

**SHRINKWRAP MACHINERY COMPANY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST OCTOBER 1998**



**SHRINKWRAP MACHINERY COMPANY LIMITED**

**COMPANY INFORMATION**

|                   |                                                                                                                                            |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Directors         | Mr. D.A. Frith<br>Mrs. B.M. Frith                                                                                                          |
| Secretary         | Mrs. B.M. Frith                                                                                                                            |
| Company Number    | 918708 (England and Wales)                                                                                                                 |
| Registered Office | Unit 4<br>Sterte Industrial Estate<br>145 Sterte Road<br>Poole<br>Dorset<br>BH15 2AF                                                       |
| Auditors          | Princecroft Redman<br>Chartered Accountants and<br>Registered Auditors<br>Fleet Court<br>New Fields<br>Stinsford Road<br>Poole<br>BH17 0NF |
| Bankers           | Lloyds Bank Plc<br>101 High Street<br>Poole<br>Dorset<br>BH15 1AJ                                                                          |

**SHRINKWRAP MACHINERY COMPANY LIMITED**

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## SHRINKWRAP MACHINERY COMPANY LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31ST OCTOBER 1998

The directors present their report and the financial statements for the year ended 31st October 1998.

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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.

#### **Principal activity**

The company's principal activity continues to be that of the manufacture and sale of shrinkwrapping and packaging machinery and spares.

#### **Directors**

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

|                 | <u>Number of Shares</u>     |                             |
|-----------------|-----------------------------|-----------------------------|
|                 | <u>At 31st October 1998</u> | <u>At 1st November 1997</u> |
| Mr. D.A. Frith  | 1,650                       | 1,650                       |
| Mrs. B.M. Frith | 1,650                       | 1,650                       |

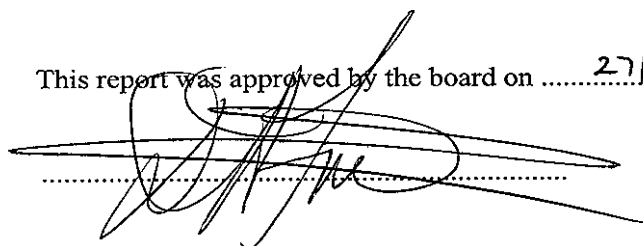
#### **Auditors**

The auditors, Princecroft Redman, the successor firm to Redman & Roker will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

#### **Small company rules**

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

This report was approved by the board on 27/4/99 and signed on its behalf.



D. A. FRITH

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**SHRINKWRAP MACHINERY COMPANY LIMITED**

We have audited the financial statements on Pages 3 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on Pages 5 and 6.

**Respective responsibilities of the directors and auditors**

As described on Page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

*Princecroft Redman .*

PRINCECROFT REDMAN  
Chartered Accountants and  
Registered Auditors  
Fleet Court  
New Fields  
Stinsford Road  
POOLE  
Dorset  
BH17 0NF

30th April 1999

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER 1998**

|                                                      | <b><u>Notes</u></b> | <b><u>1998</u></b><br><b><u>£</u></b> | <b><u>1997</u></b><br><b><u>£</u></b> |
|------------------------------------------------------|---------------------|---------------------------------------|---------------------------------------|
| <b>Turnover</b>                                      | 1,2                 | 650,627                               | 602,034                               |
| Cost of sales                                        |                     | <u>(449,643)</u>                      | <u>(377,371)</u>                      |
| <b>Gross profit</b>                                  |                     | 200,984                               | 224,663                               |
| Distribution costs                                   |                     | <u>(53,994)</u>                       | <u>(59,257)</u>                       |
| Administrative expenses                              |                     | <u>(68,041)</u>                       | <u>(62,637)</u>                       |
| <b>Operating profit</b>                              | 3                   | 78,949                                | 102,769                               |
| Interest receivable                                  |                     | 3,653                                 | 681                                   |
| Interest payable                                     |                     | <u>(6,083)</u>                        | <u>(7,404)</u>                        |
| <b>Profit on ordinary activities before taxation</b> |                     | 76,519                                | 96,046                                |
| <b>Taxation on profit on ordinary activities</b>     | 4                   | <u>(16,349)</u>                       | <u>(21,551)</u>                       |
| <b>Profit on ordinary activities after taxation</b>  |                     | 60,170                                | 74,495                                |
| Dividends                                            | 5                   | <u>(22,500)</u>                       | <u>(22,500)</u>                       |
| <b>Retained profit for the year</b>                  |                     | 37,670                                | 51,995                                |
| <b>Retained profit brought forward</b>               |                     | <u>79,440</u>                         | <u>27,445</u>                         |
| <b>Retained profit carried forward</b>               |                     | <u>117,110</u>                        | <u>79,440</u>                         |

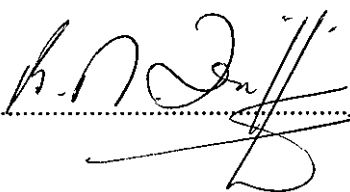
The notes on Pages 5 to 8 form part of these financial statements.

