

Bowater (AK) Limited

Company Number 164476

Directors' Report

The directors present their report and the accounts of the company for the year ended 31 December 1995.

Activities

The company received bank interest during the year.

The name of the company's ultimate parent undertaking was changed from Bowater plc to Rexam PLC on 1 June 1995.

Results and Dividends

The profit for the year amounted to £11,060. The directors do not recommend the payment of a final dividend.

Directors

The following persons held office during the year:

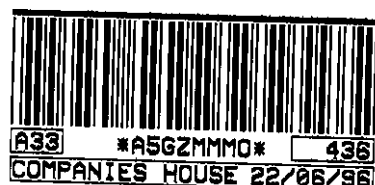
S A Bull
D W Gibson
P J Venner

Directors' Interests

The directors who held office at the end of the year were interested (as defined in the Companies Act 1985 and according to the Register maintained thereunder) in shares in Rexam PLC as follows:

	Ordinary Shares of 50p each		Share Options** Senior Executive		Share Options** SAYE		Share Options** Long Term Incentive (Maximum Shares)	
	1.1.95	31.12.95	1.1.95	31.12.95	1.1.95	31.12.95	1.1.95	31.12.95
S A Bull	19,658	28,658	80,788	53,511	4,980	4,980	11,400	37,900
D W Gibson	121	5,789	34,962	18,852	2,826	3,811	0	0
P J Venner	202	202	20,000	20,000	0	0	0	0

** full details of the share option schemes can be found in the report and accounts of Rexam PLC.



Preparation of Accounts

This statement, which should be read together with the auditors report overleaf, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts 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 the financial year.

The directors consider that it is appropriate to use the going concern basis in preparing the accounts on pages 4 to 9. Appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgements and estimates and all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enables them to ensure that the accounts comply with the Companies Act 1985.


The directors 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.

Auditors

Ernst & Young remain in office as auditors.

By order of the Board

B-R Secretariat Limited
Secretaries

By  (Director)

B-R Secretariat Limited
Secretary
Date 29 May 1996

Bowater (AK) Limited

Auditors' Report

Report of the auditors to the members of Bowater (AK) Limited

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention, as modified to include the investments at the directors' valuation and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

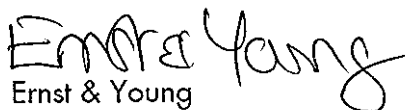
Basis of opinion

We conducted an 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young

Chartered Accountants

Registered Auditor

London

17 June 1996.

Bowater (AK) Limited

Profit and Loss Account for the year ended 31 December 1995

	Notes	1995 £	1994 £
Operating charges	(2)	(93)	(8,808)
Operating loss		(93)	(8,808)
Loss on disposal of a fixed asset investment		-	(73,361)
Bank interest receivable		<u>11,153</u>	<u>6,965</u>
Profit/(loss) on ordinary activities before tax		11,060	(75,204)
Tax on profit on ordinary activities	(3)	<u>-</u>	<u>-</u>
Profit/(loss) retained for the financial year	(9)	<u>11,060</u>	<u>(75,204)</u>

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £11,060 in the year ended 31st December 1995 and the loss of £75,204 in the year ended 31st December 1994.

Details of reserve movements are shown in note 9.

Bowater (AK) Limited

Notes of historical cost profits and losses for the period ended 31 December 1995

	1995 £	1994 £
Reported profit/(loss) on ordinary activities before taxation	11,060	(75,204)
Realisation of property revaluation gains of previous years	-	4,461
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on a revalued amount	<u>-</u>	<u>209</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>11,060</u>	<u>(70,534)</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>11,060</u>	<u>(70,534)</u>

Bowater (AK) Limited

Balance Sheet as at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Investments	(4)	<u>200,000</u>	<u>200,000</u>
Current assets			
Property surplus to requirements		250,000	250,000
Debtors	(5)	39	3,602
Cash at bank and in hand		<u>9,466</u>	<u>185,257</u>
		259,505	438,859
Creditors : amounts falling due within one year	(6)	<u>(5,375)</u>	<u>(5,788)</u>
Net current assets		<u>254,130</u>	<u>433,071</u>
Total assets less current liabilities		454,130	633,071
Creditors : amounts falling due after one year			
Due from a parent undertaking		<u>(1,840,392)</u>	<u>(2,030,393)</u>
		<u>(1,386,262)</u>	<u>(1,397,322)</u>
Capital and reserves			
Non equity:			
Called up share capital	(7)	<u>4,500</u>	<u>4,500</u>
Equity:			
Called up share capital	(7)	91,200	91,200
Revaluation reserve	(9)	-	15,500
Profit and loss account	(9)	<u>(1,481,962)</u>	<u>(1,508,522)</u>
		<u>(1,386,262)</u>	<u>(1,397,322)</u>

Approved by a board resolution dated 29 May 1996

RBull

Director

Bowater (AK) Limited

Notes to the Accounts

1. Accounting policies

Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

Depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over:

Leasehold land and buildings	50 years
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An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

Properties surplus to requirements

Properties held for disposal are included in current assets at net book value at the date of classification as surplus less provisions to reduce to net realisable value where appropriate.

