

**REXAM MEDICAL PACKAGING LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31st DECEMBER 1998.**

**Registered Company Number: 2456291**



# **REXAM MEDICAL PACKAGING LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31st December 1998.

### **RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £ 8,767,000 ( 1997 - £ 5,212,000 loss )

The Directors have not declared any interim dividends and do not recommend any final dividend, leaving retained losses for the year of £ 8,767,000 to be transferred to reserves.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the Company continued to be the manufacture of specialised packaging primarily for use in the medical sector.

On the 1st January 1998 the company acquired the assets of Rexam Pharmaceutical Packaging, a fellow Rexam group company, from Rexam Packaging Limited.

On the 27th April 1998 the company acquired the business and assets of Lawson Mardon Medical Products from the Lawson Mardon Group.

Further information relating to the acquisitions can be found in Note 23.

### **FUTURE DEVELOPMENTS**

The Directors will continue to manage the business with a view to improving the Company's results in the current year.

### **COMPANY SECRETARY**

M.Gravatt has acted as company secretary throughout the year. He resigned on 5th August 1999. R.Peak was appointed as company secretary on 5th August 1999.

### **FIXED ASSETS**

Information relating to changes in tangible fixed assets is given in Note 12 to the accounts.

## **REXAM MEDICAL PACKAGING LIMITED**

### **DIRECTORS' REPORT ( Continued )**

#### **SUPPLIER PAYMENT POLICY**

With respect to the 1999 financial year it is the company's policy in respect of all suppliers:

- (1) to settle the terms of payment with those suppliers when agreeing the terms of each transaction,
- (2) to ensure that those suppliers are made aware of the terms of payment, and
- (3) to abide by the terms of payment.

The average days taken to pay suppliers is 74.

#### **YEAR 2000 COMPLIANCE.**

The Company, as part of the Rexam Group, has implemented a programme for addressing the problems associated with the year 2000 date recognition issue. The programme has been co-ordinated to identify the risks and address compliance within business, production and facility systems. It also involves reviews of customer and supplier systems where failures could impact the Company. Regular reporting of the status of the business's plans is made to the Board of Rexam PLC and this will continue throughout the coming year. While we are confident that our systems will be compliant we cannot be certain that those we trade with will achieve compliance. We are therefore continuing to discuss these issues with our key suppliers and customers so as to reduce the possible disruption to our business. Specific revenue costs for rectifying systems solely to address the Year 2000 issue are minimal.

#### **RESEARCH AND DEVELOPMENT**

Expenditure on Research and Development activities is incurred in order to formulate new products. The costs are written off to the profit and loss account as incurred. Expenditure during the year amounted to £569,000 ( 1997 £507,000 )

#### **CHARITABLE CONTRIBUTIONS**

Donations to local charities of £712 were made during the year of which £500 was donated to the Lymphoma trust.

# REXAM MEDICAL PACKAGING LIMITED

## DIRECTORS' REPORT ( Continued )

### DIRECTORS

The directors who served during the year are shown below:

M.F.Gravatt

S.C.Talbot

R.J.Hobbs ( resigned 5th August 1999 )

G.P.Hooper (appointed 1st May 1998 )

Appointments since the year end.

R.Peak was appointed on the 5th August 1999.

### DIRECTORS' INTERESTS

The interests (as defined in the Companies Act 1985 and according to the register maintained thereunder) of the directors are as follows:

1st Jan 98 \*      31st Dec 98.  
No. of shares of 50p each

Options to subscribe for Shares in Rexam PLC:

M.F.Gravatt

Senior Executive Share Option Scheme 1984 #	15,521	15,521
Senior Executive Share Option Scheme 1997 #	9,960	15,410

S C Talbot

Senior Executive Share Option Scheme 1984 #	14,446	14,446
Senior Executive Share Option Scheme 1997 #	0	9,982
Savings Related Share Option Scheme #	8,154	13,158

R J.Hobbs

Senior Executive Share Option Scheme 1984 #	25,375	25,375
Senior Executive Share Option Scheme 1997 #	11,771	24,653
Savings Related Share Option Scheme #	6,400	6,055

G P Hooper

Senior Executive Share Option Scheme 1997 #	34,733	34,733
Savings Related Share Option Scheme #	0	6,055

\* Or at date of appointment if later.

# Further details can be found in the accounts of Rexam PLC at 114 Knightsbridge, London SW1X 7NN.

## **REXAM MEDICAL PACKAGING LIMITED**

### **DIRECTORS' REPORT ( Continued )**

#### **EMPLOYEES**

The Company recognises the mutual benefits of communication, consultation and employee involvement at all levels. The Company has developed a communication network appropriate to its needs and during the year has continued the flow of information to its employees.

