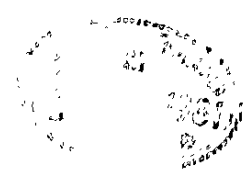


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Delyn

REPORT & FINANCIAL STATEMENTS
1981



Delyn Limited

Directors

Geoffrey Fisher *Chairman*
Coleman Jacobs
F. Ifor Jones
Dr. John Norris
Malcolm Braun

Secretary

Malcolm Braun

Registered Office

St. Alphage House, Fore Street,
London, EC2Y 5DH

Auditors

Hacker Young,
St. Alphage House, Fore Street,
London, EC2Y 5DH

Solicitors

Jacklyn Dawson & Meyrick Williams with Dolmans,
Equity Chambers,
John Frost Square,
Newport,
Gwent, NPT 1PW

Bankers

National Westminster Bank Limited,
117 St. Mary Street,
Cardiff, CF1 1LG

Registrars and Transfer Office

Connaught St. Michaels Limited,
P.O. Box 30,
Cresta House,
Alma Street,
Luton,
Bedfordshire, LU1 2PZ

Operating Subsidiaries in 1981

| | | |
|--|--|-----------------------|
| Delyn Cartons Limited Caerphilly, Mid Glamorgan <i>Directors</i> G. Fisher F. I. Jones M. Braun A. Bilgora S. J. Thomas | Manufacturers of Multi-Coloured Cartons and Plastic Thermo-Formed Packaging | Per cent owned 100 |
|--|--|-----------------------|

| | | |
|---|---|-----|
| Delyn Paper Mills Limited Hengoed, Mid Glamorgan <i>Directors</i> G. Fisher F. I. Jones M. Braun P. W. R. leConte | Converters of Paper into Crepe and Gift Wrapping | 100 |
|---|---|-----|

The above companies are registered in England and operate at the addresses stated.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of Delyn Limited at Caerphilly, Mid Glamorgan, on 17 July, 1981 at 12.00 noon for the following purposes:

- 1 To receive and, if approved, adopt the Directors' Report and the Financial Statements for the 52 weeks ended 1 February, 1981 and the Auditors' Report thereon.
- 2 To elect a Director, Mr. C. Jacobs retires and will be proposed for re-election.
- 3 To re-appoint Hacker Young as Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting.
- 4 To authorise the Board to fix the remuneration of the Auditors.
- 5 As special business to consider and if thought fit pass the following as Special Resolutions:
 - (a) That with the consent of the Registrar of Companies, the name of the Company be changed to Delyn Packaging p.l.c.
 - (b) By adding the wording "and Wales" at the end of clause 2 of the Memorandum of Association.
 - (c) That the objects of the Company be extended so as to include power to carry on the manufacture and sale of packaging and associated products and that the Memorandum of Association of the Company be modified accordingly by inserting the following after clause 3 (C).
 - "3(D) To carry on business as manufacturers, merchants, importers, exporters, agents and dealers in boxes, folding boxes, cages, cartons, containers and fittings therefore of every kind, whether made of paper, cardboard, metal, wood, leather, fibre, plastic or other material, fancy goods, paper, paper decorations, cardboard, strawboard, papier-mâché and other papers for every purpose, and generally to deal in all raw materials and other commodities directly or indirectly required in connection therewith or in relation thereto."
 - "3(E) To carry on any other business which in the opinion of the Directors of the Company may seem capable of being conveniently carried on in connection with or as ancillary to any of the above business or to be calculated directly or indirectly to enhance the value or render profitable any of the property of the Company or to further any of its objects."
 - (d) By re-lettering the existing sub-clauses 3 (D) to (S) as clauses 3 (F) to (U).
 - (e) By inserting after clause 4 of the Memorandum of Association the following: "5. The Company is a Public Company."
 - (f) By re-numbering the existing clause 5 as clause 6.
- 6 To transact any other ordinary business.

24 June, 1981

By Order of the Board
M. Braun
Secretary

A Member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and to vote on his behalf. A proxy need not be a Member of the Company.

