

AUTOBAR POLYFILM LIMITED
REPORT AND FINANCIAL STATEMENTS
1996



AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1996

<u>CONTENTS</u>	<u>PAGE</u>
Officers and Professional Advisors	1
Directors' Report	2 - 3
Statement of Directors' Responsibilities	4
Auditors' Report	5
Profit and Loss Account	6
Reconciliation of Movements in Shareholders' Funds	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Accounts	10 - 19

AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M J Davey, B.A., F.C.A.
R Kelly, B.Sc.
J J P Muir, M.B.A.
A P Dacey, M.A., F.C.A.

SECRETARY

W T McKay, B.B.S., F.C.A.

REGISTERED OFFICE

41-42 Kew Bridge Road
Brentford
Middlesex
TW8 ODY

BANKERS

Lloyds Bank Plc
City Office
72 Lombard Street
London
EC3P 3BT

AUDITORS

Deloitte & Touche
Chartered Accountants
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF2 1TS

AUTOBAR POLYFILM LIMITED

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 30 June 1996. The comparative financial year was a fifty two week period ended 2 July 1995 .

PRINCIPAL ACTIVITIES

The company manufactures polythene sheet and bags.

BUSINESS REVIEW

The company made a profit before taxation of £346,305 (1996 - profit £182,539). The company was able to maintain both volume and margins in difficult trading conditions and enjoyed an excellent year of trading.

RESULTS

	<u>1996</u>	<u>1995</u>
	£	£
Turnover	<u>5,932,788</u>	<u>5,558,821</u>
Profit before tax	346,305	182,539
Tax	<u>(105,404)</u>	<u>(93,148)</u>
Profit after tax	240,901	89,391
Dividends	<u>(61,000)</u>	<u>(28,000)</u>
Transferred to reserves	<u>179,901</u>	<u>61,391</u>

Dividends of £61,000 have been paid (1995 - £28,000).

FUTURE DEVELOPMENTS

The company will continue to pursue a policy of maximising output together with a steady movement towards more added value sales and production.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1.

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

AUTOBAR POLYFILM LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance has been purchased on behalf of the company by the intermediate parent company during the year.

EMPLOYEE INVOLVEMENT

The company makes its employees aware of the financial and economic factors affecting its performance by regular meetings supplemented by the issue of newsletters.

FIXED ASSETS

The movements in fixed assets during the year are set out in Note 8 to these accounts.

On 27 September 1995 the company acquired the freehold interest in Advance Works, Crynant, Neath.

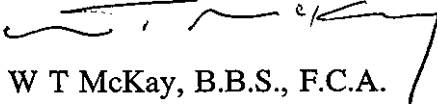
EMPLOYMENT OF DISABLED PERSONS

Every consideration is given to applications for employment from disabled persons. Where individuals are disabled in the course of their employment every effort is made to retain and assist such persons with their rehabilitation. All employees have equal training and career opportunities.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche, and, accordingly have signed their report in their new name.

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


W T McKay, B.B.S., F.C.A.
Company Secretary
10 September 1996

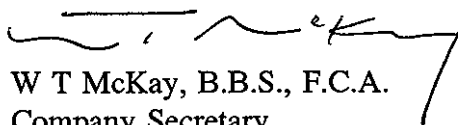
AUTOBAR POLYFILM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 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 for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the Company and to take reasonable steps to prevent and detect fraud and other irregularities. They are also responsible for the Company's system of internal financial controls and for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

By order of the Board


W T McKay, B.B.S., F.C.A.
Company Secretary
10 September 1996

AUTOBAR POLYFILM LIMITED

AUDITORS' REPORT TO THE MEMBERS OF AUTOBAR POLYFILM LIMITED

Year ended 30 June 1996

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective Responsibilities of Directors and Auditors

As described on page 4, 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 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 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
and Registered Auditors
10 September 1996

Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

AUTOBAR POLYFILM LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER - Continuing operations	2	5,932,788	5,558,821
NET OPERATING CHARGES	3	<u>(5,549,479)</u>	<u>(5,328,563)</u>
OPERATING PROFIT - Continuing operations		383,309	230,258
Net interest payable	4	<u>(37,004)</u>	<u>(47,719)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		346,305	182,539
Tax on profit on ordinary activities	6	<u>(105,404)</u>	<u>(93,148)</u>
PROFIT FOR THE FINANCIAL YEAR		240,901	89,391
Dividends	7	<u>(61,000)</u>	<u>(28,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u>179,901</u>	<u>61,391</u>

There are no recognised gains or losses other than the profit for the year in both the current and prior years.

