

AUTOBAR POLYFILM LIMITED
REPORT AND FINANCIAL STATEMENTS

1997



AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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AUTOBAR POLYFILM LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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 0DY

BANKERS

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

SOLICITORS

Richards Butler
Beaufort House
15 St Botolph Street
London EC3A 7EF

Dixon Ward
16 The Green
Richmond
Surrey TW9 1QD

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 29 June 1997. The comparative financial year was a fifty two week period ended 30 June 1996.

PRINCIPAL ACTIVITIES

The company manufactures polythene sheet and bags.

BUSINESS REVIEW

The company made a profit before taxation of £361,000 (1996 - £346,000). The company was able to maintain both volume and margins in difficult trading conditions and enjoyed an excellent year of trading.

RESULTS	1997 £'000	1996 £'000
Turnover	<u>5,444</u>	<u>5,933</u>
Profit before tax	361	346
Tax	(108)	(105)
Profit after tax	253	241
Dividends	(140)	(61)
Transferred to reserves	<u>113</u>	<u>180</u>

Dividends of £140,000 have been paid (1996 - £61,000).

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. It also plans to invest in additional production capacity to facilitate this.

AUTOBAR POLYFILM LIMITED

DIRECTORS' REPORT (continued)

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.

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.

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.

POST BALANCE SHEET EVENT

On 1 July 1997 the ownership of the intermediate parent company was transferred to Firmpure Limited which changed its name to St Martins Group Limited on 24 July 1997.

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



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

Company Secretary

9 September 1997

AUTOBAR POLYFILM LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITIES

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 apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed;
- * prepare the financial statements on a 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 to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



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

Company Secretary

9 September 1997

AUTOBAR POLYFILM LIMITED

AUDITORS' REPORT TO THE MEMBERS OF AUTOBAR POLYFILM LIMITED Year ended 29 June 1997

We have audited the financial statements on pages 6 to 18 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 29 June 1997 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

9 September 1997

Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

AUTOBAR POLYFILM LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 29 June 1997

	Note	1997 £'000	1996 £'000
TURNOVER - Continuing operations	2	5,444	5,933
NET OPERATING CHARGES	3	(5,061)	(5,550)
OPERATING PROFIT - Continuing operations		383	383
Net interest payable	4	<u>(22)</u>	<u>(37)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		361	346
Tax on profit on ordinary activities	6	<u>(108)</u>	<u>(105)</u>
PROFIT FOR THE FINANCIAL YEAR		253	241
Dividends	7	<u>(140)</u>	<u>(61)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	<u>113</u>	<u>180</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 29 June 1997

	1997 £'000	1996 £'000
Profit for the Financial Year	253	241
Dividends	(140)	(61)
Net addition to shareholders' funds	113	180
Opening shareholders' funds	<u>891</u>	711
Closing shareholders' funds	<u>1,004</u>	<u>891</u>

AUTOBAR POLYFILM LIMITED

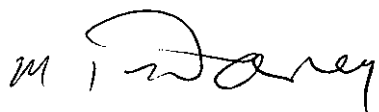
BALANCE SHEET

29 June 1997

	Note	£'000	<u>1997</u> £'000	£'000	<u>1996</u> £'000
FIXED ASSETS					
Tangible assets	8		606		553
CURRENT ASSETS					
Stocks	9	518		424	
Debtors	10	1,313		1,288	
Cash at bank and in hand		—		3	
			1,831	1,715	
CREDITORS: Amounts falling due within one year	11	(1,433)		(1,377)	
NET CURRENT ASSETS			<u>398</u>		<u>338</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,004</u>		<u>891</u>
TOTAL NET ASSETS			<u>1,004</u>		<u>891</u>
CAPITAL AND RESERVES					
Called up share capital	12		400		400
Profit and loss account	13		<u>604</u>		<u>491</u>
TOTAL EQUITY					
SHAREHOLDERS' FUNDS			<u>1,004</u>		<u>891</u>

These financial statements were approved by the Board of Directors on 9 September 1997.

Signed on behalf of the Board of Directors


M J Davey Director

AUTOBAR POLYFILM LIMITED

CASH FLOW STATEMENT

Year ended 29 June 1997

	Note	1997 £'000	1996 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	381	438
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(23)	(43)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(23)	(43)
TAXATION		(106)	(100)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(189)	(212)
Sale of tangible fixed assets		—	9
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(189)	(203)
DIVIDENDS PAID		(140)	(61)
(DECREASE)/INCREASE IN CASH IN THE PERIOD	17	(77)	31

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

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
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 29 June 1997

(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 29 June 1997

2. TURNOVER

Geographical analysis of turnover by destination	1997 £'000	1996 £'000
United Kingdom	4,891	5,403
Other European countries	<u>553</u>	<u>530</u>
	<u>5,444</u>	<u>5,933</u>

3. NET OPERATING CHARGES

	1997 £'000	1996 £'000
Change in stocks of finished goods and work in progress	(28)	103
Raw materials and consumables	3,079	3,337
Goods purchased for resale	84	149
Other external charges	922	974
Staff costs:		
Wages and salaries	760	746
Social security costs	57	53
Other pension costs	44	40
Depreciation and other amounts written off tangible fixed assets		
- owned assets	136	154
Auditors remuneration:		
Audit fees	5	6
Other services	2	1
Grants released to the profit and loss account	-	(4)
Profit on sale of tangible fixed assets	<u>-</u>	<u>(9)</u>
	<u>5,061</u>	<u>5,550</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

