

REGISTRAR

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UK CORRUGATED LIMITED

formerly

SMURFIT CORRUGATED CASES (TAMWORTH) LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1984

Robertson Maxtone Temple Gothard,  
Chartered Accountants,  
33/34, Chancery Lane, London, WC2A 1EW.



UK CORRUGATED LIMITED

DIRECTORS' REPORT

Directors: J.D. Bence  
J.A. Breeden  
R.I. Buck  
P.S. Butterick  
D.G. Johnson  
J. Trotman

Secretary: P.S. Butterick

Registered office: 24/30 King Street,  
Watford,  
Hertfordshire,  
WD1 8BP.

The directors present their report for the year ended 31st December 1984.

**RESULTS AND DIVIDENDS**

The directors submit the audited financial statements for the year ended 31st December 1984.

The results for the year, as set out on page 4, reflect a loss after taxation and extraordinary items of £1,256,098. No dividend is proposed by the directors.

**PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS**

The principal activity of the company is the manufacture of corrugated containers.

In connection with the rationalisation of the new group, the trade and net assets of the Nelson, West Auckland, High Wycombe, Gosport and Irvine plants together with the head office staff and organisation were transferred from other group companies with effect from 1st January 1984. In addition, the group structure was amended with effect from the same date so that the company became the parent company of all the subsidiary companies listed in note 10 to the financial statements and is itself the wholly-owned subsidiary of MacMillan Smurfit SCA Limited.

The company changed its name from Smurfit Corrugated Cases (Tamworth) Limited on 29th February 1984.

The directors expect the results for 1985 to be an improvement over those for 1984.

**FIXED ASSETS**

The movements in fixed assets during the year are summarised in the notes to the financial statements.

In the opinion of the directors the current value of the land and buildings is not significantly different from the amount included in the financial statements.

UK CORRUGATED LIMITED

DIRECTORS' REPORT

CONTINUED

DIRECTORS

In addition to the directors listed above, who were all appointed to the board on 29th February 1984, the directors of the company during the year ended 31st December 1984 were Messrs. D.R. Lewis and R. Sly who resigned on 1st June 1984, Messrs. R.A. Dowson, E.H. Marron, A. McIntosh, D.R.T. Spencer and A.J. Tucker, who all resigned on 29th February 1984 and Mr. K.E. Pritchard who served from 29th February 1984 to 13th September 1984.

None of the directors had a beneficial or non-beneficial interest in the shares of the company or in any other group company.

EMPLOYEE INVOLVEMENT

Following its formation a newsletter was published describing the new group. The first steps were taken to set up group wide consultative arrangements with Union full time and lay representatives. A management policy on communication and consultation was approved and is being implemented at the plants.

DISABLED PERSONS

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company's employment.

CHARITABLE DONATIONS

During the year the company made various charitable donations totalling £735.

AUDITORS

In accordance with Section 14 of the Companies Act 1976, a resolution proposing the re-appointment of Messrs. Robertson Maxtone Temple Gothard as auditors to the company will be put to the Annual General Meeting.

By order of the Board,



P.S. BUTTERICK,

Secretary.

9th May 1985

REPORT OF THE AUDITORS TO THE MEMBERS OF

UK CORRUGATED LIMITED

We have audited the financial statements on pages 4 to 16 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared on the historical cost basis of accounting as modified by the revaluation of certain freehold land and buildings, give a true and fair view of the state of affairs of the company at 31st December 1984 and of the loss for the year ended on that date and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

*Robertson Maxtone Temple Gothard*  
ROBERTSON MAXTONE TEMPLE GOTHARD,

9th May 1985

Chartered Accountants.