AUTOBAR POLYFILM LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 30 June 1996

	<u>1996</u> £	<u>1995</u> £
Profit for the Financial Year	240,901	89,391
Dividends	<u>(61,000)</u>	<u>(28,000)</u>
Net addition to shareholders' funds	179,901	61,391
Opening shareholders' funds	<u>711,147</u>	<u>649,756</u>
Closing shareholders' funds	<u>891,048</u>	<u>711,147</u>

AUTOBAR POLYFILM LIMITED

BALANCE SHEET

30 June 1996

	<u>Note</u>	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		552,794		494,282
CURRENT ASSETS					
Stocks	9	424,361		607,079	
Debtors	10	1,287,736		1,423,243	
Cash at bank and in hand		<u>2,954</u>		<u>313</u>	
		1,715,051		2,030,635	
CREDITORS: Amounts					
falling due within one year	11	<u>(1,376,797)</u>		<u>(1,813,770)</u>	
NET CURRENT ASSETS			<u>338,254</u>		<u>216,865</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>891,048</u>		<u>711,147</u>
TOTAL NET ASSETS			<u>891,048</u>		<u>711,147</u>
CAPITAL AND RESERVES					
Called up share capital	13		400,000		400,000
Profit and loss account	14		<u>491,048</u>		<u>311,147</u>
TOTAL EQUITY					
SHAREHOLDERS' FUNDS			<u>891,048</u>		<u>711,147</u>

These financial statements were approved by the Board of Directors on 10 September 1996.
Signed on behalf of the Board of Directors



M J Davey

Director

AUTOBAR POLYFILM LIMITED

CASH FLOW STATEMENT

Year ended 30 June 1996

	<u>Note</u>	1996		<u>1995</u>	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		437,417		187,108
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Dividends paid to Parent Company		(61,000)		(28,000)	
Interest paid		<u>(43,058)</u>		<u>(43,089)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(104,058)		(71,089)
TAXATION					
Net group tax relief paid		<u>(99,604)</u>		<u>(40,890)</u>	
TAX PAID			(99,604)		(40,890)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(212,173)		(102,281)	
Sale of tangible fixed assets		<u>9,050</u>		<u>5,150</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			<u>(203,123)</u>		<u>(97,131)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17		<u>30,632</u>		<u>(22,002)</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

1. ACCOUNTING POLICIES

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

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

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

(c) 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 transaction. All exchange differences are dealt with in the profit and loss account.

(d) Depreciation

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

Land and buildings:	
Freehold land	No depreciation provided
Freehold buildings	30 - 50 years
Leasehold buildings and additions	Over unexpired period of the lease
Plant and machinery	3 - 10 years
Motor Vehicles	3-7 years
Furniture and office equipment	7 years
Computer equipment	5 years
Fixtures and fittings	4 - 10 years

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

(e) Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(f) Pensions

Pensions to United Kingdom employees are funded through contributions to an insurance company under the Autobar Group Retirement Benefits Plan. The Company's contributions to the pension scheme are charged to the profit and loss account with the objective of spreading the cost over the employees' working lives with the company.

(g) Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all future costs to completion and all relevant marketing, selling and distribution costs.

(h) Government Grants

Governments grants receivable are treated as deferred income and credited to the profit and loss account in equal instalments over the life of the related assets.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

2. TURNOVER

Geographical analysis of turnover by destination	1996	1995
	£	£
United Kingdom	5,401,894	5,124,211
Other European countries	<u>530,894</u>	<u>434,610</u>
	<u>5,932,788</u>	<u>5,558,821</u>

Turnover includes £258,624 (1995 - £360,323) made to fellow group companies.

