

SHIELD PACKAGING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 12 JANUARY 1991

REG. NO. 1861388

COMPANIES HOUSE
12 SEP 1991
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KPMG PEAT MARWICK McLINTOCK
7 Tib Lane, Manchester M2 6DS

SHIELD PACKAGING LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year to 12 January 1991.

Trading operations

The principal activity of the company during the year was the manufacture of packaging materials, printing, binding, and similar operations.

Review of trade

Details of trading are shown in the attached profit and loss account, resulting in a turnover of £7,093,000 and a loss on ordinary activities before taxation of £(350,000).

Fixed assets

Details with regard to changes in fixed assets are set out in note 7 to the financial statements.

Dividend

The Directors do not recommend payment of a dividend.

Directors

The Directors of the company during the year were:

T.J. Howarth
R.T. Dixon

No directors received any emoluments during the year.

None of the directors had any beneficial interest in the company (although each individual director held one ordinary £1 share as a nominee of the parent body for a time during the period under review). On 14 November 1990, Mr Howarth's share was transferred to the Co-operative Wholesale Society Limited, and on 21 November 1990 Mr Dixon's share was transferred to CWS (No.1) Limited, the Society's corporate nominee shareholder.

Subsequent events

No significant events have occurred since the conclusion of the financial year.

Future prospects

The company is expected to continue trading in the manner which it does at present.

SHIELD PACKAGING LIMITED

DIRECTORS' REPORT
(continued)

Auditors

The auditors of the company are KPMG Peat Marwick McLintock.

Elective Regime

During the year, the company passed Elective Resolutions in accordance with the Companies Act 1985 (as amended by the 1989 Act). These have the effect of dispensing with: the holding of Annual General Meetings; the laying of accounts at such meetings; and the annual re-appointment of auditors.

On behalf of the Board

M A Lees
M A LEES
Secretary

Registered office:
P O Box 53
New Century House,
Manchester. M60 4ES

8 August 1991

REPORT OF THE AUDITORS, KPMG PEAT MARWICK McLINTOCK,

TO THE MEMBERS OF SHIELD PACKAGING LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 12 January 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

Chartered Accountants

Manchester

8 August 1991

SHIELD PACKAGING LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 12 JANUARY 1991

	<u>Notes</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Turnover	3	7,093	6,482
Cost of sales		<u>5,117</u>	<u>4,811</u>
Gross Profit		1,976	1,671
Distribution costs		205	181
Administrative expenses		2,121	1,886
		<u>(2,326)</u>	<u>(2,067)</u>
Loss on ordinary activities before taxation	3-4	(350)	(396)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation and for the financial year		(350)	(396)
Retained deficit brought forward		<u>(1,909)</u>	<u>(1,513)</u>
Retained deficit carried forward		<u>(2,259)</u>	<u>(1,909)</u>

The notes on pages 7 to 12 form part of these financial statements.

SHIELD PACKAGING LIMITEDBALANCE SHEETAS AT 12 JANUARY 1991

	<u>Notes</u>	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	7	5,119	4,321
CURRENT ASSETS			
Stocks	8	1,534	1,198
Debtors	9	1,337	1,324
Cash at bank and in hand		118	83
		2,989	2,605
CREDITORS: Amounts falling due within one year	10	10,336	8,831
NET CURRENT LIABILITIES		(7,347)	(6,226)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,228)	(1,905)
CREDITORS: Amounts falling due after more than one year	10	(31)	(4)
		(2,259)	(1,909)
CAPITAL AND RESERVES			
Called up Share Capital	12	-	-
Profit and Loss Account		(2,259)	(1,909)
		(2,259)	(1,909)



R T DIXON - DIRECTOR

Approved by the Board on 8 August 1991

The notes on pages 7 to 12 form part of these financial statements.

