
Smurfit Tubes Limited

(formerly Rolex Paper Company Limited)

Report and Accounts

31 December 1994



Smurfit Tubes Limited
(formerly Rolex Paper Company Limited)

Registered No. 484757

DIRECTORS

D F Smurfit (Chairman) (resigned 19 June 1995)
N M Moffatt (resigned 28 April 1995)
P M Cross
W S R Foster
W A Smith
S D Joshua

SECRETARY

W S R Foster

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

National Westminster Bank Plc
234 Farnham Road
Slough
SL1 4XH

REGISTERED OFFICE

Mercer House
Thameside
Windsor
SL4 1QN

DIRECTORS' REPORT

The directors present their report and accounts for the 11 months ended 31 December 1994.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company remains the manufacture and supply of paper packaging products. The company changed its name on 9 May 1995 to Smurfit Tubes Limited to mark a period of substantial changes and improvement at Slough and to heighten the company's profile in the market place.

RESULTS AND DIVIDEND

The company recorded a loss for the financial period, after tax, of £332,125. A dividend of £5,755 was paid and a total of £337,880 transferred from reserves. No further dividend is proposed for the period.

DIRECTORS

The directors of the company during the period ended 31 December 1994 were those listed on page one together with P Buckley who resigned on 18 April 1994.

DIRECTORS' INTERESTS

None of the directors had any interest in the shares of the company or of any other group company incorporated in Great Britain either at the beginning or at the end of the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. 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.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board


W S R Foster
Secretary

24 October 1995

REPORT OF THE AUDITORS

to the members of Smurfit Tubes Limited
(formerly Rolex Paper Company Limited)

We have audited the accounts on pages 4 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the 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 1994 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

30 October 1995

Smurfit Tubes Limited
(formerly Rolex Paper Company Limited)

PROFIT AND LOSS ACCOUNT
for the 11 months ended 31 December 1994

		<i>11 months ended 31 December 1994</i>	<i>Year ended 31 January 1994</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	6,448,889	6,923,687
Cost of sales		(5,023,926)	(5,294,067)
Gross profit		1,424,963	1,629,620
Administrative expenses - non-exceptional		(1,021,383)	(1,104,344)
- exceptional	3	(287,000)	-
		(1,308,383)	(1,104,344)
Distribution costs		(430,529)	(490,538)
		(1,738,912)	(1,594,882)
OPERATING (LOSS)/PROFIT	3	(313,949)	34,738
Interest receivable	6	47,705	58,176
Interest payable	7	(92,269)	(83,397)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(358,513)	9,517
Taxation	8	26,388	16,844
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(332,125)	26,361
Dividends		(5,755)	-
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL PERIOD	19	(337,880)	26,361

There are no recognised gains or losses other than included in the profit and loss account.

Smurfit Tubes Limited
(formerly Rolex Paper Company Limited)

BALANCE SHEET
at 31 December 1994

		31 December 1994	31 January 1994
	Notes	£	£
FIXED ASSETS			
Intangible assets	9	263	333
Tangible assets	10	703,037	598,962
		<u>703,300</u>	<u>599,295</u>
CURRENT ASSETS			
Stocks	11	346,927	454,738
Debtors	12	3,490,565	3,401,916
Cash at bank and in hand		98,097	1,647
		<u>3,935,589</u>	<u>3,858,301</u>
CREDITORS: amounts falling due within one year	13	(2,939,206)	(2,454,014)
NET CURRENT ASSETS		<u>996,383</u>	<u>1,404,287</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,699,683</u>	<u>2,003,582</u>
CREDITORS: amounts falling due after more than one year	14	(1,201,691)	(1,141,322)
PROVISIONS FOR LIABILITIES AND CHARGES	15	—	(26,388)
		<u>497,992</u>	<u>835,872</u>
CAPITAL AND RESERVES			
Called up share capital	18	100,000	100,000
Profit and loss account	19	397,992	735,872
		<u>497,992</u>	<u>835,872</u>

P M Cross

W S R Foster



) Directors

Approved by the Board on 24 October 1995

NOTES TO THE ACCOUNTS
at 31 December 1994

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with all applicable accounting standards.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets evenly over their estimated useful lives, the principal periods being as follows:

Leasehold improvements	-	Over life of lease
Plant and machinery	-	5 - 15 years
Fixtures and fittings	-	1 - 5 years
Computer hardware	-	5 years

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost represents invoiced value plus labour and appropriate overhead expenses used in bringing the stocks to their present location and condition.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pensions

The company is a member of The Jefferson Smurfit Group (UK) Pension Fund. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actual value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover represents the invoiced value of sales, excluding value added tax, and is wholly attributable to the company's continuing activities within Great Britain.