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**BALANCE SHEET AS AT 31ST OCTOBER 1998**

|                                                                | <u>Notes</u> | <u>1998</u>      | <u>1997</u>     |
|----------------------------------------------------------------|--------------|------------------|-----------------|
|                                                                |              | £                | £               |
| <b>Fixed assets</b>                                            |              |                  |                 |
| Tangible assets                                                | 6            | 74,636           | 68,419          |
| <b>Current assets</b>                                          |              |                  |                 |
| Stocks                                                         |              | 34,915           | 35,926          |
| Debtors                                                        | 7            | 58,330           | 88,369          |
| Cash at bank and in hand                                       |              | 117,443          | 28,420          |
|                                                                |              | <u>210,688</u>   | <u>152,715</u>  |
| <b>Creditors: amounts falling due within one year</b>          | 8            | <u>(135,559)</u> | <u>(95,680)</u> |
| <b>Net current assets</b>                                      |              | <u>75,129</u>    | <u>57,035</u>   |
| <b>Total assets less current liabilities</b>                   |              | 149,765          | 125,454         |
| <b>Creditors: amounts falling due after more than one year</b> | 9            | <u>(24,317)</u>  | <u>(38,610)</u> |
|                                                                |              | 125,448          | 86,844          |
| <b>Provisions for liabilities and charges</b>                  |              |                  |                 |
| Deferred tax                                                   | 10           | <u>(1,135)</u>   | <u>(201)</u>    |
| <b>Net assets</b>                                              |              | <u>124,313</u>   | <u>86,643</u>   |
| <b>Capital and reserves</b>                                    |              |                  |                 |
| Called up share capital                                        | 11           | 6,000            | 6,000           |
| Other reserves                                                 |              | 1,203            | 1,203           |
| Profit and loss account                                        |              | <u>117,110</u>   | <u>79,440</u>   |
| <b>Shareholders' funds</b>                                     |              | <u>124,313</u>   | <u>86,643</u>   |

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities, were approved by the board on .....27/4/99..... and signed on its behalf.

.......... **B.M. FRITH**  
Director

The notes on Pages 5 to 8 form part of these financial statements.

## **SHRINKWRAP MACHINERY COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 1998**

#### **1. Accounting policies**

##### **1.1. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention.

##### **1.2. Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax.

##### **1.3. Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                         |   |                             |
|-------------------------|---|-----------------------------|
| Motor Vehicles          | — | 25% reducing balance basis  |
| Plant and Machinery     | — | 25% reducing balance basis  |
| Furniture and Equipment | — | 15% reducing balance basis  |
| Computer Equipment      | — | 3 years straight line basis |
| Copying Equipment       | — | 5 years straight line basis |

##### **1.4. Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.5. Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

##### **1.6. Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### **1.7. Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet Date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

##### **1.8. Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 1998**

**1.9. Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. Turnover**

In the year to 31st October 1998 65% of the company's turnover was to markets outside the United Kingdom (1997 — 44%).

**3. Operating profit**

The operating profit is stated after charging:-

|                                       | <u>1998</u>   | <u>1997</u>  |
|---------------------------------------|---------------|--------------|
|                                       | <u>£</u>      | <u>£</u>     |
| Depreciation of tangible fixed assets |               |              |
| - owned by the company                | 12,828        | 9,306        |
| - held under finance leases           | 10,963        | 10,496       |
| Auditors' remuneration                | 1,200         | 1,200        |
| Operating lease costs                 |               |              |
| - land and buildings                  | 21,172        | 19,089       |
| Directors' emoluments                 | 7,000         | 9,519        |
| Pension costs                         | <u>11,790</u> | <u>6,642</u> |

**4. Taxation**

|                           | <u>1998</u>   | <u>1997</u>   |
|---------------------------|---------------|---------------|
|                           | <u>£</u>      | <u>£</u>      |
| UK current year taxation  |               |               |
| UK Corporation tax at 21% | 15,415        | 22,339        |
| Deferred taxation         | 934           | (788)         |
|                           | <u>16,349</u> | <u>21,551</u> |

**5. Dividends**

|                                               | <u>1998</u>   | <u>1997</u>   |
|-----------------------------------------------|---------------|---------------|
|                                               | <u>£</u>      | <u>£</u>      |
| Interim dividends of £3.75 per ordinary share | <u>22,500</u> | <u>22,500</u> |

