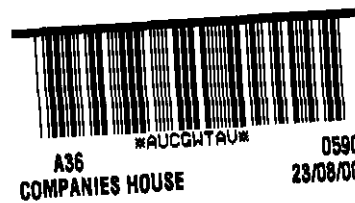


SHRINKWRAP MACHINERY COMPANY LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST OCTOBER 1999



SHRINKWRAP MACHINERY COMPANY LIMITED

COMPANY INFORMATION

Directors	Mrs Brenda Mary Frith Mr David Arthur Frith
Secretary	Mrs Brenda Mary Frith
Company Number	918708
Registered Office	Sterte Industrial Estate 145 Sterte Road Poole Dorset BH15 2AF
Auditors	Princecroft Redman Fleet Court Stinsford Road Poole Dorset BH17 0NF
Bankers	Lloyds Bank plc 101 High Street Poole Dorset BH15 1AJ

SHRINKWRAP MACHINERY COMPANY LIMITED

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SHRINKWRAP MACHINERY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1999

The directors present their report together with the audited accounts for the year ended 31st October 1999.

Principal Activities

The company's principal activity continued 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 share capital were:

	Ordinary Shares	
	31st October 1999	1st November 1998
Mrs Brenda Mary Frith	1,650	1,650
Mr David Arthur Frith	1,650	1,650

Political and Charitable Contributions

During the year the company made the following political and charitable contributions:

	£
Children in Need	250
Children's Wish	200
Other Charitable Contributions	20

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

SHRINKWRAP MACHINERY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1999

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 the company's affairs and of the profit or loss for that year. In preparing these accounts 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 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.

Auditors

A resolution to reappoint Princecroft Redman Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on , and signed on its behalf.



Mrs Brenda Mary Frith, Secretary

Date: 22/8/00

AUDITORS' REPORT TO THE

SHAREHOLDERS OF SHRINKWRAP MACHINERY COMPANY LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 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 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 the 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 31st October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Princecroft Redman

Princecroft Redman
Chartered Accountants and Registered Auditors
Fleet Court
Stinsford Road
Poole
Dorset
BH17 0NF
Date: 22/8/00

SHRINKWRAP MACHINERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER 1999

	Notes	1999 £	1998 £
Turnover	2	666,596	650,627
Cost of Sales		460,498	449,643
Gross Profit		206,098	200,984
Distribution Costs		66,537	53,994
Administrative Expenses		71,500	68,041
		68,061	78,949
Other operating income		249	-
Operating Profit	3	68,310	78,949
Interest Receivable		2,381	3,653
Interest Payable and Similar Charges	4	(4,644)	(6,083)
Profit on Ordinary Activities before Taxation		66,047	76,519
Tax on profit on ordinary activities	7	13,770	16,349
Profit for the Financial Year		52,277	60,170
Dividends	8	22,500	22,500
Retained Profit for the Year	15	29,777	37,670
Retained Profit Brought Forward		117,110	79,440
Retained Profit Carried Forward		146,887	117,110

SHRINKWRAP MACHINERY COMPANY LIMITED

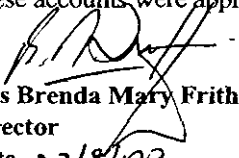
BALANCE SHEET

AS AT 31ST OCTOBER 1999

	Notes	£	1999 £	£	1998 £
Fixed Assets					
Tangible assets	9		71,311		74,636
Current Assets					
Stocks		18,000		34,915	
Debtors	10	66,317		58,330	
Cash at bank and in hand		106,796		120,060	
			191,113	213,305	
Creditors: Amounts Falling Due Within One Year	11	89,902		138,176	
Net Current Assets			101,211		75,129
Total Assets Less Current Liabilities			172,522		149,765
Creditors: Amounts Falling Due After More Than One Year	12		17,068		24,317
Provision for Liabilities and Charges					
Deferred taxation	13		1,364		1,135
			154,090		124,313
Capital and Reserves					
Share capital	14		6,000		6,000
Other reserves - equity	15		1,203		1,203
Profit and loss account	15		146,887		117,110
Shareholders' Funds			154,090		124,313

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

These accounts were approved by the board and signed on its behalf.