Members who are unable to attend the Meeting are invited to sign and return the enclosed form of proxy to reach the Company's Registered Office not less than 48 hours before the time of the Meeting.

There will be available at the Company's Registered Office during normal business hours on any weekday (Saturdays excepted) from 24 June, 1981 until 17 July, 1981 and at the Meeting from 15 minutes prior thereto:

- (i) A statement for the period from 25 May, 1980 to 24 May, 1981 of all transactions of each Director (and of his family interests as defined in the General Undertaking which the Company has given to The Stock Exchange, London) in the equity Share Capital of the Company and its subsidiaries.
- (ii) Copies of all Contracts of Service whereunder any Directors of the Company are employed.



Chairman's Statement

In my interim statement I indicated that it was unlikely that an overall profit for the year would be achieved having shown a loss of £119,000 for the first half of the year. I am therefore pleased to advise you that the reorganisation that commenced in October 1980 has helped in achieving a trading profit of £19,000 for the year.

The 1980/81 trading year which ended on the 1 February, 1981 has been a particularly hard one during the present economic depression. The major part of our activity is in the production of packaging, board and plastic, for consumer products and this section of the United Kingdom industry has been particularly hit by reduced demand for its goods and services. Coupled with this, over capacity within the domestic packaging industry and competition from cheap imports, due mainly to the relative strength of sterling during the year, have made trading conditions extremely difficult. During April and May 1980 serious losses were incurred in the business as a result of the national dispute in the printing industry and the company suffered severe interruption to production.

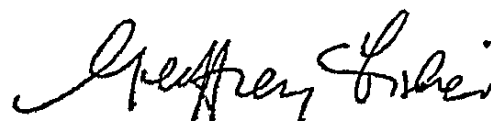
The cost of finance in the year has shown, yet again, a substantial increase over the prior year rising from £159,000 to £211,000, an increase of 33%. The main attributable causes for this increase were the continued high level of minimum lending rate and increased stock-holding due to slow call-off by our customers. Positive action has been taken to reduce stocks.

The manufacture of folded cardboard cartons has been the main activity of the group but in recent years has failed to contribute significantly to profits. Deteriorating results during 1980/81 gave your board considerable cause for concern for the future. As a result of detailed investigation the decision was taken in January 1981 to reduce involvement in carton manufacture and to develop other and profitable interests within the group namely plastic and paper packaging. This will mean a reduction in the turnover of the group in current terms from £6.5 million to approximately £4.5 million.

The company will, during 1981, transfer the operations currently undertaken at its leased premises in Hengoed into the Caerphilly factory. All the company's production facilities will then be under one roof with space for future expansion. It is also proposed that the businesses at present carried on by the operating subsidiaries be transferred to the parent company as from the commencement of the next financial year in order to save administrative costs. To enable this to be done, an alteration is necessary in the company's Memorandum of Association and a resolution to this effect will be proposed at the Annual General Meeting. At the same time a proposal to change the company's name to Delyn Packaging p.l.c. will be put before the shareholders so that its title is identified with its activities.

The reorganisation has led to the reduction of approximately one hundred employees within the group and provision for the expense of the factory closure and redundancies has been made within our accounts as an extraordinary item amounting to £147,000 which has been offset by the release of £132,000 of our reserves for deferred taxation. Your directors are confident that these changes will ensure that the company has a sound base for the future and that all sectors will contribute to profitability.

Finally, I would like to thank all our employees for their loyalty and understanding in these difficult times and look forward to their continued support with our reorganisation in the year ahead.



Chairman

Report of the Directors

The Directors present their Report together with the Financial Statements for the 52 weeks ended 1 February, 1981.

1. Activities

The names of the operating subsidiaries together with details of their principal activities and the percentage owned by your Company appear on page 2.

2. Results

The Group had a profit before taxation of £18,868. The Directors are not recommending the payment of a dividend.

3. Directors

The names of the Directors appear on page 1.

