

**Registered Number : 2398420**

**SPECIALITY PACKAGING (UK) PLC**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**31 DECEMBER 1997**



COMPANIES HOUSE 21/10/98

# **SPECIALITY PACKAGING (UK) PLC**

## **DIRECTORS' REPORT**

The Directors present their report and the audited accounts for the year ended 31 December 1997.

## **PRINCIPAL ACTIVITY**

The principal activity of the Company is the manufacture and sale of tinplate based promotional packaging.

## **REVIEW OF THE BUSINESS**

The Company has continued major restructuring and the Directors expect an improvement in performance from the remaining activities.

CarnaudMetalbox plc, our immediate parent undertaking, continues to support the Company.

## **RESULTS AND DIVIDEND**

The Company made a loss after taxation of £3,747,000 (1996 : loss of £24,507,000). The Directors are not able to recommend payment of a dividend (1996 : £nil).

## **DIRECTORS**

The names of the Directors who served during the year are as follows:

F. Labbé	
J. Willcocks	(appointed 5 March 1998)
N. J. Mullen	(appointed 5 March 1998)
M. Mousselon	(appointed 5 March 1998)
B. Rolley	(resigned 28 February 1998)
R. Keintz	(resigned 28 February 1998)
B. Stocks	(resigned 31 January 1998)
R. A. Evans	(resigned 31 January 1998)

During the year and at the balance sheet date no Director had any interest in the share capital of the Company, requiring disclosure under the Companies Act 1985, other than as shown in the table below in options in the Company's non-voting £1 Ordinary Shares.

### **1 January 1997 and 31 December 1997**

R. A. Evans	(resigned 31 January 1998)	1900
B. Stocks	(resigned 31 January 1998)	2500

There have been no changes in the above holdings between 31 December 1997 and the date of this report. All options above, that were granted under the Company's Share Option scheme, have an option price of £1 each, and are exercisable between the third and seventh anniversary of the date the option was granted.

# **SPECIALITY PACKAGING (UK) PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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
- 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 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.

### **RESEARCH AND DEVELOPMENT**

The Company makes use of the CarnaudMetalbox Group's research and development facilities at Wantage and Chatenay for product and process development.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the Company made charitable donations of £3,000 (1996 : £1,525).

### **CREDITORS PAYMENT POLICY**

The Company agrees payment terms with its suppliers and seeks to abide by these terms when it is satisfied that goods and/or services have been provided in accordance with the relevant contractual arrangements. Average payment 88 days (1996 : 78 days).

### **YEAR 2000 POLICY**

All computer systems and other electronic chip-based technology have been reviewed. Appropriate action is being taken to ensure that existing and new systems will comply with the year 2000. Additional costs will be expensed in the periods incurred and in total should not exceed £200,000.

12/8/98

# **SPECIALITY PACKAGING (UK) PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **EMPLOYMENT POLICIES**

It is the Company's policy to keep employees fully informed on matters which affect them through direct face to face communications and collective procedures for joint consultation.

Throughout the year the development of communication skills at all levels of management has received a high priority. The drive for quality in all businesses has served as an important focus for improved communication with employees. It has provided opportunities for involving employees and enlisting their commitment through training and joint problem solving.

Delegation of management responsibility to the individual businesses has been fully accomplished and regular communications about financial performance and future plans have kept employees well informed and enabled them to identify the need for competitiveness for the success of the various enterprises.

### **DISABLED PERSONS**

The Company's policy on the employment of disabled persons continues to be applied as positively as possible. In a year when there has been a substantial reduction in the numbers employed new opportunities have been limited but care has been taken to maintain jobs for the disabled and to search carefully for each limited new appointment.

### **AUDITORS**

The auditors, Price Waterhouse, have announced their merger with Coopers & Lybrand and the new firm will be known as PricewaterhouseCoopers. The resolution to reappoint Price Waterhouse as the Company's auditors will be proposed at the Annual General Meeting pending the formation of the new firm.