SHIELD PACKAGING LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 12 JANUARY 1991

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
<u>SOURCE OF FUNDS</u>		
(Loss) for the year before taxation	(350)	(396)
Adjustments for items not involving the movements of funds:		
Depreciation of fixed assets	606	383
(Profit) on sale of fixed assets	(3)	(15)
	<u>253</u>	<u>(28)</u>
Proceeds of sale of tangible fixed assets	<u>6</u>	<u>20</u>
Total generated/(absorbed) by operations	259	(8)
<u>APPLICATION OF FUNDS</u>		
Purchase of tangible fixed assets	(1,407)	(2,082)
Intra group transfers of fixed assets	<u>-</u>	<u>(3)</u>
	(1,148)	(2,093)
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Stocks	336	(211)
Debtors	13	84
Cash at bank and in hand	35	5
Creditors	(201)	473
	<u>183</u>	<u>351</u>
INCREASE IN AMOUNT DUE TO PARENT ORGANISATION	<u>(1,331)</u>	<u>(2,444)</u>

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS1. ACCOUNTING POLICIESAccounting convention

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

Deferred taxation

No provision for deferred taxation has been made as the parent organisation has indicated that any liability to deferred taxation will be met by the parent organisation.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Fixed assets

Fixed assets are written off over their estimated useful lives as follows:

Plant and machinery	- 7 to 10 years
Leasehold improvements	- 20 years.
Freehold buildings	- 40 years.

Finance Leases

Plant acquired under finance leases is capitalised based on the purchase price of the assets. Depreciation is provided on the same basis as for owned assets. The interest element of the lease payment is charged to profit and loss account over the primary lease period.

The capital value of the leases is included in the balance sheet as a liability, reduced by the capital element of the lease payments.

Operating Leases

Rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company participates in the Co-operative Wholesale Society Limited Pension Scheme which is a defined benefit pension scheme. In accordance with actuarial advice, pension costs are charged to the profit and loss account so as to spread the costs over the expected service lives of employees. Contributions are determined by a qualified actuary with the most recent valuation as at April 1989. Further information relating to the scheme is disclosed in the accounts of the parent organisation.

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(continued)2. ACCOUNTING DATE

Since the financial year is virtually co-terminous with the calendar year 1990, the financial year's figures are headed 1990 and the corresponding figures for the previous period are headed 1989.

3. ANALYSIS OF TURNOVER AND LOSS BEFORE TAXATION

The whole of the company's turnover and loss before taxation arises from its trading operations within the United Kingdom.

4. TRADING LOSS

The trading loss is stated after charging:

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Directors' remuneration	-	-
Depreciation of tangible fixed assets	606	383
Auditor's remuneration	12	16
Finance charges in respect of finance leases	2	4
Operating lease rentals:		
Land and building	3	91
Plant and vehicles	24	26
	<u> </u>	<u> </u>

5. EMPLOYEES

	<u>1990</u>	<u>1989</u>
<u>Average number of employees</u>	<u>136</u>	<u>144</u>

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
<u>Employee costs</u>		
Wages and salaries	1,849	1,640
Social security costs	148	135
Other pension costs	<u>111</u>	<u>98</u>
	<u>2,108</u>	<u>1,873</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

No liability to UK Corporation Tax arose during the year.

All current losses have been surrendered by way of group relief to other group companies for which no payment will be made.

There is no potential deferred tax payable as the company has losses brought forward of £2.5M (1989: £2.5M) available to offset against future trading profits.

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(continued)7. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> <u>£000</u>	<u>Leasehold improvements</u> <u>£000</u>	<u>Plant and machinery</u> <u>£000</u>	<u>Payments on account</u> <u>£000</u>	<u>Total</u> <u>£000</u>
<u>Cost</u>					
At 13 January 1990	-	50	5,275	149	5,474
Additions during year	1,121	-	256	30	1,407
Transfers	170	(50)	29	(149)	-
Disposals	-	-	(17)	-	(17)
At 12 January 1991	<u>1,291</u>	<u>-</u>	<u>5,543</u>	<u>30</u>	<u>6,864</u>
<u>Depreciation</u>					
At 13 January 1990	-	11	1,142	-	1,153
Charge for year	33	-	573	-	606
Transfers	11	(11)	-	-	-
Disposals	-	-	(14)	-	(14)
At 12 January 1991	<u>44</u>	<u>-</u>	<u>1,701</u>	<u>-</u>	<u>1,745</u>
<u>Net book value</u>					
12 January 1991	<u>1,247</u>	<u>-</u>	<u>3,842</u>	<u>30</u>	<u>5,119</u>
13 January 1990	<u>-</u>	<u>39</u>	<u>4,133</u>	<u>149</u>	<u>4,321</u>