Disabled persons are employed and trained whenever their aptitudes and abilities allow and suitable vacancies are available. Where an employee becomes disabled, an attempt is made to continue his or her employment and to arrange appropriate training or transfer if necessary.

#### **AUDITORS**

Pursuant to S.386 of the Companies Act 1985 the company has dispensed with the obligation to appoint auditors annually. Therefore Ernst & Young remain in office as auditors.

By Order of the Board



R. Peak  
Secretary

Date: 14.10.99

## **REXAM MEDICAL PACKAGING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS.**

#### **PREPARATION OF FINANCIAL STATEMENTS**

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 financial statements.

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

The directors consider that it is appropriate to use the going concern basis in preparing the financial statements on pages 7 to 18, that 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 financial statements 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.

# **REXAM MEDICAL PACKAGING LIMITED**

## **AUDITORS' REPORT**

### **REPORT OF THE AUDITORS**

**to the members of Rexam Medical Packaging Limited**

We have audited the accounts on pages 7 to 18 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

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

As described on page 5 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 mis-statement, 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

*Ernst & Young*  
Registered Auditor  
Bristol

Date : 14 October 1999

**REXAM MEDICAL PACKAGING LIMITED**
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998.**

	Note	1998 £'000	1997 £'000
<b>TURNOVER</b>	<b>4</b>		
Continuing operations		41,176	40,049
Acquisitions		<u>13,364</u>	<u>-</u>
		54,540	40,049
<b>OPERATING CHARGES</b>	<b>5</b>		
Continuing operations		(41,347)	(41,513)
Acquisitions		<u>(13,717)</u>	<u>-</u>
		(55,064)	(41,513)
<b>OPERATING LOSS BEFORE EXCEPTIONAL ITEMS</b>			
Continuing operations		(171)	(1,464)
Acquisitions		<u>(353)</u>	<u>-</u>
		(524)	(1,464)
<b>EXCEPTIONAL ITEMS</b>	<b>6</b>		
Continuing operations			
(Loss)/Profit on sale of fixed assets		(48)	48
Cost of fundamental reorganisation		-	(115)
Acquisitions			
Cost of fundamental reorganisation		(3,180)	-
		(3,752)	(1,531)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>			
<b>INTEREST</b>	<b>7</b>	(5,015)	(3,681)
		(8,767)	(5,212)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>			
<b>TAXATION ON ORDINARY ACTIVITIES</b>	<b>8</b>	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	<b>20</b>	<u>(8,767)</u>	<u>(5,212)</u>

**TOTAL RECOGNISED GAINS AND LOSSES.**

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £8,767,000 in the year ended 31st December 1998 and of £5,212,000 in the year ended 31st December 1997.

**STATEMENT OF MOVEMENTS ON RESERVES.**

See note 20



# **REXAM MEDICAL PACKAGING LIMITED**

## **BALANCE SHEET AT 31ST DECEMBER 1998.**

	Note	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Intangible Assets	11	1,642	-
Tangible Assets	12	35,237	33,032
		<u>36,879</u>	<u>33,032</u>
<b>CURRENT ASSETS</b>			
Stocks	13	6,498	3,872
Debtors	14	12,718	9,558
Cash at bank and in hand		3,363	1,369
		<u>22,579</u>	<u>14,799</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(81,349)	(63,586)
Bank borrowings		(1,505)	(1,092)
		<u>(82,854)</u>	<u>(64,678)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(60,275)</u>	<u>(49,879)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(23,396)</u>	<u>(16,847)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	17	(2,339)	(121)
<b>NET LIABILITIES</b>		<u>(25,735)</u>	<u>(16,968)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	11,204	11,204
Share premium account	20	1,391	1,391
Profit and loss account	20	(38,330)	(29,563)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>(25,735)</u>	<u>(16,968)</u>

Approved by resolution of the board dated  
and signed on its behalf by

.....  
G.P. Hooper - Director

# REXAM MEDICAL PACKAGING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.

### 1.ACCOUNTING POLICIES

#### Basis of Preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The parent undertaking has indicated that it is its general policy to provide continuing support to subsidiary undertakings which have a deficit of shareholders' funds.

#### Cash Flow Statement

As the Company is a wholly owned subsidiary of Rexam PLC which has prepared a cash flow statement in accordance with Financial Reporting Standard 1, the Company has not prepared a cash flow statement.