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 1998**

**6. Tangible fixed assets**

|                        | <b><u>Motor<br/>Vehicles</u></b> | <b><u>Plant and<br/>Machinery</u></b> | <b><u>Furniture and<br/>Equipment</u></b> | <b><u>Total</u></b> |
|------------------------|----------------------------------|---------------------------------------|-------------------------------------------|---------------------|
|                        | <b><u>£</u></b>                  | <b><u>£</u></b>                       | <b><u>£</u></b>                           | <b><u>£</u></b>     |
| <b>Cost</b>            |                                  |                                       |                                           |                     |
| At 1st November 1997   | 38,485                           | 54,919                                | 42,870                                    | 136,274             |
| Additions              | 12,216                           | 14,310                                | 3,482                                     | 30,008              |
| At 31st October 1998   | <u>50,701</u>                    | <u>69,229</u>                         | <u>46,352</u>                             | <u>166,282</u>      |
| <b>Depreciation</b>    |                                  |                                       |                                           |                     |
| At 1st November 1997   | 17,525                           | 36,075                                | 14,255                                    | 67,855              |
| Charge for year        | 8,293                            | 8,284                                 | 7,214                                     | 23,791              |
| At 31st October 1998   | <u>25,818</u>                    | <u>44,359</u>                         | <u>21,469</u>                             | <u>91,646</u>       |
| <b>Net book values</b> |                                  |                                       |                                           |                     |
| At 31st October 1998   | <u>24,883</u>                    | <u>24,870</u>                         | <u>24,883</u>                             | <u>74,636</u>       |
| At 31st October 1997   | <u>20,960</u>                    | <u>18,844</u>                         | <u>28,615</u>                             | <u>68,419</u>       |

Included above are plant and machinery held under finance leases or hire purchase contracts amounting to £43,292 (1997 — £58,028).

**7. Debtors**

|                            | <b><u>1998</u></b> | <b><u>1997</u></b> |
|----------------------------|--------------------|--------------------|
|                            | <b><u>£</u></b>    | <b><u>£</u></b>    |
| <b>Due within one year</b> |                    |                    |
| Trade debtors              | 49,523             | 82,030             |
| Other debtors              | 8,807              | 6,339              |
|                            | <u>58,330</u>      | <u>88,369</u>      |

**8. Creditors: amounts falling due within one year**

|                                                                  | <b><u>1998</u></b> | <b><u>1997</u></b> |
|------------------------------------------------------------------|--------------------|--------------------|
|                                                                  | <b><u>£</u></b>    | <b><u>£</u></b>    |
| Net obligations under hire purchase contracts and finance leases | 14,293             | 13,917             |
| Corporation tax                                                  | 12,915             | 18,589             |
| Other creditors                                                  | 108,351            | 63,174             |
|                                                                  | <u>135,559</u>     | <u>95,680</u>      |

Included within other creditors is an amount of £5,415 (1997 — £6,529) relating to social security and other taxes.

**9. Creditors: amounts falling due after more than one year**

|                                                                  | <b><u>1998</u></b> | <b><u>1997</u></b> |
|------------------------------------------------------------------|--------------------|--------------------|
|                                                                  | <b><u>£</u></b>    | <b><u>£</u></b>    |
| Net obligations under hire purchase contracts and finance leases | <u>24,317</u>      | <u>38,610</u>      |

**SHRINKWRAP MACHINERY COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 1998**

**10. Deferred taxation**

|                              | <u>1998</u>  | <u>1997</u> |
|------------------------------|--------------|-------------|
|                              | <u>£</u>     | <u>£</u>    |
| Balance at 1st November 1997 | 201          | 989         |
| Charge (credit) for the year | 934          | (788)       |
| Balance at 31st October 1998 | <u>1,135</u> | <u>201</u>  |

The provision for deferred taxation is made up of accelerated capital allowances.

**11. Called up share capital**

|                                                                  | <u>1998</u>  | <u>1997</u>  |
|------------------------------------------------------------------|--------------|--------------|
|                                                                  | <u>£</u>     | <u>£</u>     |
| Authorised<br>Ordinary shares of £1 each                         | <u>6,000</u> | <u>6,000</u> |
| Allotted, called up and fully paid<br>Ordinary shares of £1 each | <u>6,000</u> | <u>6,000</u> |

**12. Contingent liabilities**

The company had no contingent liabilities at 31st October 1998 and 31st October 1997.

**13. Capital commitments**

There were no capital commitments at 31st October 1998 and 31st October 1997.