

Bonar Teich Flexible Packaging Limited

Directors' report and financial statements

3 December 1994

Registered number 36390



Bonar Teich Flexible Packaging Limited

Directors' report and financial statements

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Bonar Teich Flexible Packaging Limited

Directors: GE Letman
P Last
JR Moore
MH Hodge (appointed 1 January 1994)
C Rossel (appointed 1 January 1994)
JL Gardner (appointed 1 April 1994)

Secretary: JR Moore

Registered office: Nottingham Road
Spondon
Derby
DE21 7GY

Auditors: KPMG
Chartered Accountants
2 Cornwall Street
Birmingham
B3 2DL

Bankers: National Westminster Bank PLC

Bonar Teich Flexible Packaging Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 3 December 1994.

Activity and review of business

The company's principal activity is the manufacture of high grade flexible packaging materials for the food, soap, healthcare and industrial markets.

Despite difficult trading conditions, results for the year were satisfactory. Commitment made at the end of the year in respect of a major capital investment programme will provide opportunities for growth and further increases in productivity.

Financial

The results for the year are set out in the profit and loss account on page 6.

The directors propose a final dividend £200,000 (1993: £350,000).

Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements.

In the opinion of the directors, the market value of the land and buildings is not less than the book amount at which it is included in these financial statements.

Directors

The directors are shown on page 1.

No director has any interest in the shares of the company, with the following exception:

Mr P Last - Non-beneficial interest - 1 share at 3 December 1994 (1 at 28 November 1993).

The interests of the directors in the share capital of Low & Bonar PLC are as follows:

Director	Interest	Holding at 3 December 1994			Holding at 28 November 1993 (or date of appointment if later)		
		Shares	Management options	SAYE options	Shares	Management options	SAYE options
GE Letman	Beneficial	-	23,000	-	-	-	-
P Last	Beneficial	-	-	985	-	-	985
C Rossel	Beneficial	-	-	5,611	-	-	5,611
JR Moore	Beneficial	-	-	8,446	-	-	7,398
MH Hodge	Beneficial	-	-	2,052	-	-	2,052
JL Gardner	Beneficial	859	-	1572	-	-	859

Bonar Teich Flexible Packaging Limited

Directors' report *(continued)*

Research and development

The directors consider that product development and innovation play an important role in the company's future and, accordingly, they continue to further the company's research and development programme.

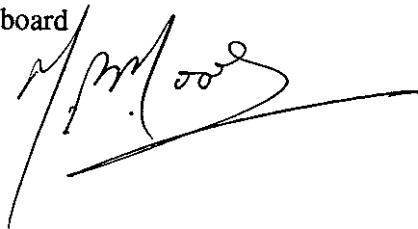
Auditors

On 6 February 1995 our auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the annual general meeting.

By order of the board

JR Moore
Secretary

A handwritten signature in black ink, appearing to read 'JR Moore', is written over a horizontal line.

23 March 1995

Bonar Teich Flexible Packaging Limited

Statement of directors' 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 and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham B3 2DL

Report of the auditors to the members of Bonar Teich Flexible Packaging Limited

We have audited the financial statements on pages 6 to 17.

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 consider 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 3 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

23 March 1995

Bonar Teich Flexible Packaging Limited

Profit and loss account
for the year ended 3 December 1994

	Note	1994 £	1993 £
Turnover	6	<u>12,872,322</u>	<u>12,273,358</u>
Operating profit	7	784,739	1,356,680
Interest	3	<u>70,459</u>	<u>54,349</u>
Profit on ordinary activities before taxation		855,198	1,411,029
Taxation on profit on ordinary activities	4	<u>312,845</u>	<u>399,022</u>
Profit on ordinary activities after taxation		542,353	1,012,007
Dividends	5	<u>200,000</u>	<u>350,000</u>
Profit for the year transferred to reserves	15	<u>342,353</u>	<u>662,007</u>

Turnover and results reported above all relate to continuing activities.

A statement of reserves is given in note 15 on page 15.

The notes on pages 8 - 17 form part of these financial statements.

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit for the year reported above.

There is no difference between the result as disclosed in the profit and loss account and the result calculated on an unmodified historical cost basis.

Bonar Teich Flexible Packaging Limited

Balance sheet
at 3 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	9	4,650,994		4,715,572	
Current assets					
Stocks	10	1,354,768		1,319,399	
Debtors	11	1,946,015		1,870,170	
		<u>3,300,783</u>		<u>3,189,569</u>	
Creditors: Amounts falling due within one year	12	<u>(1,858,739)</u>		<u>(2,159,759)</u>	
Net current assets			<u>1,442,044</u>		<u>1,029,810</u>
Total assets less current liabilities			<u>6,093,038</u>		<u>5,745,382</u>
Provision for liabilities and charges	13		<u>(5,303)</u>		<u>-</u>
			<u>6,087,735</u>		<u>5,745,382</u>
Capital and reserves					
Called up share capital	14	4,240,701		4,240,701	
Profit and loss account	15	1,847,034		1,504,681	
		<u>6,087,735</u>		<u>5,745,382</u>	

The notes on pages 8 - 17 form part of these financial statements.