Mr. C. Jacobs retires by rotation and, being eligible, offers himself for re-election.

The Directors and their families had interests in the Shares of the Company, as follows:

| | At beginning of period | At end of period |
|-------------|------------------------|------------------|
| G. Fisher | 140,754 | 140,754 |
| C. Jacobs | 2,950 | 2,950 |
| F. I. Jones | 10,790 | 10,790 |
| M. Braun | 2,000 | 2,000 |

No Director had any interest in the Shares of any other Company in the Group during the period. Between 1 February, 1981 and 24 May, 1981 there were no changes in the shareholdings detailed above. No Director was interested in any significant contract during the period under review.

4. Substantial Shareholdings

The Company has been notified that Shareholders interested in 5 per cent or more of the Company's Shares were:

| | At beginning of period | At end of period | Proportion of issued capital |
|----------------------------------|------------------------|------------------|------------------------------|
| Coleman-Redman Limited | 163,929 | 163,929 | 8.24% |
| Weiss Family Investments Limited | 238,500 | 238,500 | 11.98% |
| M.Y. Dart Limited | 145,300 | 145,300 | 7.30% |
| Lonsdale Universal Limited | 200,000 | 200,000 | 10.05% |
| Welsh Development Agency | 590,000 | 590,000 | 29.65% |

5. Employees

The average number of Employees, excluding Directors of Delyn Limited, in each week was 284 and their total remuneration was £1,546,089.

6. Exports

The amount of goods exported during the period was £273,858.

7. Charitable Contributions

The total amount of Charitable Contributions made by the Group during the period was £1,772.

8. Auditors

The auditors, Messrs. Hacker Young have agreed to continue in office. A resolution will be proposed at the Annual General Meeting re-appointing them as auditors until the conclusion of the next Annual General Meeting.

9. Income and Corporation Taxes Act 1970

The Directors are advised that the Company is not a "Close Company" within the meaning of the Act.

By Order of the Board

M. Braun

Secretary

24 June, 1981

Consolidated Profit and Loss Account

| For the 52 weeks ended 1 February, 1981 | Notes | 1981 | | 53 weeks ended 3 February 1980 | |
|--|-------|-----------|-----------|--------------------------------|-----------|
| | | £ | £ | £ | £ |
| Group Turnover | 2 | | 6,559,773 | | 6,105,059 |
| Group Operating Profit | | | 231,345 | | 367,422 |
| <i>Deduct: Interest payable</i> | | | 211,257 | | 159,651 |
| | | | 20,088 | | 207,771 |
| <i>Deduct: Exceptional Items</i> | 3 | | 1,220 | | 87,602 |
| Group Profit before Taxation | 4 | | 18,868 | | 120,169 |
| <i>Deduct: Taxation based on current results</i> | | | | | |
| Corporation Tax adjustment of prior year | | — | | (454) | |
| Transfer—Deferred Taxation | | — | | 64,032 | |
| | | | 18,868 | | 63,578 |
| Group Profit after Taxation | | | | | 56,591 |
| of which £455 (1980—£2,474) is dealt with in the Parent Company's Financial Statements | | | | | |
| Extraordinary Items | 5 | | 14,455 | | — |
| | | | 4,413 | | 56,591 |
| Adverse Balance Brought Forward | | | 17,174 | | 73,765 |
| Adverse Balance Carried Forward | | | | | |
| Parent Company | | 119,756 | | 110,764 | |
| Subsidiary Companies | | (106,995) | | (93,590) | |
| | | | 12,761 | | 17,174 |
| Earnings per ordinary share of 20p | | | 0.9481p | | 2.8438p |

The calculation of Earnings per share is based on profits of £18,868 (1980—£56,591) and 1,990,000 ordinary shares in issue during the period (1980—1,990,000).

