

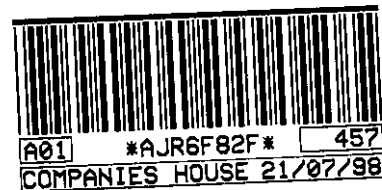
337087

**ECONOMIC PACKAGING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30th SEPTEMBER 1997**

*SIGNED COPY*

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# **ECONOMIC PACKAGING LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

R S Palmer (Chairman)  
S G Williams (Managing)  
W Evans  
R G Davies  
D R Llewellyn

### **SECRETARY**

R G Davies FCA

### **REGISTERED OFFICE**

Ynisderw Road  
Pontardawe  
Swansea  
SA8 4EH

### **AUDITORS**

Hays Allan  
Southampton House  
317 High Holborn  
London  
WC1V 7NL

### **BANKERS**

Barclays Bank Plc  
Swansea Business Centre  
Management Suite  
Pocketts Wharf  
East Burrows Road  
Maritime Quarter  
Swansea  
SA1 3XL

### **REGISTERED NUMBER**

337087

# ECONOMIC PACKAGING LIMITED

## DIRECTORS' REPORT

Year Ended 30th September 1997



The directors have pleasure in presenting their report together with the financial statements for the year ended 30th September 1997.

### 1. PRINCIPAL ACTIVITIES

The company specialises in the manufacture and retailing of industrial packaging.

### 2. REVIEW OF OPERATIONS AND DEVELOPMENTS

The directors are of the opinion that the company has had a satisfactory year of trading and remain optimistic about future prospects.

On 30th September 1997 the company acquired the trading assets of a fellow subsidiary and from 1st October 1997 will offer a wider range of industrial packaging to its customers.

The results of the company's operations during the year are set out in the profit and loss account on page 5 and its financial position at 30th September 1997 in the balance sheet on page 6. An interim dividend of £50,000 has been paid.

### 3. DIRECTORS AND THEIR INTERESTS

The directors who currently hold office are listed on page 1. P.J.Edwards resigned on 4th April 1997.

During the year no director had any beneficial interest in the share capital of the company. The interests of the directors in the ultimate parent undertaking, Players Group Limited are as follows.

	5p Ordinary Shares		£1 "B" Preference Shares		SAYE Share Options	
	1997	1996	1997	1996	1997	1996
W Evans	30,442	30,442	4,566	4,566	6,815	6,815

The remaining directors are directors of Players Group Limited and their interests in the share capital of that company are outlined in the financial statements of Players Group Limited.

# **ECONOMIC PACKAGING LIMITED**

## **DIRECTORS' REPORT (continued)**

Year Ended 30th September 1997

### **4. DIRECTORS' RESPONSIBILITIES**

The directors are required under company law to prepare financial statements for each financial year. The financial statements must give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit for that period, and must comply with applicable accounting standards and the Companies Act 1985. They must also be prepared on the going concern basis, unless it is inappropriate to do so.

The directors are responsible for selecting suitable accounting policies, applying them consistently and making reasonable and prudent judgements and estimates. In addition, they are responsible for maintaining adequate accounting records, safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above responsibilities.

### **5. AUDITORS**

In accordance with Section 385 of the Companies Act 1985 a resolution proposing to re-appoint Hays Allan as auditors to the company will be put to the Annual General Meeting.

**APPROVED BY THE BOARD OF DIRECTORS  
AND SIGNED ON BEHALF OF THE BOARD**



**R G DAVIES FCA  
SECRETARY**

19th December 1997

# **AUDITORS' REPORT**

## **TO THE MEMBERS OF ECONOMIC PACKAGING LIMITED**

Year Ended 30th September 1997

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

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

As described on page 3 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 30th September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Hays Allan*

HAYS ALLAN  
Chartered Accountants  
Registered Auditors

Southampton House  
317 High Holborn  
London  
WC1V 7NL

19th December 1997

# ECONOMIC PACKAGING LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30th September 1997

	Notes	1997 £	1996 £
TURNOVER	2	4,488,048	5,134,029
Net operating expenses	3	4,330,621	4,899,052
OPERATING PROFIT		<u>157,427</u>	<u>234,977</u>
Profit on disposal of fixed assets	5	123,249	-
Net interest payable	6	(33,132)	(73,684)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>247,544</u>	<u>161,293</u>
Taxation	7	16,985	30,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>230,559</u>	<u>131,293</u>
Dividends paid on equity shares		50,000	84,000
RETAINED PROFIT FOR THE YEAR	16	<u>£ 180,559</u>	<u>£ 47,293</u>

1. All transactions during the year were derived from continuing activities.
2. All recognised gains and losses are included in the Profit and Loss Account.
3. A separate movement of shareholders' funds statement is not provided as there are no changes for the current or previous year other than the retained profit in the Profit and Loss Account.