UK CORRUGATED LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1984

	Note	£	<u>1983</u> £
TURNOVER	3	<u>36,051,163</u>	<u>11,332,127</u>
OPERATING PROFIT	4	1,359,159	793,420
Interest payable	6	<u>(2,329,021)</u>	<u>(3,239)</u>
(LOSS)/PROFIT on ordinary activities before taxation		(969,862)	790,181
Taxation on (loss)/profit on ordinary activities	7	-	-
(LOSS)/PROFIT on ordinary activities after taxation		(969,862)	790,181
Extraordinary items	8	<u>(286,236)</u>	<u>-</u>
(Loss)/profit for the financial year		(1,256,098)	790,181
Retained profit brought forward		<u>2,206,074</u>	<u>1,415,893</u>
RETAINED PROFIT carried forward		<u>£949,976</u>	<u>£2,206,074</u>

UK CORRUGATED LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1984

	Note	£	£	£	1983	£
<b>FIXED ASSETS</b>						
Tangible assets	9		6,483,097			2,035,708
Investments	10		14,855,379			-
			<u>21,338,476</u>			<u>2,035,708</u>
<b>CURRENT ASSETS</b>						
Stocks	11	2,491,334		639,163		
Debtors	12	22,007,771		3,301,810		
Cash at bank and in hand		3,650,204		323,606		
		<u>28,149,309</u>		<u>4,264,579</u>		
CREDITORS: amounts falling due within one year	13	10,295,548		2,631,717		
<b>NET CURRENT ASSETS</b>			<u>17,853,761</u>			<u>1,632,862</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>39,192,237</u>			<u>3,668,570</u>
CREDITORS: amounts due after more than one year	14	36,474,863		-		
PROVISIONS FOR LIABILITIES AND CHARGES	15	180,000		-		
			<u>36,654,863</u>			<u>-</u>
<b>NET ASSETS</b>			<u><u>£2,537,374</u></u>			<u><u>£3,668,570</u></u>
<b>CAPITAL AND RESERVES</b>						
Called up share capital	17		250,000			250,000
Revaluation reserve			1,212,496			1,212,496
Other reserves			124,902			-
Profit and loss account			949,976			2,206,074
			<u>£2,537,374</u>			<u>£3,668,570</u>

Approved by the board  
on 9th May 1985

J.D. BENCE )  
                  ) Directors  
ROBERT I. BUCK )

*Robert I. Buck*  
*[Signature]*

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

1. CHANGES IN COMPANY STRUCTURE

With effect from 1st January 1984 the company acquired the trade and net assets of the Nelson, West Auckland, High Wycombe, Gosport and Irvine plants together with the Watford Head Office from other group companies.

With effect from 1st January 1984 the company also acquired the wholly-owned subsidiary companies UK Corrugated (Properties) Limited (formerly Smurfit Corrugated Cases Limited) and UK Corrugated (1983) Limited from the group holding company. Thereby, the company became the parent company of all the subsidiary companies listed in note 10.

Consolidated accounts are not prepared as the company is the wholly-owned subsidiary of MacMillan Smurfit SCA Limited, registered in England, the ultimate holding company.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis of accounting, modified to include the revaluation of certain freehold land and buildings.

TANGIBLE FIXED ASSETS

Tangible fixed assets are included at the net cost to the company after deducting investment, building and development area grants received or estimated to be receivable or at valuation in 1978 in the case of certain freehold land and buildings.

Assets transferred between companies in the group are recorded at the cost to the group company together with the cumulative depreciation provided thereon.

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

2. ACCOUNTING POLICIES (continued)

DEPRECIATION

Buildings and plant in course of construction and freehold land are not depreciated. The cost or valuation of all other tangible assets is written off over the expected useful life of the asset on a straight line basis.

The principal annual rates are 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

Raw materials, consumables and other stocks are valued at the lower of cost or net realisable value after conversion into the company's products and work in progress and finished goods at the lower of factory cost or net realisable value.

DEFERRED TAXATION

Provision is made for deferred taxation, under the liability method, on all material timing differences which are not expected to continue for the foreseeable future.

LEASING

Rentals payable under all leases are charged to income as incurred.

3. TURNOVER

The turnover and operating profit before taxation are attributable to the principal activity of the company. Turnover represents the invoiced value of goods supplied during the year, excluding sales of waste materials and value added tax, to United Kingdom customers.



UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

4. OPERATING PROFIT

	<u>1984</u>	11 months <u>1983</u>
Turnover	36,051,163	11,332,127
Cost of sales	<u>30,572,501</u>	<u>9,465,143</u>
Gross profit	5,478,662	1,866,984
Distribution costs	1,714,378	530,844
Administrative expenses	<u>2,405,125</u>	<u>542,720</u>
	<u>£1,359,159</u>	<u>£793,420</u>

Operating profit is stated after charging the following:

Depreciation of tangible fixed assets	583,007	129,753
Hire of plant and machinery	323,836	206,817
Auditors' remuneration	16,600	4,736

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

5. EMPLOYEES AND DIRECTORS

	<u>1984</u>	11 months <u>1983</u>
Staff costs:		
Salaries and wages	8,006,477	2,179,855
Social security costs	605,972	190,011
Other pension costs	53,587	1,369
	<u>£8,666,036</u>	<u>£2,371,235</u>

The average number of persons employed by the company (including directors) during the year was as follows:

	Number	Number
Office and management	89	38
Production and sales	774	280
	<u>863</u>	<u>318</u>

Staff costs include the following in respect of directors:

Other emoluments	<u>£237,938</u>	<u>£73,283</u>
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Excluding pension contributions, the emoluments of the chairman and highest paid director were £51,681 (1983 chairman £Nil and highest paid director £20,778). The emoluments of the other directors were within the following scales:

	Number	Number
£Nil - £5,000	6	1
£5,001 - £10,000	1	-
£10,001 - £15,000	1	4
£25,001 - £30,000	4	-
£30,001 - £35,000	1	-

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

6. INTEREST PAYABLE

	<u>1984</u>	11 months <u>1983</u>
On bank overdraft and loans repayable within five years	1,285,132	3,239
To group companies	<u>1,043,889</u>	<u>-</u>
	<u>£2,329,021</u>	<u>£3,239</u>

7. TAXATION

No taxation charge or credit arises in respect of either period. The estimated corporation tax liability for the year ended 31st December 1984 of approximately £225,000 at 46.25% is expected to be covered by losses brought forward and by losses surrendered by group companies for nil consideration.

8. EXTRAORDINARY ITEMS

	<u>1984</u>	<u>1983</u>
Reorganisation and redundancy costs	<u>£286,236</u>	<u>-</u>

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
Cost or valuation:				
At 1st January 1984	1,228,290	1,997,025	12,443	3,237,758
Additions	-	196,769	-	196,769
Disposals	-	(34,001)	(85,235)	(119,236)
Net group transfers	2,968,821	4,898,112	193,414	8,060,347
	<u>4,197,111</u>	<u>7,057,905</u>	<u>120,622</u>	<u>11,375,638</u>
At 31st December 1984				
Depreciation:				
At 1st January 1984	38,810	1,150,797	12,443	1,202,050
Charge for the year	83,714	477,922	21,371	583,007
Disposals	-	(25,289)	(79,750)	(105,039)
Net group transfers	391,699	2,682,230	138,594	3,212,523
	<u>514,223</u>	<u>4,285,660</u>	<u>92,658</u>	<u>4,892,541</u>
At 31st December 1984				
Net book value:				
At 31st December 1984	<u>£3,682,888</u>	<u>£2,772,245</u>	<u>£27,964</u>	<u>£6,483,097</u>
At 31st December 1983	<u>£1,189,480</u>	<u>£846,228</u>	<u>-</u>	<u>£2,035,708</u>
		Freehold land	Freehold buildings	Total
Land and buildings represent:				
Valuation in 1978		400,000	650,000	1,050,000
Cost		290,010	2,857,101	3,147,111
		<u>£690,010</u>	<u>£3,507,101</u>	<u>£4,197,111</u>

Historical cost figures for the revalued land and buildings and the related depreciation are:

Historical cost	237,514
Depreciation	<u>26,590</u>
Net book value	<u>£210,924</u>

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

9. TANGIBLE FIXED ASSETS (continued)

Included in plant and equipment is manufacturing plant valued in 1983 at £400,000. This is an item of leased plant which is in the process of being purchased.