#### Turnover

Turnover is defined as the net amount receivable (excluding VAT) for goods and services provided and includes sales to fellow subsidiary undertakings.

#### Goodwill

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves. This has not been reinstated on the implementation of FRS 10.

Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

#### Tangible Fixed Assets

Tangible assets are stated at cost. Depreciation is calculated to write off the cost of tangible assets, except assets under construction, over their expected useful lives by equal annual instalments using the following rates:

Plant and Equipment	7% to	14%
Fixtures and Fittings	10% to	20%
Computers	25% to	33%
Motor Vehicles	25% to	33%
Freehold Buildings	2%	
Land	0%	

#### Capitalised Interest

Interest incurred on borrowings to finance specific property development is capitalised until completion of the project.

## **REXAM MEDICAL PACKAGING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

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

##### Stocks

Stocks are stated at the lower of cost, including applicable overheads, and net realisable value.

##### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Differences arising from fluctuations in exchange rates are taken to profit and loss account where they relate to items of a trading nature.

##### Research and Development

Research and development expenditure is written off as incurred.

##### Repairs and Renewals

Repairs and renewals expenditure is written off as incurred.

##### Deferred Taxation

Deferred taxation is provided at the appropriate rates on any significant timing differences between accounting and taxable profits to the extent that it is probable that a tax liability will crystallise in the foreseeable future.

##### Leasing

Assets acquired under finance leases are capitalised and the capital element of outstanding lease rentals is included in creditors. Operating lease rentals are charged in the profit and loss account as incurred.

##### Pensions

The expected cost of providing pensions in respect of defined benefit schemes is charged to the profit and loss account over the estimated service lives of the employees in the schemes.

#### **2.ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Rexam PLC.

Copies of the group accounts of Rexam PLC, the parent undertaking of the smallest and largest group preparing group accounts which include Rexam Medical Packaging Limited, can be obtained by writing to Rexam PLC, 114 Knightsbridge, London SW1X 7NN.

#### **3. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

# **REXAM MEDICAL PACKAGING LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

### **4.TURNOVER**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Continuing operations		
Analysis by destination:		
United Kingdom	26,424	16,907
The Americas	3,592	1,988
Europe	17,172	14,300
Rest of the World	7,352	6,854
Total	<u>54,540</u>	<u>40,049</u>

All of the Company's turnover and profit before taxation arises from one continuing activity, the manufacture of specialised packaging. All of the Company's operating assets are used for this purpose. All turnover and profit before taxation originates in the UK, and all net assets are located in the UK.

### **5.OPERATING CHARGES**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Raw materials and consumables	29,924	24,250
Employee costs ( see note 7a)	12,557	7,753
Depreciation & amortisation - owned assets	3,116	2,275
Other operating charges	10,486	8,297
Increase in stocks of finished goods and )		
work in progress net of provisions and )	(87)	(124)
transfers to and from group companies )		
Other operating income	(793)	(835)
Foreign exchange gains	(139)	(103)
	<u>55,064</u>	<u>41,513</u>
Other Operating Charges Include:	<u>1998</u>	<u>1997</u>
	£'000	£'000
Operating lease rentals		
-Motor vehicles	-	2
-Plant & machinery	189	143
Hire of plant & machinery	-	4
Auditors' remuneration	40	33
Charitable donations	1	1
Research and development:	569	507

# REXAM MEDICAL PACKAGING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.

### 6. EXCEPTIONAL ITEMS

(Loss)/Profit on sale of fixed assets:

Sale of plant and machinery	(48)	48
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Cost of fundamental reorganisation:

continuing operations		(115)
following acquisitions	(3,180)	

### 7.INTEREST

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Continuing operations		

#### PAYABLE

Fellow subsidiary undertaking	5,102	3,712
Bank, leases and other third party	95	52
	<u>5,197</u>	<u>3,764</u>

#### RECEIVABLE

Fellow subsidiary undertaking	(81)	(36)
Bank	(101)	(47)
	<u>(182)</u>	<u>(83)</u>

Net Interest Payable	<u>5,015</u>	<u>3,681</u>
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### 8.TAX ON LOSS ON ORDINARY ACTIVITIES

The taxable loss for the year will be available for surrender to fellow subsidiary undertakings without payment or carry forward.

No provision for deferred tax has been made as timing differences are not expected to crystallise in the foreseeable future.

