

# Smurfit Corrugated Limited

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Company No: 675273

## **DIRECTORS**

R I Buck  
M J Clayton  
J G George  
J E Price  
J A Robertson  
D W Shulver

## **SECRETARY**


R I Buck

## **AUDITORS**

Ernst & Young  
400 Capability Green  
Luton  
LU1 3LU

## **REGISTERED OFFICE**

Mercer House  
Thames Side  
Windsor  
Berkshire  
SL4 1QN

 ERNST & YOUNG



# Smurfit Corrugated Limited

## DIRECTORS' REPORT

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The directors present their report and accounts for the year ended 31 December 1995.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

On 4 January 1995 as part of a group re-organisation the ownership of the company was transferred to another group company. Immediately after the change in the ownership, the assets, liabilities and business of the company were transferred at book values to Smurfit Corrugated UK Limited which is now the immediate parent undertaking of the company. From this date the company's activities ceased and it is not envisaged that it will operate again in the foreseeable future.

### RESULTS AND DIVIDENDS

The company did not trade during the year and recorded neither a profit nor loss (1994: profit of £483,922). No dividend is proposed by the directors.

### FIXED ASSETS

The movements in fixed assets during the period are summarised in notes 9 and 10 to the accounts.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

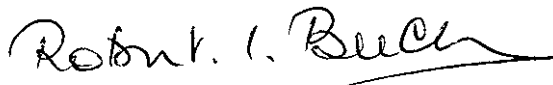
R I Buck  
M J Clayton  
J G George  
J E Price  
J A Robertson  
D W Shulver

No director had any interest in the shares of the company.

### AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

**15 APR 1996**

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.

**REPORT OF THE AUDITORS**  
**to the members of Smurfit Corrugated Limited**

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4, 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.

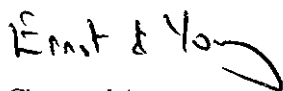
**Basis of opinion**

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 the company's affairs as at 31 December 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditor  
Luton

**15 APR 1996**

# Smurfit Corrugated Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	<i>Notes</i>	<i>Year to 31 December 1995 £</i>	<i>11 months ended 31 December 1994 £</i>
<b>TURNOVER</b>	2	–	81,328,366
Operating costs	3	–	(79,086,320)
<b>OPERATING PROFIT</b>		–	2,242,046
Interest receivable	6	–	75,140
Interest payable and similar charges	7	–	(1,833,264)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		–	483,922
Tax credit on profit on ordinary activities	8	–	–
<b>PROFIT RETAINED FOR THE YEAR</b>		–	483,922

There are no recognised gains or losses other than the prior period profit attributable to the members of the company.

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<i>Year to 31 December 1995 £</i>	<i>11 months ended 31 December 1994 £</i>
Reported profit on ordinary activities before taxation	–	483,922
Difference between historical cost depreciation charge and the actual charge calculated on the relevant amount	–	50,213
Realisation of property revaluation gains of prior years	3,372,929	–
Historical cost profit on ordinary activities before taxation	3,372,929	534,135
Historical cost profit for the year retained after taxation	3,372,929	534,135

# Smurfit Corrugated Limited

## BALANCE SHEET

at 31 December 1995

	Notes	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	9	–	33,499,353
Investments	10	–	1,725,821
		–	35,225,174
<b>CURRENT ASSETS</b>			
Stocks	11	–	4,478,860
Debtors: due within one year	12	–	17,036,258
due in more than one year	12	11,536,429	34,397,078
Cash at bank and in hand		–	7,279
		11,536,429	55,919,475
<b>CREDITORS: amounts falling due within one year</b>	13	–	33,628,914
<b>NET CURRENT ASSETS</b>		11,536,429	22,290,561
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,536,429	57,515,735
<b>CREDITORS: amounts falling due after more than one year</b>	14	–	45,979,306
		11,536,429	11,536,429
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	250,000	250,000
Revaluation reserve	17	–	3,372,929
Profit and loss account	17	11,286,429	7,913,500
	18	11,536,429	11,536,429

*Robert I. Bell*

Director

**15 APR 1996**

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold property and in accordance with applicable accounting standards.

*Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Freehold buildings	- 2.5% per annum
Plant and machinery	- 7.5% per annum
Fixtures and fittings	- 10% per annum
Computer equipment	- 15% per annum
Motor vehicles	- 25% per annum

*Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

*Investments*

Investments are stated at cost less amounts written off or provided.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

*Foreign currency transactions*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 1. ACCOUNTING POLICIES (continued)

#### *Leases and hire purchase commitments*

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

### 2. TURNOVER

Turnover, which is stated net of value added tax and sales of waste materials and has arisen wholly in the United Kingdom, represents amounts invoiced to third parties. Turnover is attributable to one discontinued activity, the manufacture of corrugated fibreboard containers.