10. INVESTMENTS IN SUBSIDIARIES

The balance at 31st December 1984 represents the acquisitions at cost during the year of the following companies, which are all wholly-owned and registered in England unless stated otherwise:

UK Corrugated (Southern) Limited  
UK Corrugated (North West) Limited  
UK Corrugated (Sheet Sales) Limited  
UKC Lairds Limited - registered in Scotland  
UK Corrugated (Preprint) Limited  
UK Corrugated (Properties) Limited  
UK Corrugated (1984) Limited  
UK Corrugated (1983) Limited  
Smurfit Corrugated Holdings Limited  
Pakfast Limited  
Scotpack Limited - registered in Scotland

11. STOCKS

	<u>1984</u>	<u>1983</u>
Raw materials and consumables	1,738,390	328,868
Work in progress	216,400	65,539
Finished goods	419,712	208,721
Other	116,832	36,035
	<u>£2,491,334</u>	<u>£639,163</u>

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

12. DEBTORS

	<u>1984</u>	<u>1983</u>
Due within one year:		
Trade debtors	7,266,037	2,593,214
Owed by group companies	159,201	661,337
Other debtors	43,329	650
Prepayments	198,731	46,609
	<u>7,667,298</u>	<u>3,301,810</u>
Due in more than one year:		
Owed by group companies	14,340,473	-
	<u>£22,007,771</u>	<u>£3,301,810</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1984</u>	<u>1983</u>
Bank overdraft	615,496	-
Trade creditors	5,476,929	1,735,540
Owed to group companies	469,593	217,736
Other taxes and social security costs	1,762,826	155,591
Other creditors	389,674	371,499
Accruals	1,581,030	151,351
	<u>£10,295,548</u>	<u>£2,631,717</u>

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

14. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR	<u>1984</u>	<u>1983</u>
Bank loan	863,000	
Within 2 to 5 years	8,637,000	
In 5 years or more by instalment		
Interest at 0.625% above LIBOR	<u>9,500,000</u>	-
Loans from group companies		
Within 1 to 2 years	18,185,092	
In 2 years or more by instalment	789,771	
Interest free. Approximately £180,000 falls due for payment after 5 years.		
In 5 years or more other than by instalment	8,000,000	
Interest at 1% above National Westminster Bank base rate. Repayable on or before 31st October 1998.		
	<u>26,974,863</u>	-
	<u>£36,474,863</u>	<u>£ -</u>
15. PROVISIONS FOR LIABILITIES AND CHARGES	<u>1984</u>	<u>1983</u>
Provisions for reorganisation costs	<u>£180,000</u>	<u>£ -</u>

UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

16. DEFERRED TAXATION

No provision for deferred taxation is required at 31st December 1984. Potential tax liabilities, which are not expected to crystallise in the future, exist in respect of:

	<u>1984</u>	<u>1983</u>
Accelerated capital allowances	1,111,000	267,000
Short-term timing differences	(111,000)	(9,000)
Other timing differences	(429,000)	-
	<u>£ 571,000</u>	<u>£258,000</u>

Taxation liabilities totalling approximately £610,000 would arise on the disposal of land and buildings at their book values as these include revaluation increments in excess of their cost base for taxation purposes.

17. CALLED UP SHARE CAPITAL

	<u>1984</u>	<u>1983</u>
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>

18. CAPITAL COMMITMENTS

The following capital expenditure has been authorised:

	<u>1984</u>	<u>1983</u>
Contracted	£275,000	£ -
Not contracted	£ -	£ -
	<u>£275,000</u>	<u>£ -</u>



UK CORRUGATED LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 1984

19. CONTINGENT LIABILITIES

The company, together with the other group companies, has guaranteed bank overdrafts and loans of the group which at 31st December 1984 totalled £9,500,000 (1983 £9,500,000).

At 31st December 1984 leasing commitments payable over the next seven years amount to approximately £1,260,000 (1983 £250,000) and certain group leasing commitments totalling approximately £850,000 have been guaranteed (1983 £1,200,000).