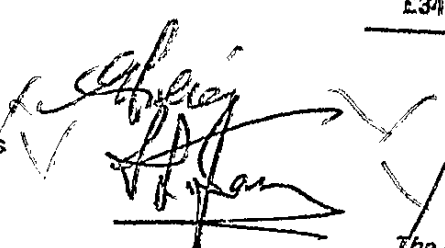
The Notes on pages 8 to 12 form part of these Financial Statements

Balance Sheets

As at 1 February, 1981

| | Notes | The Company | | The Group | |
|---|---------|-----------------|-----------------|-------------------|-------------------|
| | | 1981 | 1980 | 1981 | 1980 |
| Fixed Assets | 1 and 6 | £ 35,562 | £ 48,947 | £ 357,361 | £ 330,094 |
| Interest in Subsidiaries | 8 | 894,303 | 974,097 | | |
| Current Assets | | | | | |
| Stocks | 1 and 7 | — | — | 921,879 | 1,151,238 |
| Debtors | | 6,402 | 9,186 | 1,149,545 | 1,037,224 |
| Cash | | 321 | 155 | 972 | 708 |
| | | £6,723 | £9,341 | £2,072,396 | £2,189,170 |
| Current Liabilities | | | | | |
| Creditors and Provisions | 9 | 116,613 | 77,017 | 1,222,229 | 1,157,181 |
| Bank Overdrafts | | 313,153 | 403,137 | 138,981 | 130,219 |
| Loans repayable within twelve months | 11 | 48,400 | 53,467 | 109,555 | 93,442 |
| | | £478,166 | £533,621 | £1,470,765 | £1,380,842 |
| Net Current Assets (Liabilities) | | | | | |
| Deferred Taxation | 10 | (471,443) | (524,280) | 601,631 | 808,328 |
| Loans | 11 | — | 17,050 | (17,570) | (150,115) |
| | | (112,444) | (160,844) | (414,082) | (470,811) |
| | | £345,978 | £354,970 | £527,340 | £517,496 |
| Financed by | | | | | |
| Share Capital | 12 | 398,000 | 398,000 | 398,000 | 398,000 |
| Reserves | 13 | (52,022) | (43,030) | 80,387 | 75,974 |
| | | 345,978 | 354,970 | 478,387 | 473,974 |
| Grants Equalisation Account | 14 | — | — | 48,953 | 43,522 |
| | | £345,978 | £354,970 | £527,340 | £517,496 |

Directors
G. Fisher
F. I. Jones



The Notes on pages 8 to 12 form part of these Financial Statements

Notes to Financial Statements

1. Accounting Policies

- (a) Accounting periods end on the nearest Sunday to 31 January, resulting in financial years of either 52 or 53 weeks.
- (b) The group financial statements include the financial statements of the company and all subsidiaries.
- (c) Fixed Assets are being depreciated on a straight line basis over their estimated useful lives as follows:
- | | | |
|---------------------|---|------------------------|
| Leasehold Building | — | 50 years |
| Plant and equipment | — | between 5 and 10 years |
| Motor vehicles | — | 4 years |
- (d) Government and Local Authority grants receivable are credited to an equalisation account. A proportion equivalent to the rate of depreciation is credited to Profit and Loss Account annually.
- (e) Stock and work in progress has been consistently valued at the total of the lower of cost and net realisable value of the separate items of stock and work in progress. In this context, cost comprises purchase price, including import duties, handling, transport, and other directly attributable costs and in the case of work in progress and stock of finished goods includes direct costs of production, production and other overheads attributable to present location and condition. Net realisable value is the estimated selling price, less all further costs to completion and costs to be incurred in selling and distributing.
- (f) In determining the charge for taxation in respect of the period ended 1 February, 1981, account has been taken of the proposed revisions to the existing stock appreciation relief legislation which are contained in the 1981 Finance Bill.
- Provision is made for deferred tax at the rate of corporation tax ruling at the end of the period (the liability method) except in respect of any tax reductions which can reasonably be expected to continue for the future. The amounts provided and the full potential liability are set out in note 10.

