financial Reporting Standard 8, no disclosure of these transactions is made in the company's financial statements.