The potential amount of deferred taxation for all timing differences is as follows:

		Not Provided
	<u>1998</u>	<u>1997</u>
	£'000	£'000
Accelerated capital allowances	5,058	4,945
Other timing differences	<u>(737)</u>	<u>(145)</u>
	<u>4,321</u>	<u>4,800</u>

# **REXAM MEDICAL PACKAGING LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

### **9.EMPLOYEES**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Continuing operations		
a)Employee Costs		
Wages and salaries	10,716	6,534
Social security costs	944	587
Pension costs	897	632
	<u>12,557</u>	<u>7,753</u>
b)Pensions		

The majority of employees belong to the Rexam Employee Benefit Plan (formerly the Bowater Employees Benefit Plan), a funded defined benefit scheme. The charge in these accounts represents contributions paid to the scheme.

The charge does not take full account of the surplus disclosed in the scheme by the last actuarial valuation which was carried out in April 1997 and details of which are disclosed in the consolidated accounts of Rexam PLC. The prepayment arising in respect of the group as a whole under the scheme is also disclosed in those accounts.

### **c)Number of Employees**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Continuing operations		
Weekly average number of employees		
Administration staff	122	86
Production staff	371	196
Total staff	<u>493</u>	<u>282</u>

### **10.DIRECTORS' EMOLUMENTS**

	<u>1998</u>	<u>1997</u>
	£'000	£'000
Total emoluments	322	200
Company contributions to defined benefit schemes	55	29
Number of directors to whom retirement benefits are accruing in respect of qualifying services.	4	3
Amounts in respect of highest paid director are:		
Emoluments	100	70
Company contributions to defined benefit schemes	17	10

# REXAM MEDICAL PACKAGING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.

11.INTANGIBLE ASSETS	Goodwill £'000
<u>Cost</u>	
Additions	1,699
31st December 1998	<u>1,699</u>
<u>Amortisation</u>	
Charge for the year	57
31st December 1998	<u>57</u>
Net Book Value	
31st December 1998	<u>1,642</u>

Goodwill arising on the acquisition of the business and assets of Lawson Mardon Medical Products of £1,699,000 is being amortised evenly over the directors estimate of its useful life of 20 years.

12.TANGIBLE ASSETS	Freehold Land & Buildings £'000	Plant, Machinery & Vehicles £'000	Total £'000
<u>Cost</u>			
1st January 1998	18,684	26,413	45,097
Additions	43	1,187	1,230
Transfers from other group companies	3,940	8,235	12,175
Transfers to other group companies	(3,400)	(131)	(3,531)
Disposals		(3,602)	(3,602)
31st December 1998	<u>19,267</u>	<u>32,102</u>	<u>51,369</u>
<u>Depreciation</u>			
1st January 1998	819	11,246	12,065
Charge for the year	392	2,667	3,059
Transfers from other group companies	135	4,416	4,551
Transfers to other group companies	(160)	(29)	(189)
Disposals		(3,354)	(3,354)
31st December 1998	<u>1,186</u>	<u>14,946</u>	<u>16,132</u>
Net Book Value			
31st December 1998	<u>18,081</u>	<u>17,156</u>	<u>35,237</u>
31st December 1997	<u>17,865</u>	<u>15,167</u>	<u>33,032</u>

The net book value of freehold land and buildings at 31st December 1998 includes £1,139,000 (1997 £1,241,000) of capitalised interest. The cost of freehold land and buildings at 31st December 1998 includes an amount for land of £4,079,000 ( 1997 £4,044,000 ) which is not depreciated.

**REXAM MEDICAL PACKAGING LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

13.STOCKS	<u>1998</u> £'000	<u>1997</u> £'000
Raw materials	2,138	1,431
Work in progress	708	370
Finished goods	<u>3,652</u>	<u>2,071</u>
	<u>6,498</u>	<u>3,872</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

14.DEBTORS	<u>1998</u> £'000	<u>1997</u> £'000
Trade debtors	8,701	6,584
Bills of exchange receivable	53	27
Amounts due from fellow subsidiary undertakings	2,525	2,270
Other debtors	976	482
Prepayments and accrued income	<u>463</u>	<u>195</u>
	<u>12,718</u>	<u>9,558</u>

15.CREDITORS	<u>1998</u> £'000	<u>1997</u> £'000
Amounts falling due within one year:		
Trade creditors	7,784	5,629
Amount due to parent company	3,050	3,050
Amounts due to fellow subsidiary undertakings	68,760	54,276
Indirect taxation and social security costs	337	161
Other creditors	<u>1,418</u>	<u>470</u>
	<u>81,349</u>	<u>63,586</u>