3. NET OPERATING CHARGES

	1996	1995
	£	£
Change in stocks of finished goods and work in progress	102,781	(125,608)
Raw materials and consumables	3,337,505	3,425,168
Goods purchased for resale	149,222	144,277
Other external charges	974,443	968,801
Staff costs:		
Wages and salaries	745,697	674,203
Social security costs	53,304	49,389
Other pension costs	39,604	41,473
Depreciation and other amounts written off tangible fixed assets - owned assets	153,660	159,279
Auditors remuneration:		
Audit fees	5,750	5,500
Other services	950	900
Grants released to the profit and loss account	(4,388)	(9,669)
Profit on sale of tangible fixed assets	<u>(9,049)</u>	<u>(5,150)</u>
	<u>5,549,479</u>	<u>5,328,563</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

4. **NET INTEREST PAYABLE** **1996** **1995**
£ £

Interest payable and similar charges:

- Bank loans and overdrafts and other loans repayable within five years	<u>(37,004)</u>	<u>(47,719)</u>
---	-----------------	-----------------

5. **INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<u>1996</u>	<u>1995</u>
	£	£
Directors' emoluments:		
Fees	98,725	84,500
Other emoluments	13,375	10,598
Pension contributions	<u>7,985</u>	<u>8,704</u>

Emoluments (excluding pension contributions of Directors) in respect of services as Directors of the Company:

Highest paid Director	<u>66,960</u>	<u>58,643</u>
-----------------------	---------------	---------------

Other Directors' emoluments excluding pension contributions fell within the following ranges:

	<u>1996</u>	<u>1995</u>
	Number	Number
£0 - £5,000	2	3
£35,001 - £40,000	-	1
£45,001 - £50,000	<u>1</u>	<u>=</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

	<u>1996</u> Number	<u>1995</u> Number
Average number of persons employed:		
Production	50	49
Sales and Distribution	6	5
Administration	<u>4</u>	<u>4</u>
	<u>60</u>	<u>58</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
United Kingdom corporation tax at 33% (1995 - 33%) based on the profits for the year	(105,406)	(53,021)
United Kingdom deferred taxation	-	6,546
Prior year adjustment	<u>2</u>	<u>(46,673)</u>
	<u>(105,404)</u>	<u>(93,148)</u>

It is currently anticipated that the tax on profit on ordinary activities of £105,406 will be relieved by the surrender of losses by another group company in exchange for payment of the same amount.

7. DIVIDENDS

	<u>1996</u> Per Share	£	<u>1995</u> Per Share	£
Ordinary dividends on equity shares	<u>0.1525p</u>	<u>61,000</u>	<u>0.07p</u>	<u>28,000</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

8. TANGIBLE FIXED ASSETS

	<u>Freehold land & buildings</u> £	<u>Leasehold land & buildings</u> £	<u>Plant and machinery</u> £	<u>Fixtures and fittings</u> £	<u>Total</u> £
COST					
At 3 July 1995	150,919	61,413	2,226,108	91,719	2,530,159
Additions	3,250	-	208,923	-	212,173
Transfer	61,413	(61,413)	-	-	-
Disposals	-	-	(56,744)	-	(56,744)
At 30 June 1996	<u>215,582</u>	<u>-</u>	<u>2,378,287</u>	<u>91,719</u>	<u>2,685,588</u>
ACCUMULATED DEPRECIATION					
At 3 July 1995	56,367	18,997	1,880,489	80,024	2,035,877
Charge for year	4,094	-	143,086	6,480	153,660
Transfer	18,997	(18,997)	-	-	-
Disposals	-	-	(56,743)	-	(56,743)
At 30 June 1996	<u>79,458</u>	<u>-</u>	<u>1,966,832</u>	<u>86,504</u>	<u>2,132,794</u>
NET BOOK VALUE					
At 30 June 1996	<u>136,124</u>	<u>-</u>	<u>411,455</u>	<u>5,215</u>	<u>552,794</u>
At 2 July 1995	<u>94,552</u>	<u>42,416</u>	<u>345,619</u>	<u>11,695</u>	<u>494,282</u>

Plant and machinery costing £1,610,063 (1995 - £874,431) and fixtures and fittings costing £73,504 (1995 - £50,310) and which are fully depreciated, remain in use.