By Order of the Board



J. A. Parker  
Secretary

Registered Office:

Rock Valley  
Mansfield  
Nottinghamshire  
NG18 2EZ

26 June 1998

# **SPECIALITY PACKAGING (UK) PLC**

## **AUDITORS' REPORT**

### **To the members of Speciality Packaging (UK) plc:**

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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

As described on page 2 the Company's directors are responsible for the preparation of 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 the Company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants and Registered Auditors  
Victoria House  
76 Milton Street  
Nottingham  
NG1 3QY

26 June 1998

# **SPECIALITY PACKAGING (UK) PLC**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £'000	1996 as restated £'000
<b>TURNOVER</b>	2		
Continuing operations		65,574	66,161
Non continuing operations		4,182	14,457
		-----	-----
Cost of sales - continuing operations		(57,546)	(66,254)
- non-continuing operations		(4,892)	(16,304)
		-----	-----
<b>GROSS PROFIT/(LOSS)</b>		7,318	(1,940)
Administration expenses		(3,514)	(3,925)
Selling and distribution expenses		(3,406)	(4,102)
Exceptional items - continuing operations	3	(1,813)	(4,081)
- non-continuing operations	3	2,225	(10,123)
		-----	-----
<b>OPERATING PROFIT/(LOSS)</b>	4	-	
Continuing operations		(705)	(12,201)
Non-continuing operations		1,515	(11,970)
		-----	-----
Interest payable and similar charges	5	(3,256)	(2,994)
		-----	-----
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,446)	(27,165)
Taxation	6	(1301)	2,658
		-----	-----
<b>LOSS FOR THE FINANCIAL YEAR</b>	17	(3,747)	(24,507)
		-----	-----

A statement of movements on the profit and loss account reserve is given in Note 17.

The accompanying notes are an integral part of the profit and loss account.

The results are stated on an unmodified historical cost basis.

# SPECIALITY PACKAGING (UK) PLC

## BALANCE SHEET AT 31 DECEMBER 1997

	Notes	1997 £'000	1996 as restated £'000
<b>FIXED ASSETS</b>			
Tangible Assets	9	13,910	15,746
Investments	10	1,500	1,500
		-----	-----
		15,410	17,246
<b>CURRENT ASSETS</b>			
Stocks	11	8,074	12,903
Debtors	12	10,523	9,919
Cash at bank and in hand		6,185	2,988
		-----	-----
		24,782	25,810
		-----	-----
<b>CREDITORS (amounts falling due within one year)</b>	13	(71,400)	(60,516)
		-----	-----
<b>NET CURRENT LIABILITIES</b>		(46,618)	(34,706)
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(31,208)	(17,460)
		-----	-----
<b>CREDITORS (amounts falling due after more than one year)</b>	14	-	(6,000)
		-----	-----
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(5,065)	(9,066)
		-----	-----
<b>NET LIABILITIES</b>		(36,273)	(32,526)
		-----	-----
<b>CAPITAL AND RESERVES</b>			
Called up share capital - equity	16	16,500	16,500
- non equity	16	4,221	4,221
Profit and loss account	17	(56,994)	(53,247)
		-----	-----
<b>TOTAL SHAREHOLDERS' FUNDS</b>	18	(36,273)	(32,526)
		-----	-----

The accompanying notes are an integral part of this balance sheet.

Approved by the Board of Directors on 26 June 1998.

  
 .....  
**N.J. MULLEN**  
**DIRECTOR**

## **SPECIALITY PACKAGING (UK) PLC**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1997**

	<b>Notes</b>	<b>1997 £'000</b>	<b>1996 as restated £'000</b>
Loss for the financial year and total recognised gains and losses relating to the year		(3,747)	(24,507)
Prior year adjustment	8	-	(3,998)
Total recognised gains and losses		<u>(3,747)</u>	<u>(28,505)</u>



# **SPECIALITY PACKAGING (UK) PLC**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997**

### **1. ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the current and preceding year.

(a) **Accounting convention**

The accounts have been prepared on the going concern basis under the historical cost convention in accordance with applicable accounting standards.