4. NET INTEREST PAYABLE

	<u>1997</u> £'000	<u>1996</u> £'000
Interest payable and similar charges:		
- Bank loans and overdrafts and other loans repayable within five years	(22)	(37)

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1997</u> £'000	<u>1996</u> £'000
Directors' emoluments (excluding pension contribution)	117	112

	<u>1997</u> Number	<u>1996</u> Number
Average number of persons employed:		
Production	49	50
Sales and Distribution	6	6
Administration	<u>4</u>	<u>4</u>
	<u>59</u>	<u>60</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £'000	<u>1996</u> £'000
United Kingdom corporation tax at 32.50% (1996 - 33%) based on the profits for the year	(108)	(105)

It is currently anticipated that the tax on profit on ordinary activities of £108,000 will be relieved by the surrender of losses by another group company in exchange for payment of the same amount.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

7. DIVIDENDS

	Per Share	1997 £'000	Per Share	1996 £'000
Ordinary dividends on equity shares	35p	<u>140</u>	15.25p	<u>61</u>

8. TANGIBLE FIXED ASSETS

	Freehold land & buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
COST				
At 1 July 1996	216	2,378	92	2,686
Additions	14	175	-	189
Disposals	—	(15)	—	(15)
At 29 June 1997	<u>230</u>	<u>2,538</u>	<u>92</u>	<u>2,860</u>
ACCUMULATED DEPRECIATION				
At 1 July 1996	(80)	(1,967)	(87)	(2,134)
Charge for year	(4)	(128)	(3)	(135)
Disposals	—	15	—	15
At 29 June 1997	<u>(84)</u>	<u>(2,080)</u>	<u>(90)</u>	<u>(2,254)</u>
NET BOOK VALUE				
At 29 June 1997	<u>146</u>	<u>458</u>	<u>2</u>	<u>606</u>
At 30 June 1996	<u>136</u>	<u>412</u>	<u>5</u>	<u>553</u>

Plant and machinery costing £1,670,000 (1996 - £1,610,000) and fixtures and fittings costing £79,000 (1996 - £73,000) and which are fully depreciated, remain in use.

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

9. STOCKS

	<u>1997</u> £'000	<u>1996</u> £'000
Raw Materials and Consumables	247	181
Finished Goods and Goods for Resale	271	243
	<u>518</u>	<u>424</u>

10. DEBTORS

	<u>1997</u> £'000	<u>1996</u> £'000
Trade debtors	1,223	1,176
Amounts owed by Group undertakings:		
- Parent or fellow subsidiary undertakings	40	54
Other debtors	1	1
Prepayments and accrued income	<u>49</u>	<u>57</u>
	<u>1,313</u>	<u>1,288</u>

11. CREDITORS

	<u>1997</u> £'000	<u>1996</u> £'000
Amounts falling due within one year:		
Bank loans and overdrafts	73	-
Trade creditors	454	540
Bills of exchange payable	103	84
Amounts owed to Group undertakings:		
- Parent or fellow subsidiary undertakings	329	502
Taxation & social security	82	37
Accruals and deferred income	<u>392</u>	<u>214</u>
	<u>1,433</u>	<u>1,377</u>

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

12. CALLED UP SHARE CAPITAL

	1997	1996
	£'000	£'000
Authorised, allotted and fully paid: 400,000, ordinary shares of £1 each	<u>400</u>	<u>400</u>

13. PROFIT AND LOSS ACCOUNT

	£'000
At 1 July 1996	491
Retained profit for the year	113
At 29 June 1997	<u>604</u>

14. PENSIONS

The Company is member of the Autobar Group Retirement Benefit Plan which is a fully funded defined benefit scheme. The Company's contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' 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 £ 44,000 (1996 - £40,000).

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 29 June 1997

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

	1997 £'000	1996 £ '000
Operating profit	383	383
Depreciation charge	136	154
Profit on sale of tangible fixed assets	-	(9)
(Increase)/Decrease in stocks	(93)	183
(Increase)/Decrease in debtors	(26)	135
Decrease in creditors	(18)	(409)
Net cash inflow from operating activities	<u>381</u>	<u>438</u>

16. RECONCILIATION OF NET CASH FLOW O MOVEMENT IN NET DEBT

	1997 £'000	1996 £'000
(Decrease)/increase in Cash in the period	(77)	31
Movement in debt in the period	(77)	31
Net Debt at 1 July 1996	<u>3</u>	(28)
Net Debt at 29 June 1997	(74)	<u>3</u>

17. ANALYSIS OF NET DEBT

	At 1 July 1996 £'000	Cash Flow £'000	At 29 June 1997 £'000
Cash at bank and in hand	3	(3)	-
Overdrafts	<u>-</u>	(74)	(74)
TOTAL	<u>3</u>	(77)	(74)

AUTOBAR POLYFILM LIMITED

NOTES TO THE ACCOUNTS

Year ended 29 June 1997

18. ULTIMATE AND INTERMEDIATE PARENT COMPANY

At 29 June 1997, 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. Subsequent to the balance sheet date there was a change in the ultimate parent company as set out in the Directors' Report.

19. FINANCIAL COMMITMENTS

	1997
	£'000
Capital Commitments	
Authorised but not contracted	<u>867</u>

20. RELATED PARTY TRANSACTIONS

Normal trading transactions 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 no disclosure of these transactions is made in the company's financial statements. There were no material related party transactions with companies outside the Autobar Group Limited group.