Mrs Brenda Mary Frith
 Director
 Date 22/8/00

SHRINKWRAP MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land, over their expected useful lives. The rates and periods generally applicable are:

Plant and machinery	- 25% reducing balance basis
Motor vehicles	- 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

Stocks

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.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

SHRINKWRAP MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

2 Turnover

Turnover is attributable to the principal activity of the company.

The percentage of turnover attributable to overseas markets was 62% (1998: 65%).

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1999	1998
	£	£
Depreciation of owned assets	8,765	9,055
Depreciation of assets held under finance leases and hire purchase contracts	14,001	14,736
Loss on disposal of fixed assets	3,019	-
Pension contributions	11,109	11,790
Auditors' remuneration	1,000	1,200

4 Interest Payable and Similar Charges

	1999	1998
	£	£
Interest payable includes:		
On finance lease and hire purchase contracts	4,658	5,525

5 Directors

	1999	1998
	£	£
Directors' remuneration	13,512	13,073

6 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £11,109 (1998 £11,790).

SHRINKWRAP MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

7 Taxation

	1999 £	1998 £
Based on the profit for the year		
UK corporation tax	13,541	15,415
Deferred tax charge	229	934
	<u>13,770</u>	<u>16,349</u>

8 Dividends

	1999 £	1998 £
Ordinary dividends declared and fully paid	22,500	22,500
	<u>22,500</u>	<u>22,500</u>

9 Tangible Fixed Assets

	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Total
Cost	£	£	£	£
At 1st November 1998	69,229	50,701	46,352	166,282
Additions	17,500	3,000	1,960	22,460
Disposals	-	(13,600)	-	(13,600)
At 31st October 1999	86,729	40,101	48,312	175,142
Depreciation				
At 1st November 1998	44,359	25,818	21,469	91,646
Charge for the year	8,040	6,358	8,368	22,766
Disposals	-	(10,581)	-	(10,581)
At 31st October 1999	52,399	21,595	29,837	103,831
Net Book Value				
At 31st October 1999	34,330	18,506	18,475	71,311
<i>At 31st October 1998</i>	<i>24,870</i>	<i>24,883</i>	<i>24,883</i>	<i>74,636</i>

Assets held under finance leases originally cost £92,489 (1998: £74,989) and have a net book value of £46,791 (1998: £43,292).

SHRINKWRAP MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

10	Debtors	1999	1998
		£	£
	Trade debtors	60,359	49,523
	Other debtors	5,958	8,807
		<u>66,317</u>	<u>58,330</u>
11	Creditors: Amounts Falling Due Within One Year	1999	1998
		£	£
	Bank loans and overdrafts	428	2,617
	Obligations under hire purchase and finance lease contracts	15,764	14,294
	Trade creditors	29,039	54,779
	Other creditors	39,413	66,188
	Directors' loan accounts	5,258	298
		<u>89,902</u>	<u>138,176</u>
 'Other creditors' include £21,945 (1998 - £18,330) in respect of taxation and social security.			
12	Creditors: Amounts Falling Due After One Year	1999	1998
		£	£
	Obligations under hire purchase and finance lease contracts	17,068	24,317
		<u>17,068</u>	<u>24,317</u>

SHRINKWRAP MACHINERY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

13 Deferred Taxation

The movements in deferred taxation during the current and previous years are as follows:

	1999	1998
	£	£
At 1st November 1998	1,135	-
Movement in the year	229	1,135
At 31st October 1999	1,364	1,135

Deferred taxation provided and unprovided for in the accounts is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 20% (1998 21%)

	Amount Provided	
	1999	1998
	£	£
Accelerated capital allowances	1,364	1,135
	1,364	1,135

14 Share Capital

	1999	1998
	£	£
Authorised		
6,000 Ordinary shares of £1.00 each	6,000	6,000
	6,000	6,000
Allotted		
6,000 Allotted, called up and fully paid ordinary shares of £1.00 each	6,000	6,000

15 Reserves

	Other Reserves Equity	Profit and Loss Account
	£	£
At 1st November 1997	1,203	79,440
Profit for the year	-	37,670
At 1st November 1998	1,203	117,110
Profit for the year	-	29,777
At 31st October 1999	1,203	146,887