These financial statements were approved by the board of directors on 23 March 1995 and were signed on its behalf by:

GE Letman

JR Moore
Directors

Bonar Teich Flexible Packaging Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared using the historical cost convention and in accordance with applicable Accounting Standards.

Tangible fixed assets

The cost of fixed assets, except freehold land, is reduced by annual depreciation on a straight line basis to net realisable value over the following estimated useful lives:

Freehold buildings	- 50 years
Plant and equipment	- 2-15 years

Stock valuation

Raw materials and bought-in components are valued on the basis of actual cost including freight and handling charges or net realisable value if lower.

Work in progress and finished goods are valued at the lower of cost and net realisable value. Cost comprises material, labour and attributable production overheads.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Deferred taxation

Deferred taxation is provided at the rates at which the liabilities are expected to arise in respect of short-term timing differences and the excess of capital allowances over depreciation where such liabilities are expected to crystallise in the foreseeable future.

Pension costs

As disclosed in note 17, the company participates in Low & Bonar Group pension schemes which cover the majority of employees. Payments made to the schemes and charged against profits are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial valuations of the schemes are made every three years.

Bonar Teich Flexible Packaging Limited

Notes (continued)

1 Accounting policies (continued)

Operating leases

Rentals payable in respect of operating leases are charged to the profit and loss account in the period in which they become payable.

Finance leases

Assets acquired under finance leases are included in tangible assets and the outstanding future obligations are shown in creditors.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction.

Basis of preparation

For ease of administration, the sales and purchase ledgers of the company and its fellow subsidiary undertakings are maintained by the immediate parent company, Bonar Teich Flexibles Limited. Accordingly, the amounts of trade debtors and trade creditors at the year end are reflected in the amount shown in debtors as due from the immediate parent company.

Bonar Teich Flexible Packaging Limited

Notes (continued)

2 Directors' emoluments

	1994 £	1993 £
Emoluments	<u>199,720</u>	<u>156,986</u>
The emoluments, excluding pension contributions, are detailed as follows:		
Holder of the office of chairman	<u>36,999</u>	<u>41,334</u>
Highest paid director	<u>48,416</u>	<u>41,334</u>
The emoluments of the directors fell into the following bands:		
	Number	Number
£20,001 - £25,000	4	-
£25,001 - £30,000	-	3
£35,001 - £40,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	<u>1</u>	<u>-</u>

3 Interest

	1994 £	1993 £
Interest payable on bank borrowings and other loans repayable within five years	(1,512)	(3,526)
Interest receivable	<u>71,971</u>	<u>57,875</u>
	<u>70,459</u>	<u>54,349</u>

Bonar Teich Flexible Packaging Limited

Notes (continued)

4 Taxation on profit on ordinary activities

	1994 £	1993 £
UK corporation tax at 33 % on the profit for the year	320,000	410,000
Deferred taxation	71,358	(911)
Adjustments to previous years: Corporation tax	(78,513)	(10,067)
	<u>312,845</u>	<u>399,022</u>

5 Dividends

	1994 £	1993 £
Proposed final dividend of 4.7p (1993: 8.3p) per ordinary share	<u>200,000</u>	<u>350,000</u>

6 Analysis of turnover by geographical market

	1994 £	1993 £
UK	7,258,994	8,559,672
Overseas	<u>5,613,328</u>	<u>3,713,686</u>
	<u>12,872,322</u>	<u>12,273,358</u>

Bonar Teich Flexible Packaging Limited

Notes (continued)

7 Operating profit

	1994 £	1993 £
Turnover	12,872,322	12,273,358
Cost of sales	(10,761,640)	(9,712,458)
Gross profit	2,110,682	2,560,900
Distribution costs	(253,266)	(207,859)
Administrative expenses	(1,034,449)	(1,163,439)
Other operating (expenses)/income	(38,228)	167,078
Operating profit	784,739	1,356,680
Operating profit is stated after charging/ (crediting) the following:		
Depreciation	729,441	657,526
Operating lease rentals - plant and machinery	37,110	14,775
Auditors' remuneration - audit	14,490	12,644
- non audit	7,738	5,324
Profit on disposal of fixed assets	(17,109)	(58,114)
Research and development expenditure	78,443	76,800
Hire of plant and equipment	24,610	19,508

8 Staff costs

	1994 Number	1993 Number
Average number of employees	193	204
	£	£
Wages and salaries	3,356,780	3,360,726
Social security costs	272,314	278,855
Other pension costs	278,936	256,879
	3,908,030	3,896,460

Bonar Teich Flexible Packaging Limited

Notes (continued)

9 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
At beginning of year	1,748,203	6,707,801	8,456,004
Additions	-	669,560	669,560
Disposals	-	(119,686)	(119,686)
At end of year	1,748,203	7,257,675	9,005,878
Depreciation			
At beginning of year	203,611	3,536,821	3,740,432
Charge for the year	29,583	699,858	729,441
On disposals	-	(114,989)	(114,989)
At end of year	233,194	4,121,690	4,354,884
Net book value			
At 3 December 1994	1,515,009	3,135,985	4,650,994
At 27 November 1993	1,544,592	3,170,980	4,715,572

Gross book value of freehold land and buildings includes land of £300,000 (1993: £300,000) which is not depreciated.