(b) **Going concern basis**

The Company has net liabilities and is reliant upon continued financial support from Group companies. CarnaudMetalbox plc has confirmed to the Directors that it will continue to provide such support as may be necessary for the Company to continue in business. Such confirmation to continue in effect until at least 1 July 1999. On this basis the Directors are of the opinion that the Company will be able to continue as a going concern and the accounts have therefore been prepared on that basis.

(c) **Turnover**

Turnover is based on the invoiced value of sales excluding VAT, similar sales-related taxes and trade discounts.

(d) **Research and development expenditure**

Research and development expenditure is written off in the period in which it is incurred.

(e) **Government grants**

Government grants of a capital nature are treated as deferred income and credited to the profit and loss account over the estimated useful lives of the related assets.

(f) **Foreign currencies**

In the Company's accounts transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction, or where appropriate at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(g) **Goodwill**

Purchased goodwill arising on the acquisition of businesses, representing the excess of the fair value of the consideration given over the fair value of separable net assets acquired, is capitalised as an intangible fixed asset and amortised over its useful economic life estimated to be 40 years or less if the value to the business can no longer be identified, when any residual balance is written off to reserves.

(h) **Tangible fixed assets**

Tangible fixed assets are written off using the straight line method over their estimated useful lives which, for the major categories, are:

Plant and machinery	3 - 10 years
Fixtures, fittings, tools and equipment	3 - 15 years

(i) **Investments**

Investments are carried at cost less any provisions for permanent diminution in value.

# **SPECIALITY PACKAGING (UK) PLC**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED**

### **1. ACCOUNTING POLICIES (CONTINUED)**

(j) **Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. The cost of work in progress and finished goods comprises material, labour and attributable manufacturing overheads.

Provision is made for obsolete, slow moving or defective items where appropriate.

(k) **Finance and operating leases**

Assets acquired under finance leases are included under the relevant category of tangible fixed assets and depreciated in accordance with that accounting policy. The capital element of future lease rentals payable is included as appropriate under creditors due within or after more than one year.

The interest element of lease rentals is charged to the profit and loss account over the term of the relevant lease.

Rentals paid under operating leases are charged to income as incurred.

(l) **Deferred taxation**

Deferred taxation is provided, using the liability method, in respect of the taxation effect of all timing differences, which in the Directors' opinion will crystallise in the near future.

(m) **Corporation tax**

Corporation tax payable is provided on taxable profits at the current rate. The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses and/or advanced corporation tax by fellow group companies.

(n) **Pension benefits**

Pension costs for the group's benefit schemes are charged to the profit and loss account.

Pension costs are spread over the expected service lives of the employees.

(o) **Post Retirement Health Benefits**

It is the Company's policy to provide post retirement health benefits (BUPA) to certain employees upon fulfilment of pre defined criteria. The corresponding liability of the Company, for this unfunded benefit, has been recorded in the current year's statutory accounts with a charge against operating profits.

(p) **Consolidated accounts**

The Company has not prepared group accounts, as permitted by Section 228 of the Companies Act 1985, since group accounts have been prepared by its UK parent company, Crown UK Holdings Limited.

# **SPECIALITY PACKAGING (UK) PLC**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED**

### **2. SEGMENTAL INFORMATION**

Geographical analysis of turnover, all of which arises from the Company's principal activity.

	<b>1997</b>	<b>1996</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	55,137	64,478
North America	2,650	4,348
Rest of Europe	11,080	11,020
Rest of world	889	772
	<b>69,756</b>	<b>80,618</b>

### **3. EXCEPTIONAL ITEMS**

Redundancy	1,703	6,456
Other closure and reorganisation costs	(2,115)	7,819
	<b>(412)</b>	<b>14,275</b>
Profit on disposal of investments	-	(71)
	<b>(412)</b>	<b>14,204</b>

The charge for 1996 relates to reorganisation projects started in 1996 and continuing into 1997. The £2,115,000 in 1997 represents closure costs provided for in 1996 released in 1997.