### 3. OPERATING COSTS

Operating costs comprise:

	<i>Year to</i>	<i>11 months</i>
	<i>31 December</i>	<i>ended</i>
	<i>1995</i>	<i>31 December</i>
	<i>£</i>	<i>1994</i>
		<i>£</i>
Change in stocks of finished goods and work-in-progress	-	330,362
Raw materials and consumables	-	42,574,845
Staff costs	-	18,751,968
Depreciation		
- owned assets	-	1,836,904
- assets held under finance leases	-	981,785
Operating lease rentals		
- hire of plant and machinery	-	897,268
- land and buildings	-	739,095
Auditors' remuneration	-	-
Redundancy costs	-	61,414
Other operating charges	-	12,912,679
	<u>-</u>	<u>79,086,320</u>

### 4. STAFF COSTS

	<i>Year to</i>	<i>11 months</i>
	<i>31 December</i>	<i>ended</i>
	<i>1995</i>	<i>31 December</i>
	<i>£</i>	<i>1994</i>
		<i>£</i>
Salaries and wages	-	15,038,333
Social security costs	-	1,179,243
Pension costs	-	2,534,392
	<u>-</u>	<u>18,751,968</u>



# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 4. STAFF COSTS (continued)

The average weekly number of employees during the year was as follows:

	<i>Number</i>	<i>Number</i>
Office and management	-	138
Production and sales	-	631
	<u>-</u>	<u>769</u>
	<u>-</u>	<u>769</u>

### 5. DIRECTORS' EMOLUMENTS

	<i>Year to</i>	<i>11 months</i>
	<i>31 December</i>	<i>ended</i>
	<i>1995</i>	<i>31 December</i>
	<i>£</i>	<i>1994</i>
		<i>£</i>
Other emoluments	-	509,845
Compensation for loss of office	-	17,000
	<u>-</u>	<u>526,845</u>
	<u>-</u>	<u>526,845</u>
Remuneration of the highest paid director (excluding pension contributions)	-	80,202
	<u>-</u>	<u>80,202</u>

Included in the above are emoluments of £nil paid by another group company (1994: £139,218).

Directors' emoluments excluding pension contribution, fell within the following ranges:

	<i>Year to</i>	<i>11 months</i>
	<i>31 December</i>	<i>ended</i>
	<i>1995</i>	<i>31 December</i>
	<i>No</i>	<i>1994</i>
		<i>No</i>
£Nil	6	1
£60,001 - £65,000	-	1
£65,001 - £70,000	-	2
£75,001 - £80,000	-	2
£80,001 - £85,000	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 6. INTEREST RECEIVABLE

	<i>Year to</i> <i>31 December</i> <i>1995</i> <i>£</i>	<i>11 months</i> <i>ended</i> <i>31 December</i> <i>1994</i> <i>£</i>
Bank interest	-	75,140
	<u>          </u>	<u>          </u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Year to</i> <i>31 December</i> <i>1995</i> <i>£</i>	<i>11 months</i> <i>ended</i> <i>31 December</i> <i>1994</i> <i>£</i>
On bank loans and overdraft	-	1,028,700
Finance charges payable under finance leases	-	790,831
Other interest	-	13,733
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>1,833,264</u>

### 8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arises in respect of either period.

If full provision has been made for deferred taxation for the period, the tax charge would have been increased by £nil (31 January 1994 - £321,000) as follows:

	<i>Year to</i> <i>31 December</i> <i>1995</i> <i>£</i>	<i>11 months</i> <i>ended</i> <i>31 December</i> <i>1994</i> <i>£</i>
Capital allowances in advance of depreciation	-	70,274
Other timing differences	-	(773,986)
Tax losses	-	1,025,145
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>321,433</u>

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Plant and equipment</i>	<i>Total</i>
	£	£	£
Cost or valuation:			
At 1 January 1995	7,666,559	44,914,756	52,581,315
Transferred to parent undertaking	(7,666,559)	(44,914,756)	(52,581,315)
At 31 December 1995	—	—	—
Accumulated depreciation:			
At 1 January 1995	619,045	18,462,917	19,081,962
Transferred to parent undertaking	(619,045)	(18,462,917)	(19,081,962)
At 31 December 1995	—	—	—
Net book value:			
At 31 December 1995	—	—	—
At 31 December 1994	<u>7,047,514</u>	<u>26,451,839</u>	<u>33,499,353</u>

### 10. INVESTMENTS

	<i>Shares</i>	<i>Loan</i>	<i>Total</i>
	£	£	£
Cost or valuation:			
At 1 January 1995	2,649,728	10,000	2,659,728
Additions	9,510,000	—	9,510,000
Transferred to parent undertaking	(12,159,728)	(10,000)	(12,169,728)
At 31 December 1995	—	—	—
Provision for diminution in value:			
At 1 January 1995	933,907	—	933,907
Transferred to parent undertaking	(933,907)	—	(933,907)
At 31 December 1995	—	—	—
Net book value:			
At 31 December 1995	—	—	—
At 31 December 1994	<u>1,715,821</u>	<u>10,000</u>	<u>1,725,821</u>

On 4 January 1995, in order to facilitate a group re-organisation, the company sold its investments in its subsidiary undertakings to Smurfit Corrugated Holdings at book values.