2. Group Turnover

Group Turnover represents net invoiced sales by Group Companies to outside customers.

| | | 1981 £1,220 | | 1980 £87,602 |
|--|-------------------|-------------------|-------------------|-------------------|
| 3. Exceptional Item | | | | |
| Renovation of factory roof | | | | |
| 4. Group Profit Before Taxation | £ | £ | £ | £ |
| After charging: | | | | |
| Interest: on bank overdrafts and other loans repayable | | | | |
| within 5 years | 190,257 | | 153,207 | |
| on other loans | 21,000 | | 6,444 | |
| | <u> </u> | 211,257 | <u> </u> | 159,651 |
| Remuneration of Auditors | | 14,950 | | 11,500 |
| Depreciation | 84,224 | | 72,274 | |
| Less: Transfer from Investment and Regional Development Grant Equalisation Accounts | 12,119 | | 14,686 | |
| | <u> </u> | 72,105 | <u> </u> | 57,588 |
| Remuneration of Directors of Parent Company As Executives | | 65,709 | | 55,558 |
| | | <u> </u> | | <u> </u> |
| Details of Directors' Emoluments are as follows:— | | | | |
| Chairman's Emoluments | | 23,957 | | 20,334 |
| Other Directors: | | | | |
| Pay Range | Number | | Number | |
| Nil | 2 | | 2 | |
| £10,001 to £15,000 | 1 | | 1 | |
| £15,001 to £20,000 | 1 | | 1 | |

Delyn Limited and its Subsidiary Companies

| | | |
|--|--|----------------|
| | | 1981 |
| 5. Extraordinary Items | | £147,000 |
| Provision for expense of factory closure, including redundancy | | 17,050 |
| Advance Corporation Tax irrecoverable | | <u>164,050</u> |
| | | 149,595 |
| Less: Transfer from Deferred Taxation (note 10) | | <u>£14,455</u> |

| | Leasehold Building (Long term) | Plant and Equipment | Total £ |
|--|--------------------------------------|---------------------------|-------------------|
| | £ | £ | £ |
| 6. Fixed Assets | | | |
| At 4 February, 1980 | 51,932 | 1,012,136 | 1,064,068 |
| Additions at cost | — | 114,404 | 114,404 |
| Cost of disposals | — | (28,087) | (28,087) |
| | <u>£51,932</u> | <u>£1,098,453</u> | <u>£1,150,385</u> |
| At 1 February, 1981 | — | 17,260 | 17,260 |
| Valuation in 1965 | — | 106,065 | 106,065 |
| Valuation in 1968 | 51,932 | 975,128 | 1,027,060 |
| Cost | <u>£51,932</u> | <u>£1,098,453</u> | <u>£1,150,385</u> |
| Aggregate depreciation | 6,284 | 727,690 | 733,974 |
| At 4 February, 1980 | 1,039 | 83,185 | 84,224 |
| Amount provided | — | (25,174) | (25,174) |
| Elimination on disposals | <u>£7,323</u> | <u>£785,701</u> | <u>£793,024</u> |
| At 1 February, 1981 | <u>£44,609</u> | <u>£312,752</u> | <u>£357,361</u> |
| Net book value | | | |
| Fixed assets of the parent company comprise: | | | |
| Plant and equipment | | £57,389 | |
| Cost (including Additions of £260; Disposals £Nil) | | <u>21,827</u> | <u>£35,562</u> |
| Less: depreciation | | | |

| | 1981 | 1980 |
|--|-----------------|-------------------|
| 7. Stocks | | |
| The main categories of stock comprise: | | |
| Raw materials and sundry stocks | £275,683 | £326,448 |
| Work in progress | 176,123 | 271,390 |
| Finished goods | 470,073 | 553,400 |
| | <u>£921,879</u> | <u>£1,151,238</u> |