9. STOCKS

	<u>1996</u> £	<u>1995</u> £
Raw Materials and Consumables	181,611	261,548
Finished Goods and Goods for Resale	<u>242,750</u>	<u>345,531</u>
	<u>424,361</u>	<u>607,079</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

10. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	1,176,513	1,342,345
Amounts owed by Group undertakings:		
- Parent or fellow subsidiary undertakings	53,659	28,752
Other debtors	600	630
Prepayments and accrued income	<u>56,964</u>	<u>51,516</u>
	<u>1,287,736</u>	<u>1,423,243</u>

11. CREDITORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts falling due within one year:		
Bank loans and overdrafts	-	27,991
Trade creditors	539,952	442,022
Bills of exchange payable	84,127	86,229
Amounts owed to Group undertakings:		
- Parent or fellow subsidiary undertakings	502,222	934,903
Taxation & social security	37,024	56,830
Capital Grants	-	4,388
Accruals and deferred income	<u>213,472</u>	<u>261,407</u>
	<u>1,376,797</u>	<u>1,813,770</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

12. PROVISIONS FOR LIABILITIES AND CHARGES

The amount of deferred taxation provided and unprovided in the accounts are as follows:

	1996	<u>Provided</u>	<u>Unprovided</u>	
	£	1995	1996	1995
		£	£	£
Capital allowances in excess of depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,546</u>

13. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised, allotted and fully paid: 400,000, ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

14. PROFIT AND LOSS ACCOUNT

	£
At 3 July 1995	311,147
Retained profit for the year	<u>179,901</u>
At 30 June 1996	<u>491,048</u>

15. PENSIONS

The Company is member of the Autobar Group Retirement Benefit Plan which is a fully funded defined benefit scheme. The Company's contribution to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the Company.

The contributions to the UK scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 July 1994. The pension charge for the year was £39,604 (1995 - £41,473).

Full details are disclosed in the financial statements of Autobar Group Limited the intermediate parent company.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
Operating profit	383,309	230,258
Depreciation charge	153,660	159,279
Profit on sale of tangible fixed assets	(9,049)	(5,150)
Decrease/(Increase) in stocks	182,718	(182,369)
Decrease/(Increase) in debtors	135,507	(559,752)
(Decrease)/Increase in creditors	(408,728)	544,842
Net cash inflow from operating activities	<u>437,417</u>	<u>187,108</u>

17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>Bank overdraft</u>	<u>Cash at bank and in hand</u>	<u>Total</u>
	£	£	£
Balance at 4 July 1994	(6,118)	442	(5,676)
Net cash outflow	(21,873)	(129)	(22,002)
Balance at 3 July 1995	(27,991)	313	(27,678)
Net cash inflow	<u>27,991</u>	<u>2,641</u>	<u>30,632</u>
Balance at 30 June 1996	<u>-</u>	<u>2,954</u>	<u>2,954</u>

18. ULTIMATE AND INTERMEDIATE PARENT COMPANY

At 30 June 1996, St Martins Holdings Limited was the company's ultimate parent company and Autobar Group Limited its intermediate parent company. Both companies are registered in England and Wales and their financial statements can be obtained from Companies House, Crown Way, Maindy Cardiff, CF4 3UZ.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 1996

19. FINANCIAL COMMITMENTS

	<u>1996</u> £
Capital Commitments	
Amounts not provided in accounts but contracted	<u>25,270</u>
Authorised but not contracted	<u>150,000</u>

At 30 June 1996 the company was not committed to any payments during the next year in respect of operating leases.