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 11. STOCKS

	<i>1995</i>	<i>1994</i>
	£	£
Raw materials and consumables	–	3,462,018
Work in progress	–	165,826
Finished goods	–	851,016
	<u>–</u>	<u>4,478,860</u>

### 12. DEBTORS

	<i>1995</i>	<i>1994</i>
	£	£
Due within one year:		
Trade debtors	–	13,555,360
Owed by subsidiary undertakings	–	2,385,694
Other debtors	–	265,293
Prepayments	–	829,911
	<u>–</u>	<u>17,036,258</u>
Due in more than one year:		
Owed by fellow subsidiary undertakings	–	34,397,078
Owed by parent undertaking	11,536,429	–
	<u>11,536,429</u>	<u>51,433,336</u>

The amount due from the parent undertaking is interest free and there is no set date for repayment.

### 13. CREDITORS: amounts falling due within one year

	<i>1995</i>	<i>1994</i>
	£	£
Current instalments on bank loans	–	9,399,677
Bank overdraft	–	3,267,821
Obligations under finance leases	–	1,372,583
Trade creditors	–	8,653,829
Owed to subsidiary undertakings	–	2,465,768
Other taxes and social security costs	–	872,930
Other creditors	–	1,765,794
Accruals	–	5,830,512
	<u>–</u>	<u>33,628,914</u>

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

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

	1995	1994
	£	£
Obligations under finance leases:		
- Between one and five years	-	7,355,776
Loans from group undertakings:		
- Parent undertakings	-	34,378,224
- Subsidiary undertakings	-	4,245,306
	<u>-</u>	<u>45,979,306</u>

### 15. DEFERRED TAXATION

No provision for deferred taxation is required at 31 December 1995. Deferred tax not provided in the accounts is as follows:

	1995	1994
	£	£
Capital allowances in advance of depreciation	-	3,667,929
Other timing differences	-	(1,209,631)
	<u>-</u>	<u>2,458,298</u>

### 16. CALLED UP SHARE CAPITAL

	£
1 January 1995 and 31 December 1995	
Authorised, allotted, called up and fully paid: 250,000 ordinary shares of £1 each	<u>250,000</u>

### 17. RESERVES

	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 February 1994	3,423,132	7,379,375	10,802,507
Retained profit	-	483,922	483,922
Excess depreciation on property revaluation	(50,203)	50,203	-
At 1 January 1995	<u>3,372,929</u>	<u>7,913,500</u>	<u>11,286,429</u>
Realised revaluation surplus on sale of fixed assets	(3,372,929)	3,372,929	-
At 31 December 1995	<u>-</u>	<u>11,286,429</u>	<u>11,286,429</u>

# Smurfit Corrugated Limited

## NOTES TO THE ACCOUNTS

at 31 December 1995

### 18. RECONCILIATION OF MOVEMENTS ON SHAREHOLDER'S FUNDS

	1995	1994
	£	£
Profit attributable to members	–	483,922
Opening shareholders' funds	11,536,429	11,052,507
Closing shareholders' funds	<u>11,536,429</u>	<u>11,536,429</u>

### 19. CONTINGENT LIABILITIES

The company and certain fellow subsidiary undertakings have entered into cross-guarantees with National Westminster Bank PLC in respect of the group's overdraft facilities.

### 20. LEASE COMMITMENTS

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as set out below:

	31 December 1995		31 December 1994	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Leases which expire:				
Within one year	–	–	–	923,698
Within two to five years	–	–	240,000	584,755
After five years	–	–	471,267	20,347
	<u>–</u>	<u>–</u>	<u>711,267</u>	<u>1,528,800</u>

### 21. CAPITAL COMMITMENTS

	1995	1994
	£	£
Contracted for but not provided in the financial statements	<u>–</u>	<u>–</u>
Authorised but not yet contracted for	<u>–</u>	<u>–</u>

### 22. ULTIMATE PARENT UNDERTAKING

In the opinion of the directors the ultimate parent undertaking is Jefferson Smurfit Group plc, a company incorporated in Ireland. Jefferson Smurfit Group plc is the parent undertaking of the smallest and largest group of companies for which group accounts are prepared and of which the company is a member. Copies of the accounts of this company may be obtained from Jefferson Smurfit Group plc, Beech Hill, Clonskeagh, Dublin 4, Ireland.