Delyn Limited and its Subsidiary Companies

| 8. Interest in Subsidiaries | The Company | |
|--|-------------|----------|
| | 1981 | 1980 |
| | £ | £ |
| Shares at cost, less amounts written off | 301,527 | 301,527 |
| Amounts due by Subsidiaries | 654,479 | 681,823 |
| | <hr/> | <hr/> |
| Amounts due to Subsidiaries | 956,006 | 983,350 |
| | 61,703 | 9,253 |
| | <hr/> | <hr/> |
| | £894,303 | £974,097 |

At 1 February, 1981, the Company owned the whole of the issued capital of the undernoted trading companies, incorporated in England:

Delyn Cartons Limited
Delyn Paper Mills Limited

9. Bank Overdrafts (secured)

The Company has guaranteed the bank overdrafts of subsidiary companies. At 1 February, 1981 the overdrafts amounted to £44,949.

10. Deferred Taxation

As disclosed in note 1 (f), the amount of deferred taxation released to Profit and Loss Account takes account of the new proposals for stock relief contained in the 1981 Finance Bill. If existing law had been used as the basis of accounting for stock relief, the amount released would have been £28,919.

The group provision for deferred taxation, being the full potential liability, is as follows:—

| | 1981 | 1980 |
|--|----------|----------|
| | £ | £ |
| Accelerated tax allowances on fixed assets | 71,678 | 35,480 |
| Stock appreciation relief | — | 178,429 |
| Other short-term timing differences | (15,961) | — |
| Roll-over relief on chargeable gains | 17,570 | 17,570 |
| | <hr/> | <hr/> |
| | 73,286 | 231,479 |
| Less: Unrelieved tax losses | (55,715) | (64,314) |
| Advance Corporation Tax | — | (17,050) |
| | <hr/> | <hr/> |
| | £17,570 | £160,115 |

If existing law had been used as the basis of accounting for stock relief, the provision for deferred taxation and the corresponding full potential liability would each have been £138,246.

11. Loans and other borrowings

(a) A loan of £144,000 is repayable by 8 equal half-yearly instalments bearing interest at 10.75 per cent. per annum.

A loan of £200,000 is repayable by 10 half-yearly instalments commencing on 15 March, 1982, bearing interest at 9.5 per cent. per annum.

A loan of £61,600 is repayable by 44 monthly instalments bearing interest at 14.16 per cent. per annum. Other loans for the acquisition of fixed assets totalled £118,037 repayable by monthly instalments at varying rates of interest.

(b) The group's aggregate borrowings are repayable as follows:—

| | Bank loans and overdrafts | | Other borrowings | |
|-----------------------|---------------------------|-----------------|------------------|-----------------|
| | The Company | The Group | The Company | The Group |
| | £ | £ | £ | £ |
| In 1 year or less | 313,153 | 155,782 | 48,400 | 92,754 |
| Between 1 and 2 years | — | 16,800 | 40,444 | 113,688 |
| Between 2 and 5 years | — | 27,999 | 72,000 | 207,855 |
| In 5 years or more | — | — | — | 47,740 |
| | <u>£313,153</u> | <u>£200,581</u> | <u>£160,844</u> | <u>£462,037</u> |

The loans and bank advances are secured.

12. Share Capital

| | 1981 | 1980 |
|--|-----------------|-----------------|
| | £ | £ |
| Ordinary Shares of 20p each Authorised | 550,000 | 550,000 |
| Issued and Fully Paid | <u>£398,000</u> | <u>£398,000</u> |

13. Reserves

| | The Company | | The Group | |
|--|------------------|------------------|-----------------|-----------------|
| | £ | £ | £ | £ |
| Share Premium Account | 67,734 | 67,734 | 67,734 | 67,734 |
| Capital | — | — | 25,414 | 25,414 |
| At 4 February, 1980 and 1 February, 1981 | — | — | — | — |
| Adversa Balance on Profit and Loss Account | <u>(119,756)</u> | <u>(110,764)</u> | <u>(12,761)</u> | <u>(17,174)</u> |
| Total Reserves | <u>£(52,022)</u> | <u>£(43,030)</u> | <u>£80,387</u> | <u>£75,974</u> |