Smurfit Tubes Limited
(formerly Rolex Paper Company Limited)

NOTES TO THE ACCOUNTS
at 31 December 1994

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	<i>11 months ended 31 December 1994</i>	<i>Year ended 31 January 1994</i>
	<i>£</i>	<i>£</i>
Exceptional redundancy costs	287,000	—
Depreciation of owned assets	76,775	55,556
Depreciation of assets held under finance leases	16,375	15,801
Directors' remuneration (note 5), including pension contributions	191,525	237,281
Hire of plant and machinery	11,241	982
Auditors' remuneration	12,265	10,600
Operating lease costs - property rentals	253,839	258,104
- vehicles	42,555	47,838
- other	3,691	—
	<u>287,000</u>	<u>—</u>

4. EMPLOYEES

The average weekly number of employees was as follows:

	<i>11 months ended 31 December 1994</i>	<i>Year ended 31 January 1994</i>
	<i>No.</i>	<i>No.</i>
Production	65	64
Administration and management	16	15
	<u>81</u>	<u>79</u>

Staff costs comprised:

	<i>11 months ended 31 December 1994</i>	<i>Year ended 31 January 1994</i>
	<i>£</i>	<i>£</i>
Wages and salaries	1,148,972	1,303,936
Social security costs	89,639	104,959
Other pension costs	77,835	93,835
	<u>1,316,446</u>	<u>1,502,730</u>

Smurfit Tubes Limited
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NOTES TO THE ACCOUNTS
at 31 December 1994

5. DIRECTORS' REMUNERATION

The emoluments, excluding pension contributions, of directors of the company fell within the following ranges:

		<i>11 months ended 31 December 1994 No.</i>	<i>Year ended 31 January 1994 No.</i>
£nil	- £5,000	2	2
£30,001	- £35,000	-	1
£35,001	- £40,000	3	2
£40,001	- £45,000	1	2

The emoluments, excluding pension contributions, of the Chairman was £nil and of the highest paid director was £41,225 (year ended 31 January 1994 - £44,976)

6. INTEREST RECEIVABLE

	<i>11 months ended 31 December 1994 £</i>	<i>Year ended 31 January 1994 £</i>
Loans to group companies	47,705	58,176

7. INTEREST PAYABLE

	<i>11 months ended 31 December 1994 £</i>	<i>Year ended 31 January 1994 £</i>
Bank overdraft	3,728	2,884
Group interest	64,862	75,730
Finance leases	23,679	4,783
	<u>92,269</u>	<u>83,397</u>

NOTES TO THE ACCOUNTS
at 31 December 1994

8. TAXATION

The credit for taxation for the year/period comprises:

	<i>11 months ended 31 December 1994 £</i>	<i>Year ended 31 January 1994 £</i>
Based on the result for the year period:-		
Corporation tax at 33%	-	-
Deferred taxation	(26,151)	3,156
	<u>(26,151)</u>	<u>3,156</u>
Adjustments relating to prior years:		
- corporation tax	-	(20,000)
- deferred taxation	(237)	-
	<u>(26,388)</u>	<u>(16,844)</u>

No corporation tax refund (or liability) arises because group relief has been surrendered to (claimed from) fellow subsidiaries for nil consideration. In calculating deferred tax liabilities it is not assumed that group relief will continue to be available for nil consideration.

9. INTANGIBLE FIXED ASSETS

	<i>Patents £</i>
Cost:	
At 1 February 1994	9,928
Amortisation:	
At 1 February 1994	9,595
Charge for the period	70
At 31 December 1994	<u>9,665</u>
Net book value:	
At 31 December 1994	263
At 1 February 1994	<u>333</u>

Smurfit Tubes Limited
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NOTES TO THE ACCOUNTS
at 31 December 1994

10. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 February 1994	151,628	1,255,279	141,547	1,548,454
Additions	—	177,535	3,844	181,379
Transfers	—	48,092	—	48,092
Disposals	—	(27,833)	—	(27,833)
At 31 December 1994	151,628	1,453,073	145,391	1,750,092
Depreciation:				
At 1 February 1994	148,086	679,607	121,799	949,492
Charge for the year	459	87,430	5,261	93,150
Transfers	—	32,246	—	32,246
Disposals	—	(27,833)	—	(27,833)
At 31 December 1994	148,545	771,450	127,060	1,047,055
Net book value:				
At 31 December 1994	3,083	681,623	18,331	703,037
At 1 February 1994	3,542	575,672	19,748	598,962

The net book amount of plant and machinery at 31 December 1994 includes £222,481 in respect of assets held under finance leases (31 January 1994 - £154,580).