Investments

Investments are shown at the directors' valuation.

Going concern

The directors have received satisfactory assurances from the parent undertaking, valid to 31st December 1996, to the effect that it will provide or procure adequate facilities for the company to meet all liabilities which cannot be met out of the company's existing resources.

2. Operating charges	1995 £	1994 £
Depreciation	-	2,429
Other operating charges	<u>93</u>	<u>6,379</u>
	<u>93</u>	<u>8,808</u>

3. Tax on profit on ordinary activities

The taxation liability for 1995 was settled by group relief surrendered by a fellow subsidiary undertaking without payment.

Bowater (AK) Limited

Notes to the Accounts

4. Investments	1995
	£
Associated undertaking at the directors' valuation : At 1st January and 31st December 1995	<u>200,000</u>

The company owns 40% of the issued ordinary share capital of King & Company (Darlington) Limited, a wholesale supplier of building products. The company is incorporated in Great Britain and registered in England and Wales.

The directors are of the opinion that the investment in King & Company (Darlington) Limited is worth not less than the balance sheet amount.

5. Debtors	1995	1994
	£	£
Bank interest	39	3,564
Other debtors	<u>-</u>	<u>38</u>
	<u>39</u>	<u>3,602</u>

6. Creditors: amounts falling due within one year	1995	1994
	£	£
Accruals and deferred income	<u>5,375</u>	<u>5,788</u>

7. Share capital	1995	1994
	£	£
Non equity:		
Authorised		
4,500 5.25 % Cumulative Preference shares of £1 each	<u>4,500</u>	<u>4,500</u>
Allotted, called up and fully paid		
4,500 5.25 % Cumulative Preference shares of £1 each	<u>4,500</u>	<u>4,500</u>

Equity:

Authorised		
80,300 'A' Ordinary shares of £1 each	80,300	80,300
152,000 'B' Ordinary shares of 10 pence each	<u>15,200</u>	<u>15,200</u>
	<u>95,500</u>	<u>95,500</u>
Allotted, called up and fully paid		
76,000 'A' Ordinary shares of £1 each	76,000	76,000
152,000 'B' Ordinary shares of 10 pence each	<u>15,200</u>	<u>15,200</u>
	<u>91,200</u>	<u>91,200</u>

Bowater (AK) Limited

Notes to the Accounts

7. Share capital (continued)

The cumulative preference shares hold a right to a fixed cumulative preference dividend. They rank in priority to the ordinary shares on a return of capital, but do not confer the right to any further participation in profits or assets. The holders of cumulative preference shares do not have any voting rights, except on any resolution which will directly or adversely modify or vary any of the special rights and privileges attached to the cumulative preference shares.

'A' Ordinary and 'B' Ordinary shares rank pari passu except that the 'B' Ordinary shares shall have the right to receive:

1. On a distribution by way of dividend out of profits or capital, an amount of ninety five times the amount which would otherwise have been paid on the basis of the nominal value of the shares.
2. On a distribution of surplus assets, an amount of ninety five times the amount which would otherwise have been paid on the basis of the nominal value of the shares.

8. Movement in shareholders' funds	1995 £	1994 £
Profit/(loss) for the financial year	11,060	(75,204)
Opening shareholders' funds	<u>(1,397,322)</u>	<u>(1,322,118)</u>
Closing shareholders' funds	<u>(1,386,262)</u>	<u>(1,397,322)</u>

9. Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1st January 1995	15,500	(1,508,522)	(1,493,022)
Retained profit for the year	-	11,060	11,060
Transfer	<u>(15,500)</u>	<u>15,500</u>	-
At 31st December 1995	<u>-</u>	<u>(1,481,962)</u>	<u>(1,481,962)</u>

10. The company has not prepared a cash flow statement as it is a wholly owned subsidiary undertaking of Rexam PLC which has prepared a consolidated cash flow statement.
11. As a member of the Rexam PLC Group for VAT purposes, the company has joint and several liability for all amounts due to H M Customs and Excise under this arrangement. The Group continues to trade profitably and the directors do not foresee the crystallisation of any liability under this arrangement.
12. The company's ultimate parent undertaking is Rexam PLC, a company incorporated in Great Britain and registered in England and Wales. Copies of the Group accounts can be obtained from Rexam PLC, 114 Knightsbridge, London, SW1X 7NN.