14. Grants Equalisation Account

| | The Group | |
|-------------------------------------|----------------|----------------|
| | 1981 | 1980 |
| Government Grants | £43,522 | £46,533 |
| At 4 February, 1980 | — | — |
| Claims Submitted | 17,550 | 11,675 |
| | <u>61,072</u> | <u>58,208</u> |
| Transfer to Profit and Loss Account | 12,119 | 14,686 |
| | <u>£48,953</u> | <u>£43,522</u> |

Delyn Limited and its Subsidiary Companies

| | The Group | |
|---|----------------|----------------|
| | 1981 | 1980 |
| 15. Contingent Liabilities | | |
| (a) In respect of Government Grants amounting to | <u>£35,847</u> | <u>£26,993</u> |
| (b) In respect of rent payable under terms of a lease of factory premises | <u>—</u> | <u>£10,250</u> |

16. Capital Expenditure

Amounts approved by the directors in respect of capital expenditure not provided for in these accounts amounted to £103,728 (1980—£2,000) for which contracts had been placed.

Statement of Source and Application of Funds

| For the 52 weeks ended 1 February, 1981 | 1981 £000 | 1980 £000 |
|---|--------------|--------------|
| Source of funds | | |
| Operating Profit before Taxation | 19 | 120 |
| Adjustment for items not involving the movement of funds: | | |
| Depreciation of Fixed Assets | 72 | 58 |
| (Profit)/Loss on Sale of Fixed Assets | (28) | (9) |
| Total generated from operations | 63 | 169 |
| Proceeds of Sale of Fixed Assets | 31 | 11 |
| Loan received/(repaid) | (40) | 320 |
| Government grants | 17 | 12 |
| | <u>71</u> | <u>512</u> |
| Application of Funds | | |
| Extraordinary Items | 147 | — |
| Purchase of Fixed Assets | 114 | 128 |
| Taxation paid | — | 2 |
| Movement in Working Capital | | |
| Increase/(Decrease) in Stocks | (229) | 402 |
| Increase/(Decrease) in Debtors | 112 | 301 |
| (Increase)/Decrease in Creditors | (65) | (308) |
| | <u>79</u> | <u>525</u> |
| Movement in Net Liquid Funds | | |
| (Increase)/Decrease in Bank Overdrafts | (8) | (13) |

Auditors' Report

To the Members of Delyn Limited

We have audited the financial statements on pages 6 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain plant and equipment, give a true and fair view of the state of affairs of the company and the group at 1 February, 1981 and of the profit and source and application of funds of the group for the period then ended and comply with the Companies Acts 1948 to 1980.

In our opinion, the abridged supplementary current cost accounts set out on pages 14 to 16 have been properly prepared, in accordance with the policies and methods described in notes 1 to 3, to give the information required by Statement of Standard Accounting Practice No. 16.

St. Alphage House,
Fore Street,
London, EC2Y 5DH.

Hacker Young
Chartered Accountants

24 June, 1981.

Consolidated Current Cost Profit and Loss Account

For the 52 weeks ended 1 February, 1981

| | £ | £ |
|---|-----------------|------------------|
| Group Turnover | | <u>6,559,773</u> |
| Group Profit before interest and taxation, as in the historical cost accounts | | 231,345 |
| Current cost operating adjustments: | | |
| Additional depreciation | 104,151 | |
| Cost of sales | 123,610 | |
| Monetary working capital | <u>116,034</u> | <u>343,795</u> |
| | | 112,450 |
| Current cost operating loss | (158,765) | |
| Gearing adjustment | 1,220 | |
| Exceptional item | 211,257 | |
| Interest payable | <u> </u> | <u>53,712</u> |
| | | 166,162 |
| Current loss before taxation | | <u>14,455</u> |
| Extraordinary items | | |
| | | <u>£180,617</u> |
| Group current cost loss for the period | | (8,3498p) |
| Current cost loss per share | | |
| Statement of Retained Profits and Reserves | | |
| Current cost loss for the period | | (180,617) |
| Movements on current cost reserve for the period | | 119,284 |
| Movements on other reserves for the period | | 5,431 |
| | | <u>(55,902)</u> |
| Retained profits and reserves brought forward (including £17,174 historical cost losses brought forward) | | 444,014 |
| Retained profits and reserves carried forward | | <u>£388,112</u> |