**BALANCE SHEET** at 30th September 1997

Approved by the board of directors on 19th December 1997 and signed on its behalf by

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# **ECONOMIC PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 30th September 1997

### **1. ACCOUNTING POLICIES**

#### **(a) BASIS OF ACCOUNTING**

The financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards.

#### **(b) TANGIBLE FIXED ASSETS**

Depreciation on tangible fixed assets is calculated in equal annual instalments over their estimated useful lives as follows :

Freehold land	Nil
Freehold buildings	2%
Plant and equipment	10% - 15%
Motor vehicles	20%

#### **(c) GRANTS**

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit. Grants of a revenue nature are credited to income in the period to which they relate.

#### **(d) STOCKS**

Stocks are valued at the lower of cost and net realisable value. Cost of work in progress and products manufactured by the company consists of labour, materials and appropriate production overheads.

#### **(e) LEASES**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.



# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 1. ACCOUNTING POLICIES - continued

#### (f) DEFERRED TAXATION

Deferred taxation is provided in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

#### (g) PENSION COSTS

Pension costs are charged to the profit and loss account over the service lives of employees in the company's pension scheme.

### 2. ANALYSIS OF TURNOVER

Turnover represents the amount invoiced for goods and services supplied. It is stated net of value added tax.

### 3. NET OPERATING EXPENSES

	1997	1996
	£	£
Raw materials and consumables	2,150,337	2,372,513
Change in stocks	53,668	118,835
Management charges	324,000	353,998
Staff costs (see Note 4)	1,160,775	1,273,224
Depreciation - tangible owned assets	122,874	152,561
Depreciation - tangible assets held under finance lease and hire purchase contracts	21,060	-
Other operating charges	497,907	627,921
	<u>£4,330,621</u>	<u>£4,899,052</u>

Other operating charges are stated after charging :

Auditors' remuneration	£ 13,000	£ 12,000
Hire of plant	£ 30	£ 634
	<u>          </u>	<u>          </u>

# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 4 EMPLOYEES

Staff costs amounted to :

	1997 £	1996 £
Wages and salaries	1,044,028	1,150,932
Social security costs	94,509	105,892
Other pension costs	22,238	16,400
	<u>£1,160,775</u>	<u>£1,273,224</u>

Average number of employees:

	Number	Number
Directors	5	6
Other employees	<u>63</u> <u>68</u>	<u>82</u> <u>88</u>

	£	£
Aggregate Directors' emoluments, including estimated benefits in hand	90,367	107,617
Company pension contributions to money purchase schemes	<u>11,093</u> <u>£101,460</u>	<u>9,270</u> <u>£116,887</u>

Retirement benefits are accruing to two directors under a money purchase pension scheme.

Certain directors of the company are remunerated by other group companies in respect of their services to the group as a whole.

### 5. PROFIT ON DISPOSAL OF FIXED ASSETS

	£	£
Profit on sale of land	284,173	-
Loss on disposal of obsolete plant and machinery	<u>160,924</u> <u>£123,249</u>	<u>-</u> <u>£ -</u>

### 6. NET INTEREST PAYABLE

	1997 £	1996 £
On Group Company loans	18,058	55,652
On bank loans and overdrafts	6,450	11,870
On finance leases and hire purchase contracts	<u>9,352</u> <u>33,860</u>	<u>6,162</u> <u>73,684</u>
Interest receivable	(728)	-
	<u>£ 33,132</u>	<u>£ 73,684</u>

# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 7. TAXATION

	1997	1996
	£	£
Based on the profit for the year :		
UK corporation tax charge	-	30,000
Prior years	3,015	-
Deferred tax	20,000	-
	<u>£ 16,985</u>	<u>£ 30,000</u>

### 8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
<b>COST</b>				
At 1st October 1996	1,882,915	1,484,282	223,717	3,590,914
Additions	56,895	538,813	25,462	621,170
Disposals	(159,498)	(15,000)	(118,155)	(292,653)
At 30th September 1997	<u>1,780,312</u>	<u>2,008,095</u>	<u>131,024</u>	<u>3,919,431</u>
<b>DEPRECIATION</b>				
At 1st October 1996	232,680	1,099,615	168,871	1,501,166
Charge for year	33,590	253,308	17,960	304,858
Disposals	(16,832)	(7,246)	(112,674)	(136,752)
At 30th September 1997	<u>249,438</u>	<u>1,345,677</u>	<u>74,157</u>	<u>1,669,272</u>
<b>NET BOOK VALUE</b>				
At 30th September 1997	<u>£1,530,874</u>	<u>£ 662,418</u>	<u>£ 56,867</u>	<u>£2,250,159</u>
At 30th September 1996	<u>£1,650,235</u>	<u>£ 384,667</u>	<u>£ 54,846</u>	<u>£2,089,748</u>

Assets held under finance lease and hire purchase agreements had a net book value of £103,169 (1996 - £137,356) at 30th September 1997.

# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 9. STOCKS

	1997	1996
	£	£
Raw materials	281,093	264,200
Work in progress	43,951	56,342
Finished goods	168,364	202,020
	<u>£493,408</u>	<u>£522,562</u>

### 10. DEBTORS

	£	£
Due within one year :		
Trade debtors	902,779	939,774
Prepayments and accrued income	192,768	38,418
Advance corporation tax recoverable	-	34
Amounts due from fellow subsidiaries	-	7,631
Other debtors	152	-
	<u>£1,095,699</u>	<u>£985,857</u>

### 11. INVESTMENTS

At 1st October 1996 and 30th September 1997 £ 551

The Market value of the investments, which are listed on the London Stock Exchange, at 30th September 1997 was £800 (1996 : £600).

# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Bank overdraft (secured)	48,042	31,373
Bank loans	26,250	26,250
Hire purchase and finance lease obligations	35,476	37,538
Trade creditors	704,133	791,562
Other creditors and accruals	649,748	145,224
Other taxes and social security	76,348	126,803
Corporation tax	3,500	30,000
Amounts due to fellow subsidiaries	112,249	-
	<u>£1,655,746</u>	<u>£1,188,750</u>

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR :

	£	£
Bank loans	27,018	47,288
Amount due to ultimate parent undertaking	-	507,940
Amounts due to fellow subsidiary undertaking	-	-
Hire purchase and finance lease obligations	43,627	47,690
	<u>£ 70,645</u>	<u>£ 602,918</u>

Bank loans and hire purchase and finance lease obligations are due as follows :-

Within one year	61,726	63,788
From one to two years	69,877	51,727
From two to five years	768	43,251
	<u>£ 132,371</u>	<u>£ 158,766</u>

Bank overdraft and loans are secured by a fixed and floating charge on all assets of the company.

# ECONOMIC PACKAGING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30th September 1997

### 14. DEFERRED TAXATION

	Amount provided		Amount unprovided	
	1997	1996	1997	1996
Tax effect of timing differences because of :				
Excess of tax allowances over depreciation	£ 20,000	£ -	£ 8,000	£ 32,000
	<u>£ 20,000</u>	<u>£ -</u>	<u>£ 8,000</u>	<u>£ 32,000</u>

### 15. CALLED UP SHARE CAPITAL

	1997	1996
	£	£
Authorised :		
100,000 Ordinary shares of £1 each	100,000	100,000
20,000 3.5% Redeemable preference shares of £1 each	<u>20,000</u>	<u>20,000</u>
	<u>£120,000</u>	<u>£120,000</u>
Issued and fully paid :		
100,000 Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

### 16. PROFIT AND LOSS ACCOUNT

	£
At 1st October 1996	1,707,130
Retained for the year	<u>180,559</u>
At 30th September 1997	<u>£1,887,689</u>

### 17. FUTURE CAPITAL COMMITMENTS

	1997	1996
	£	£
Expenditure contracted for	<u>£ 17,000</u>	<u>£ -</u>

# **ECONOMIC PACKAGING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 30th September 1997

### **18. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Players Group Limited.

Group financial statements for Players Group Limited are available to the public from Companies Registration Office, Companies House, Crown Way, Cardiff, on payment of the appropriate fee.

### **19. CONTINGENT LIABILITIES**

The company has an arrangement of an unlimited cross guarantee, whereby the banking liabilities of the company and certain other group companies are guaranteed by each company. Aggregate borrowings of the other companies at 30th September 1997, amounted to £2,850,385 (1996 : £2,281,916).

Under the provision of a group registration for value added tax, the company had a contingent liability of £48,815 at the 30th September 1997 in respect of other members of the group (1996 : £4,389).

The company is currently in negotiations with a customer over a claim for damages. In the event of the claim being successful the company may have consequential claims against a supplier and under its insurance policies.

### **20. PENSIONS**

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension contributions payable by the company to the funds amounted to £9,363 (1996 - £16,400).