Net book value of plant and equipment includes £Nil (1993: £8,813) in respect of assets held under finance leases. Depreciation on these assets for the year, included above, amounted to £8,813 (1993: £20,150).

10 Stocks

	1994 £	1993 £
Raw materials and consumables	582,749	373,695
Work in progress	765,738	931,478
Finished goods and goods for resale	6,281	14,226
	1,354,768	1,319,399

Bonar Teich Flexible Packaging Limited

Notes (continued)

11 Debtors

	1994	1993
	£	£
Due within one year:		
Trade debtors	(10,025)	(57,897)
Amounts owed by parent and fellow subsidiary undertakings:		
Current accounts	1,956,040	1,824,512
	<u>1,946,015</u>	<u>1,766,615</u>
Due after one year:		
Deferred taxation asset (note 13)	-	16,055
ACT recoverable	-	87,500
	<u>1,946,015</u>	<u>1,870,170</u>

12 Creditors: Amounts falling due within one year

	1994	1993
	£	£
Amounts owed to parent and fellow subsidiary undertakings	430,000	639,728
Corporation tax payable	512,308	389,583
Social security and other taxes	195,776	161,084
Proposed dividend	200,000	350,000
Other creditors and accruals	520,655	619,364
	<u>1,858,739</u>	<u>2,159,759</u>

Bonar Teich Flexible Packaging Limited

Notes (continued)

13 Provision for liabilities and charges

Deferred taxation

	Accelerated capital allowances £	Other timing differences £	Total £
<i>On full deferral basis</i>			
At 3 December 1994	604,269	(18,697)	585,572
At 27 November 1993	619,841	(16,055)	603,786
<i>Amount provided:</i>			
At beginning of year	-	(16,055)	(16,055)
Provided during the year	74,000	(2,642)	71,358
At end of year	74,000	(18,697)	55,303
ACT recoverable offset			(50,000)
			5,303

The deferred taxation asset above for 1993 has been recognised in debtors (note 11).

14 Called up share capital

	1994 £	1993 £
<i>Authorised:</i>		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
<i>Allotted, called up and fully paid:</i>		
4,240,701 ordinary shares of £1 each	4,240,701	4,240,701

15 Profit and loss account

	£
At beginning of year	1,504,681
Transfer from the profit and loss account	342,353
At end of year	1,847,034

Bonar Teich Flexible Packaging Limited

Notes (continued)

16 Reconciliation of movement in shareholders' funds

	1994 £	1993 £
Profit for the financial year	542,353	1,012,007
Dividends	(200,000)	(350,000)
Net additions to shareholders' funds	342,353	662,007
Opening shareholders' funds	5,745,382	5,083,375
Closing shareholders' funds	6,087,735	5,745,382

17 Pensions

The company is a member of two group pension schemes; the Group Retirement Benefit Scheme and the Low & Bonar Pension Scheme (1986). The schemes are of the defined benefit type with assets held in separate trustee administered funds.

Independent valuations of the schemes are carried out triennially, the latest being on 31 March 1993 (Group Retirement Benefit Scheme), and 5 April 1994 (Low & Bonar Pension Scheme (1986)). The valuations show that the assets of the schemes adequately cover their liabilities.

Pension costs for the period were £278,936 (1993: £256,879). Further information regarding the schemes is given in the financial statements of the ultimate parent company.

18 Commitments

	1994 £	1993 £
Capital commitments:		
Contracted for but not provided	2,131,000	79,000
Authorised but not contracted for	1,283,000	38,000
Operating lease commitments		
<i>Plant and machinery</i>		
Amount payable next year where lease expires between two and five years	45,981	27,875

Bonar Teich Flexible Packaging Limited

Notes *(continued)*

19 Parent undertakings

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which this company is a member is Bonar Teich Flexibles Limited which is incorporated in Great Britain and registered in England and Wales. Copies of these financial statements can be obtained from:

Nottingham Road
Spondon
Derby
DE21 7GY

The parent undertaking of the largest such group is Low & Bonar PLC, a company incorporated in Great Britain and registered in Scotland. This company is also the ultimate parent company.

Copies of the Low & Bonar PLC consolidated financial statements can be obtained from:

Bonar House
Faraday Street
Dundee
DD1 9JA