Summarised Consolidated Current Cost Balance Sheet

As at 1 February, 1981

| | Notes | 1981 | | 1980 | |
|---|-------|-----------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | 2 | | 608,814 | | 631,278 |
| Net Current Assets | | | | | |
| Stocks | | 929,198 | | 1,174,572 | |
| Trade debtors less creditors | | (72,684) | | (119,957) | |
| Total Working Capital | | <u>856,514</u> | | <u>1,054,615</u> | |
| Other current assets less current liabilities | | (138,009) | | (129,511) | |
| | | | 718,505 | | 925,104 |
| | | | <u>1,327,319</u> | | <u>1,556,382</u> |
| Loans | | 523,637 | | 564,253 | |
| Deferred Taxation | | <u>17,570</u> | | <u>150,115</u> | |
| | | | 541,207 | | 714,368 |
| | | | <u>£786,112</u> | | <u>£842,014</u> |
| Financed by | | | | | |
| Share Capital | | | 398,000 | | 398,000 |
| Current Cost Reserve | 3 | 443,802 | | 324,518 | |
| Retained profits and other reserves | | <u>(55,690)</u> | | <u>119,496</u> | |
| | | | 388,112 | | 444,014 |
| Shareholders' Funds | | | <u>£786,112</u> | | <u>£842,014</u> |

Notes to Current Cost Accounts

1. Accounting Policies

(a) Basis

The current cost accounts have been prepared on the basis of the accounting policies set out on page 8 save as indicated in the notes below and in accordance with Statement of Standard Accounting Practice 16. Comparative figures for the previous period in respect of balance sheet items have been restated on a current cost basis. Corresponding figures are not shown in the profit and loss account since they are not readily available.

(b) Fixed Assets

Fixed assets have been restated using appropriate government indices applied to historical costs.

(c) Current cost Adjustments

(i) Additional depreciation

This is the difference between depreciation based on the current value to the group of fixed assets in use and the depreciation charged in the historical accounts.

(ii) Cost of Sales

This is calculated on the averaging method using official indices.

(iii) Monetary working capital

This is calculated on the average excess of trade debtors over trade creditors by reference to relevant price indices.

(d) Gearing adjustment

This is calculated on the average of the opening and closing balance sheets and is the proportion of the current cost adjustments which relate to operating assets financed by net borrowings rather than shareholders' funds.

2. Fixed Assets

| | | | 1981 | 1980 |
|---------------------|----------------------------|----------------------------------|--------------------------|--------------------------|
| | Gross current cost £ | Accumulated Depreciation £ | Net Current cost £ | Net Current cost £ |
| Leasehold buildings | 145,745 | 20,552 | 125,193 | 109,438 |
| Plant and Equipment | 3,074,182 | 2,590,561 | 483,621 | 521,840 |
| | <u>£3,219,927</u> | <u>£2,611,113</u> | <u>£608,814</u> | <u>£631,278</u> |

3. Current Cost Reserve

| | £ | £ |
|--|-----------------|-----------------|
| Opening Balance | 324,518 | — |
| Changes in unrealised revaluation surpluses: | | |
| Leasehold Building | 16,794 | 63,790 |
| Plant and Equipment | (66,525) | 237,394 |
| Stock | (16,015) | 23,334 |
| | <u>258,772</u> | <u>324,518</u> |
| Current Cost Operating Adjustments | 343,795 | — |
| Gearing Adjustment | (158,765) | — |
| Closing Balance | <u>£443,802</u> | <u>£324,518</u> |
| Of which: Unrealised | 258,772 | 324,518 |
| Realised | 185,030 | — |
| | <u>£443,802</u> | <u>£324,518</u> |