11. STOCKS

	<i>31 December 1994</i>	<i>31 January 1994</i>
	£	£
Raw materials and consumables	104,813	205,806
Work in progress	44,641	44,139
Finished goods and goods for resale	197,473	204,793
	346,927	454,738

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NOTES TO THE ACCOUNTS
at 31 December 1994

12. DEBTORS

	<i>31 December 1994</i>	<i>31 January 1994</i>
	£	£
Trade debtors	1,410,708	1,159,858
Amounts owed by parent and fellow subsidiary undertakings	1,955,646	1,903,635
Prepayments and accrued income	123,754	110,786
Corporation tax recoverable	—	20,000
Other debtors	457	207,637
	<u>3,490,565</u>	<u>3,401,916</u>

13. CREDITORS: amounts falling due within one year

	<i>31 December 1994</i>	<i>31 January 1994</i>
	£	£
Bank overdraft	—	16,637
Obligations under finance leases (note 16)	31,157	34,113
Trade creditors	497,736	369,618
Amount owed to fellow subsidiary companies	1,898,047	1,939,140
Corporation tax	92	—
Other taxes and social security costs	41,341	20,988
Other creditors	22,979	28,606
Accruals and deferred income	447,854	44,912
	<u>2,939,206</u>	<u>2,454,014</u>

Included in other creditors above are pension contributions payable to the pension scheme of £10,503 (31 January 1994 - £10,417).

14. CREDITORS: amounts falling due after more than one year

	<i>31 December 1994</i>	<i>31 January 1994</i>
	£	£
Obligations under finance leases (note 16)	185,520	125,151
Amount owed to parent company	1,016,171	1,016,171
	<u>1,201,691</u>	<u>1,141,322</u>

NOTES TO THE ACCOUNTS
at 31 December 1994

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<i>Provided 31 December 1994 £</i>	<i>Provided 31 January 1994 £</i>	<i>Not provided 31 December 1994 £</i>	<i>Not provided 31 January 1994 £</i>
Capital allowances	77,650	79,721	—	—
Other timing differences	(77,650)	(53,333)	(70,213)	—
	<u>—</u>	<u>26,388</u>	<u>(70,213)</u>	<u>—</u>

The movement for the period on deferred taxation of £26,388 is credited (prior year - £3,156 increase was charged) to the profit and loss account.

16. OBLIGATIONS UNDER FINANCE LEASES

The capital amounts due under finance leases are as follows:

	<i>31 December 1994 £</i>	<i>31 January 1994 £</i>
within one year	31,157	34,113
within two to five years	159,415	73,405
over five years	26,105	51,746
	<u>216,677</u>	<u>159,264</u>

Leases are negotiated through Smurfit Limited, a fellow subsidiary undertaking.

17. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	<i>31 December 1994</i>		<i>31 January 1994</i>	
	<i>Motor vehicles £</i>	<i>Properties £</i>	<i>Motor vehicles £</i>	<i>Properties £</i>
Leases expiring within:				
one year	12,114	—	5,019	—
two to five years	26,434	165,000	43,184	165,000
over five years	—	107,500	—	93,100
	<u>38,548</u>	<u>272,500</u>	<u>48,203</u>	<u>258,100</u>

18. SHARE CAPITAL

Throughout the period the authorised share capital comprised 100,000 ordinary shares of £1 each, all of which were in issue and were fully paid.

NOTES TO THE ACCOUNTS
at 31 December 1994

19. MOVEMENTS ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total £
At 1 February 1993	100,000	709,511	809,511
Profit for the year		26,361	26,361
At 1 February 1994	100,000	735,872	835,872
Loss for the period		(332,125)	332,125
Dividend		(5,755)	(5,755)
At 31 December 1994	100,000	397,992	497,992

20. CAPITAL COMMITMENTS

	31 December 1994 £	31 January 1994 £
Contracted	—	—
Authorised but not contracted	20,000	11,000
	20,000	11,000

21. PENSION ARRANGEMENTS

The employees of the company are members of the Smurfit UK Pension Fund which is a defined benefit scheme funded by the payment of contributions to a separately administered trust fund.

Contributions to the scheme are based on pension costs across all group companies participating in the scheme. Pension costs are determined on the advice of independent qualified actuaries on the basis of triennial valuations. The results of the most recent valuation for this purpose are outlined in the accounts of Jefferson Smurfit Group plc.

22. PARENT UNDERTAKING

The immediate parent undertaking is Smurfit Investments UK Limited which is the parent of the smallest group for which group accounts are drawn up and of which the company is a member. Smurfit Investments UK Limited is a company registered in England and Wales and copies of its accounts can be obtained from the company secretary, Mercer House, Thames Side, Windsor, SL4 1QN.

The company regards its ultimate parent as Jefferson Smurfit Group plc, a company incorporated in the Republic of Ireland. Jefferson Smurfit Group plc is the parent of the largest group for which group accounts are drawn up and of which the company is a member. Copies of these group accounts can be obtained from Beech Hill, Clonskeagh, Dublin.