# REXAM MEDICAL PACKAGING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.

16.LEASE OBLIGATIONS	<u>1998</u> £'000	<u>1997</u> £'000
Operating lease rentals of plant and machinery etc. payable in 1998 relate to commitments expiring:-		
Within one year	17	3
Between two and five years	<u>226</u>	<u>125</u>
	<u>243</u>	<u>128</u>

## 17.PROVISIONS FOR LIABILITIES AND CHARGES

Movements on the provision for reorganisation were as follows:

	<u>1998</u> £'000	<u>1997</u> £'000
Balance at 1st January	121	1,041
Acquired from other group companies	173	-
Provided	-	115
Provided in respect of acquisitions	3,180	-
Utilised during the year	<u>(1,135)</u>	<u>(1,035)</u>
Balance at 31st December	<u>2,339</u>	<u>121</u>

The balance on the provision relates to relocation & reorganisation costs.

18.SHARE CAPITAL	<u>1998</u> £'000	<u>1997</u> £'000
Authorised:		
11,500,000 Ordinary shares of £1 each	<u>11,500</u>	<u>11,500</u>
Allotted, called up and fully paid:		
11,204,002 Ordinary shares of £1 each	<u>11,204</u>	<u>11,204</u>

# **REXAM MEDICAL PACKAGING LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

### **19.RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS.**

	<u>1998</u> £'000	<u>1997</u> £'000
Loss for the Financial Year	<u>(8,767)</u>	<u>(5,212)</u>
Net Deduction from Shareholders' Funds	(8,767)	(5,212)
Opening Shareholders' Funds	<u>(16,968)</u>	<u>(11,756)</u>
Closing Shareholders' Funds	<u><u>(25,735)</u></u>	<u><u>(16,968)</u></u>

### **20.MOVEMENT ON RESERVES**

	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
At 1st January 1998	1,391	(29,563)	(28,172)
Transfer from Profit & Loss Account	<u>-</u>	<u>(8,767)</u>	<u>(8,767)</u>
At 31st December 1998	<u><u>1,391</u></u>	<u><u>(38,330)</u></u>	<u><u>(36,939)</u></u>

### **21.CAPITAL EXPENDITURE COMMITMENTS**

	<u>1998</u> £'000	<u>1997</u> £'000
For which contracts have been placed	738	283

### **22.CONTINGENT LIABILITIES**

As a member of the Rexam UK Group for VAT purposes, the Company has joint and several liabilities for all amounts due to H.M. Customs & Excise under this arrangement. The group continues to trade profitably and the directors do not foresee the crystallisation of any liability under this arrangement.

# **REXAM MEDICAL PACKAGING LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1998.**

### **23. ACQUISITIONS**

On the 1st January 1998 the company acquired the assets of Rexam Pharmaceutical Packaging, a fellow Rexam group company, from Rexam Packaging Limited for cash consideration of £2,701,000 representing the fair value of the assets acquired.

On the 27th April 1998 the company acquired the business and assets of Lawson Mardon Medical Products from the Lawson Mardon Group for cash consideration of £5,300,000. Goodwill arising on the acquisition has been capitalised in the balance sheet and will be amortised over the expected useful economic life of 20 years. The assets have been included in the balance sheet at fair value at the date of acquisition.

Analysis of the acquisition of Lawson Mardon Medical Products:

Net assets at the date of acquisition:

	Book value £'000	Adjustments: Revaluations £'000	Fair value to company £'000
Tangible Fixed Assets	2,871	(1,126)	1,745
Inventories	1,687		1,687
Debtors	2,723	(20)	2,703
Creditors	(2,212)		(2,212)
Net Assets	<u>5,069</u>	<u>(1,146)</u>	<u>3,923</u>
Acquisition costs charged to goodwill		(322)	(322)
			<u>3,601</u>
Goodwill arising on acquisitions			<u>1,699</u>
			<u>5,300</u>
Discharged by:			
Inter company interest free loan			<u>5,300</u>

Adjustments:

1. Tangible Fixed Assets

Write down in the value of land & buildings	(624)
Write down in the value of plant & machinery	(502)
	<u>(1,126)</u>

2. Debtors

Revaluation of foreign currency balances.	<u>(20)</u>
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The summarised profit and loss account and statement of recognised gains and losses for the period from the start of this company's financial year ( 1st January 1998 ) and the date of acquisition ( 27th April 1998 ) , and of its preceding financial year is:

	1998 £'000	1997 £'000
Turnover	3,447	12,109
Operating Profit	(197)	350
Interest	24	(33)
Exceptional items	(107)	(497)
Profit before tax and after tax	<u>(280)</u>	<u>(180)</u>