Plant and machinery includes assets held under finance leases as follows:

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Costs	132	100
Accumulated depreciation	<u>93</u>	<u>93</u>
	<u>39</u>	<u>7</u>

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(continued)8. STOCKS

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
Raw materials and consumables	627	500
Work-in-progress	299	394
Finished goods and goods for resale	<u>608</u>	<u>304</u>
	<u>1,534</u>	<u>1,198</u>

9. DEBTORS

	<u>1990</u>	<u>1989</u>
	<u>£000</u>	<u>£000</u>
All due within one year:		
Trade debtors	1,302	1,296
Amounts owed by group undertakings:		
Holding company and fellow subsidiaries	18	3
Prepayments and accrued income	<u>17</u>	<u>25</u>
	<u>1,337</u>	<u>1,324</u>

10. CREDITORS

	<u>1990</u>		<u>1989</u>	
	<u>Due within</u>	<u>Due after</u>	<u>Due within</u>	<u>Due after</u>
	<u>one year</u>	<u>one year</u>	<u>one year</u>	<u>one year</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade creditors	747	-	589	-
Amounts owed to group undertakings: Holding company and fellow subsidiaries	9,337	-	8,006	-
Tax and social security creditors	49	-	87	-
Other creditors	1	-	1	-
Accruals and deferred income	194	-	145	-
Finance leases	<u>8</u>	<u>31</u>	<u>3</u>	<u>4</u>
	<u>10,336</u>	<u>31</u>	<u>8,831</u>	<u>4</u>

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(continued)11. FINANCE LEASES

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Gross lease payments outstanding	47	11
Less: future finance charges	(8)	(4)
Capital value at 12 January 1991	39	7
Less: amounts falling due within one year	(8)	(3)
Amounts falling due after more than one year	31	4
Amounts falling due within 2 to 5	3	4
Amounts falling due in more than 5 years	1	-
	<u>31</u>	<u>4</u>

12. CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>	
	<u>£</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Ordinary shares of £1 each	100	100	100

13. CAPITAL COMMITMENTS

	<u>1990</u> <u>£000</u>	<u>1989</u> <u>£000</u>
Expenditure committed, but not yet provided for	101	1,261
Expenditure authorised by the directors but not contracted for	33	-

14. OPERATING LEASES

The company has commitments for payments in the next year under operating leases as follows:

	<u>1991</u>			<u>1990</u>		
	<u>Land and Buildings</u> <u>£000</u>	<u>Other</u> <u>£000</u>	<u>Total</u> <u>£000</u>	<u>Land and Buildings</u> <u>£000</u>	<u>Other</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Operating leases which expire:						
Within one year	-	2	2	15	-	15
Over five years	3	-	3	-	-	-
	<u>3</u>	<u>2</u>	<u>5</u>	<u>15</u>	<u>-</u>	<u>15</u>

SHIELD PACKAGING LIMITEDNOTES TO THE FINANCIAL STATEMENTS
(continued)15. FINANCIAL SUPPORT

The parent organisation has indicated its intention to provide sufficient finance to the company to enable it to meet its liabilities for a period of at least one year or until leaving the Co-operative Wholesale Society group if earlier.

16. PARENT ORGANISATION

The company is a wholly owned subsidiary of Co-operative Wholesale Society Limited, an Industrial and Provident Society incorporated and registered in England.