### **4. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging:

Depreciation of owned assets :-	2,740	2,724
Depreciation of assets held under finance leases	5	13
Auditors' remuneration - audit services	63	73
Auditors' remuneration - non audit services	-	24
Research and development	381	162

### **5. INTEREST PAYABLE AND SIMILAR CHARGES**

On bank loans, overdrafts and other loans wholly repayable

within 5 years	(8)	26
On loans from fellow Group undertakings	3,264	2,965
On finance leases	-	3
	<b>3,256</b>	<b>2,994</b>

# SPECIALITY PACKAGING (UK) PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED

	1997 £'000	1996 £'000
<b>6 TAXATION</b>		
The tax charge is based on the result for the year and comprises:		
Current year		
Corporation tax at 31.5%	(710)	-
Deferred tax	(28)	(2,949)
	<u>(738)</u>	<u>(2,949)</u>
Adjustments in respect of prior years:		
Deferred taxation	2,039	291
	<u>1,301</u>	<u>(2,658)</u>
<b>7 EMPLOYEES</b>		
(a) Average weekly number of employees (including Executive Directors):		
Full time	980	1,119
Part time	45	252
	<u>1,025</u>	<u>1,371</u>
(b) Staff costs (including Executive Directors):		
Wages and salaries	17,020	22,135
Social security costs	1,416	2,026
Other	8	15
Post Retirement Health Benefits	28	135
	<u>18,472</u>	<u>24,311</u>
(c) Emoluments of Directors		
Directors receive no fees, remuneration or other emoluments in respect of the office of Director. Any emoluments paid to such individuals are solely in respect of other employment within the Company.		
	1997 £'000	1996 £'000
Aggregate emoluments of the Directors of the Company:	<u>96</u>	<u>102</u>
Number of directors to whom retirement benefits are accruing under defined benefit pension scheme	<u>2</u>	<u>2</u>

# SPECIALITY PACKAGING (UK) PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED

### 8 PRIOR YEAR ADJUSTMENTS

Following recent restructuring and reorganisation of the business, the directors are of the opinion that it is no longer possible to clearly identify those products, designs and customers incorporated in past acquisitions which were classified as goodwill. Accordingly it has been decided to write off the remaining balance against prior year reserves in line with the company's accounting policy, see note 1(g).

### 9 TANGIBLE ASSETS

	Leasehold Buildings	Plant and Machinery	Fixtures, Fittings, Tools & Equipment	Total
<u>Cost</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 1997	379	41,675	2,687	44,741
Additions	-	2,966	-	2,966
Disposals	-	(2,266)	-	(2,266)
Transfers to fellow group undertakings	-	(1,165)	-	(1,165)
Transfers from fellow group undertakings	-	580	-	580
Reclassifications	897	(12,169)	486	(10,786)
	-----	-----	-----	-----
At 31 December 1997	1,276	29,621	3,173	34,070
	-----	-----	-----	-----
<u>Depreciation</u>				
At 1 January 1997	(50)	(26,735)	(2,210)	(28,995)
Charge for year	(98)	(2,452)	(195)	(2,745)
Disposals	-	785	-	785
Transfers to fellow group undertakings	-	(8)	-	(8)
Reclassifications	(48)	10,382	452	10,786
Other movements	-	17	-	17
	-----	-----	-----	-----
At 31 December 1997	(196)	(18,011)	(1,953)	(20,160)
	-----	-----	-----	-----
<u>Net Book Value</u>				
At 31 December 1997	1,080	11,610	1,220	13,910
	-----	-----	-----	-----
At 1 January 1997	329	14,940	477	15,746
	-----	-----	-----	-----

Plant and machinery includes the cost of assets in the course of construction of £1,027,000 (1996 : £3,442,000). Reclassification includes write off of residual assets on closure of Hull factory.

# **SPECIALITY PACKAGING (UK) PLC**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED**

### **10 INVESTMENTS**

The following are included in the net book value of investments:

	1997 £'000	1996 £'000
Investment in own shares	1,500	1,500

#### Investment in own shares

These investments are in the ordinary shares of the Company and are held by Speciality Packaging Diamond Trustees Limited.

Speciality Packaging Diamond Trustees Limited acts as Trustee to the Speciality Packaging (UK) plc Employee Share Trust, which was established on 5 February 1992 to encourage and facilitate the holding of shares in Speciality Packaging (UK) plc by employees of the Company. The loan of £1.5 million above was made to enable the Trustee to fund the acquisition of 1,500,000 non voting ordinary shares of £1 each in the Company. During 1992 and 1993 options were granted over these shares to employees at an option price of £1 per share. The earliest and latest dates on which these options may be exercised is the third and seventh anniversaries of the date the option was granted.

On exercise, employees may either hold their shares in the Company or sell them to the Trustee at a 'market' price determined under the scheme rules. At 31 December 1997 this 'market' price would have been less than the option price of £1 (1996 : less than £1).

The Company bears all administration and other sundry costs of the Trustee in relation to the operation of the Trust.

### **11 STOCKS**

Raw materials and consumables	2,067	5,487
Work in progress	2,954	3,916
Finished goods	3,053	3,500
	-----	-----
	8,074	12,903
	-----	-----

### **12 DEBTORS**

#### **Amounts falling due within one year**

Trade debtors	7,581	8,439
Amounts owed by fellow group undertakings (interest free)	854	628
Other debtors	1,578	412
Prepayments and accrued income	510	440
	-----	-----
	10,523	9,919
	-----	-----

# SPECIALITY PACKAGING (UK) PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED

	1997 £'000	1996 £'000
<b>13 CREDITORS (amounts falling due within one year)</b>		
Trade creditors	8,998	8,928
Amounts owed to fellow group undertakings	1,297	620
Loans owed to fellow group undertakings	55,256	46,235
Other creditors	-	151
VAT, payroll tax and social security	1,557	2,231
Accruals and deferred income	4,292	2,313
Amounts owed under finance leases (Note 19)	-	38
	-----	-----
	71,400	60,516
	-----	-----

Loans owed to fellow group undertakings bear interest at commercial rates.

<b>14 CREDITORS (amounts falling due after more than one year)</b>		
Loans owed to fellow group undertakings (interest free)	-	6,000
	=====	=====

## 15 PROVISIONS FOR LIABILITIES AND CHARGES

	Post retirement health benefit £'000	Deferred taxation £'000	Reorganisation and redundancy £'000	Total £'000
At 1 January 1997	(417)	1,544	(10,193)	(9,066)
Profit and loss charge in year	(28)	(2,011)	(1,703)	(3,742)
Provision release in year			2,115	2,115
Utilised in period	-	-	5,628	5,628
	-----	-----	-----	-----
At 31 December 1997	(445)	(467)	(4,153)	(5,065)
	-----	-----	-----	-----

# SPECIALITY PACKAGING (UK) PLC

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED

### 16 SHARE CAPITAL

	1997 £'000	1996 £'000
<b>Authorised:</b>		
16,500,000 non voting ordinary shares of £1 each (Equity)	16,500	16,500
1,000 5% cumulative preference shares of £1 each (Non-Equity)	1	1
5,000,000 preference shares of £1 each (Non-Equity)	5,000	5,000
	-----	-----
	21,501	21,501
	-----	-----
<b>Allotted, called up and fully paid</b>		
16,500,000 ordinary shares of £1 each (Equity)	16,500	16,500
1,000 5% cumulative preference shares of £1 each (Non-Equity)	1	1
4,220,000 preference shares of £1 each (Non-Equity)	4,220	4,220
	-----	-----
	20,721	20,721
	-----	-----

The non-voting ordinary shareholders have:

- no right to dividends other than those that may be recommended by the directors;
- no redemption rights;
- unlimited right to share in the surplus remaining on a winding up after all liabilities and participation rights of other classes of shares have been satisfied

The 5% cumulative preference shareholders have:

- the right to a fixed cumulative preferential dividend at a rate of 5% per annum on the capital paid up thereon for the time being;
- no redemption rights;
- the right to receive Notices of General Meetings of the Company and to attend and vote thereat;
- the right in a winding up to have the capital paid hereon and all arrears of dividend up to the date of commencement of the winding up, paid off, in priority to any payment off of capital on the Non-voting Shares but with no further right to participate in the profits or assets of the Company.

The preference shareholders have:

- no right to dividends other than those that may be recommended by the directors;
- no redemption rights;
- the right to receive Notices of General Meetings of the Company and to attend and vote thereat;
- the right in a winding up to have the capital paid thereon in priority to any payment-off of capital on the ordinary shares, but with no further right to participate in the assets of the Company.



# **SPECIALITY PACKAGING (UK) PLC**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED**

	<b>1997 £'000</b>	<b>1996 £'000</b>
<b>17 PROFIT AND LOSS ACCOUNT</b>		
At beginning of year	(53,247)	(24,742)
Loss for the financial year	(3,747)	(24,507)
Goodwill written off	-	(3,998)
	-----	-----
At end of year	(56,994)	(53,247)
	-----	-----
<b>18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS</b>		
At beginning of year	(32,526)	(4,021)
Goodwill written off	-	(3,998)
Loss for the financial year	(3,747)	(24,507)
	-----	-----
At end of year	(36,273)	(32,526)
	-----	-----
All shareholders funds are equity except those amounts noted as non equity in note 16.		
<b>19 LEASE OBLIGATIONS</b>		
Finance leases due:		
Within one year	-	41
Finance charges	-	(3)
	-----	-----
Falling due within one year (Note 13)	-	38
	-----	-----
Operating leases on plant and machinery		
Annual commitments which expire:		
Within one year	38	93
Between two and five years	198	368
	-----	-----
	236	461
	-----	-----
<b>20 CAPITAL EXPENDITURE COMMITMENTS</b>		
Contracted for but not provided	1,040	163
	-----	-----

## **SPECIALITY PACKAGING (UK) PLC**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 - CONTINUED**

#### **21 RETIREMENT BENEFITS**

##### **a) Pension Scheme**

The Company participates in a UK Pension Scheme operated by CarnaudMetalbox Group UK Limited. The scheme is a defined benefit scheme providing benefits to certain employees within the Group. The assets of this scheme are held separately from the Group's assets in a Trustee administered fund.

The latest actuarial valuation of the UK Group scheme was carried out as at 31 March 1995. Details of this valuation are contained in the financial statements of CarnaudMetalbox Group UK Limited.

The normal contributions paid by the Company for the year ended 31 December 1997 were £Nil (1996 : £Nil).

##### **b) Post Retirement Medical Costs**

The Company continues to participate in private post retirement schemes for certain Executives and, in some instances, their dependants. The actuarial valuation of the scheme was carried out as at 31 December 1995.

The corresponding liability has been recorded in the accounts as a charge against Operating Profit.

#### **22 CASH FLOW INFORMATION**

The company has taken advantage of the exemption available under Financial Reporting Standard Number 1 not to present a cash flow statement since the cash flows of the company are presented in the accounts of the ultimate UK parent undertaking.

#### **23 ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is CarnaudMetalbox plc, a company registered in England. The ultimate parent undertaking is Crown Cork & Seal Company Inc., a company registered in the USA. Group accounts prepared by the immediate parent company represent the smallest group for which consolidated accounts are prepared, and those of the ultimate parent company, the largest group.

Copies of the Group accounts of Crown Cork & Seal Company Inc. may be obtained from CarnaudMetalbox Group UK Limited, Downsview Road, Wantage, Oxon. OX12 9BP

#### **24 RELATED PARTIES**

In accordance with the exemption given by Financial Reporting Standard 8 to 90% subsidiary companies, no disclosure of group transactions have been made.