

Company Registration No. 96329

Storey Evans & Company Limited

Report and Financial Statements

31 December 2012

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Storey Evans & Company Limited Report and financial statements 2012

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Storey Evans & Company Limited
Report and financial statements 2012

Officers and professional advisers

Directors

E M Kalawski
I M S Downie

Secretary

E M Kalawski

Registered Office

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Legal Advisers

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London
EC4V 6JA

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Storey Evans & Company Limited

Directors' report

The directors present their report and the audited consolidated financial statements for the period ended 31 December 2012, for the consolidated Storey Evans Group of companies ("the Group") and for Storey Evans & Company Limited ("the Company")

Business review and principal activities

On 30 November 2012 the Company acquired the Healthcare business and related subsidiaries from Contego Packaging Holdings Limited and Contego Packaging Limited. At this time it owned and consolidated Contego Healthcare Limited and its subsidiaries, and therefore consolidated their results and produced consolidated financial statements for the first time. The financial statements relating to 2011 covered a 15 month period, whereas in 2012 the results encompassed one month's trading only through to 31 December 2012. In the prior period the Company's business and its assets and liabilities were transferred to Contego Packaging Limited at book value.

The Group's principal activities are the manufacture and sale of carton board, paper and foil based products for the pharmaceutical industries in the UK, Germany, France, Italy and Ireland. The directors are not aware at the date of this report, of any likely major changes in the Group's activities in the next period. The Group will invest in research and development where appropriate. The directors regard investment in research and development as necessary for continuing success in the medium to long-term.

The Group's result for the period are shown in the Group's consolidated income statement on page 8, albeit that the period encompassed only one month of trading. The consolidated balance sheet on page 9 of the financial statements shows the Group's financial position at the period end. The net assets increased £33.3 million to £34.5 million from £1.2 million, and net debt increased £7.2 million to £7.2 million from zero. Management uses EBITDA (earnings before interest tax depreciation and amortisation) and operating profit as their key performance indicators. EBITDA for the consolidated Group in the year to 31 December 2012, represented by one month's trading activity, amounted to £0.5 million. In 2011 for the 15 months period, the Company generated an EBITDA of £1.6m.

Principal risks and uncertainties

Competitive pressure is a continuing risk, which could result in losing sales to key competitors. The Group manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

A principal risk is the supply of raw materials at competitive prices, in relation to board supplies. The Group manages this risk by the use of supply contracts and an active supply sourcing strategy.

The Group is financed by debt, therefore the Group has an interest rate exposure as referenced in financial risk management directly below.

Financial risk management

The Group's activities expose it to a number of financial risks including credit risk, liquidity risk, interest rate risk and currency risk. Disclosure of the Group's policies to manage these risks is set out in note 27 to the financial statements.

Going concern basis

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environment and other matters

The Group recognises the importance of its environmental responsibilities, and designs and implements policies to reduce any damage that might be caused by the Group's activities, including improving our energy usage efficiency. In Europe, the Group is a member of Pro-Carton, which is an organisation that promotes standards and cost effectiveness within the folding cartons industry. The Group meets its UK Packaging waste converter obligations through its membership of Valpak, which provides a regulatory compliance scheme.

Storey Evans & Company Limited

Directors' report (continued)

Relationships with suppliers

The Group has no uniform code or standard on payment practice in respect of payments to suppliers. Each of the operations within the Group is responsible for agreeing payment terms with its respective suppliers and it is the policy of the Group that such arrangements be honoured.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate assistance is provided. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

It is Group policy and practice to keep employees informed on matters relevant to them through regular meetings, notices and e-mails. Employees and employee representatives, where appropriate are consulted regularly on a wide range of matters affecting their interests.

Directors and their interests

The directors, who held office during the period and to the date of this report, were as follows:

E M Kalawski
I M S Downie

Secretary

E M Kalawski

Charitable donations

During the period the Group made charitable donations of £100 (2011: £nil).

Dividends

The directors proposed a dividend of £1,230,000 during the period (2011: £nil).

Political donations

The Group made no political donations in the current period (2011: £nil).

Independent Auditors

The Group appointed PricewaterhouseCoopers LLP as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the forthcoming Annual General Meeting.

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the period and which remain in force at the date of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Storey Evans & Company Limited
Directors' report (continued)

Subsequent events

On 19 March 2013 the Company sold 100% of the share capital of its subsidiary Contego Healthcare Limited, and Contego Healthcare Limited's subsidiaries to FIL International Limited, a subsidiary of Filtrona plc

Approved by the Board of Directors
and signed on behalf of the Board



I M S Downie
Director

23 April 2013

Storey Evans & Company Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the member of Storey Evans & Company Limited

We have audited the consolidated financial statements of Storey Evans & Company Limited for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Independent auditors' report to the member of Storey Evans & Company Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the Parent Company financial statements of Storey Evans & Company Limited for the year ended 31 December 2012



Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2013

Storey Evans & Company Limited

Consolidated income statement for the year ended 31 December 2012

		2012 £'000	15 months 2011 £'000
	Notes		
Revenue			
Cost of sales	2	5,967 (4,179)	28,216 (23,221)
Gross profit		<u>1,788</u>	<u>4,995</u>
Distribution costs		(419)	(1,822)
Administrative costs		(1,220)	(2,452)
Operating profit	5	<u>149</u>	<u>721</u>
Finance income	4	2	-
Finance costs	4	(74)	(230)
Profit before taxation		<u>77</u>	<u>491</u>
Taxation	7	(141)	(118)
(Loss) / profit for the period attributable to the equity holders of the parent		<u>(64)</u>	<u>373</u>

Storey Evans & Company Limited

Consolidated balance sheet As at 31 December 2012

		2012 £'000	2011 £'000
	Notes		
Non-current assets			
Intangible assets	8	737	-
Property, plant and equipment	9	33,938	-
Deferred tax asset	16	230	-
Non-current receivables	11	499	-
Total non-current assets		35,404	-
Current assets			
Inventories	10	6,929	-
Trade and other receivables	11	22,169	1,230
Corporation tax		352	-
Cash and cash equivalents	12	13,743	-
Total current assets		43,193	1,230
Total assets		78,597	1,230
Current liabilities			
Trade and other payables	13	19,062	-
Current tax liabilities		1,718	-
Bank overdrafts and loans	14	5,918	-
Provisions	15	37	-
Total current liabilities		26,735	-
Non-current liabilities			
Bank overdrafts and loans	14	15,071	-
Deferred tax liabilities	16	1,772	-
Provisions	15	489	-
Total non-current liabilities		17,332	-
Total liabilities		44,067	-
Net assets		34,530	1,230
Equity			
Share capital	17	-	1,030
Share premium	18	153,094	-
Other reserves	19	(118,500)	29
Retained earnings		(64)	171
Total equity		34,530	1,230

The notes on pages 12 to 32 form part of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 23 April 2013
Signed on behalf of the Board of Directors



FM S Downie
Company Registration No. 96329

Storey Evans & Company Limited

Consolidated statement of comprehensive income for the year ended 31 December 2012

	2012 £'000	15 months 2011 £'000
(Loss) / profit for the year/period	(64)	373
Exchange difference on translation of foreign operations	14	-
Other comprehensive income	(50)	373
Total comprehensive income for the year/period	(50)	373

Consolidated statement of changes in equity for the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2012	1,030	-	29	171	1,230
Reduction in share capital	(1,030)	-	-	1,030	-
Reduction in capital redemption reserve	-	-	(29)	29	-
Dividend	-	-	-	(1,230)	(1,230)
Loss for the year	-	-	-	(64)	(64)
Issue of share capital	-	153,094	-	-	153,094
Merger difference arising on acquisition	-	-	(118,514)	-	(118,514)
Foreign currency translation	-	-	14	-	14
At 31 December 2012	-	153,094	(118,500)	(64)	34,530

Consolidated statement of changes in equity for the period ended 31 December 2011

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 October 2010	1,030	-	29	(202)	857
Profit for the period	-	-	-	373	373
At 31 December 2011	1,030	-	29	171	1,230

Storey Evans & Company Limited

Consolidated cash flow statement for the year ended 31 December 2012

		2012 £'000	15 months 2011 £'000
	Notes		
Cash generated from operating activities			
Cash generated from operations	25	638	2,251
Interest paid		(74)	(230)
Income tax paid		877	-
Net cash generated from operating activities		1,441	2,021
Investing activities			
Cash on acquisitions (note 26)		13,480	-
Interest received		2	-
Proceeds on disposal of property, plant and equipment		-	5,048
Purchases of property, plant and equipment		(349)	(2,353)
Purchases of intangible assets		(33)	-
Liquidation of investments		-	24
Net cash generated from investing activities		13,100	2,719
Financing activities			
Repayment of bank loans		(798)	(4,832)
Net cash used in financing activities		(798)	(4,832)
Net increase in cash and cash equivalents		13,743	(92)
Cash and cash equivalents at beginning of year / period		-	92
Cash and cash equivalents at end of year / period		13,743	-

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies

The Company is incorporated in Great Britain and is domiciled in Great Britain as a limited Company. The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards adopted for use in the European Union, and IFRIC Interpretations, and therefore the financial statements comply with Article 4 of the EU IAS Regulation. The financial statements comply with the Companies Act 2006. The accounting policies have been applied consistently in the current year and prior period.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The directors have set out the financial position of the Group as set out in the balance sheet and its cash flows as set out in the cash flow statement. In addition, notes 11 to 14 to the consolidated financial statements include the details of the Group's financial instruments, and its exposures to credit risk and liquidity risk.

The Group is funded by a combination of existing working capital, expected future cash flows, and bank facilities. In addition, the Group has adequate financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Adoption of new and revised international financial reporting standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2012 that have any material impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2012 and not earlier adopted

IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010, and it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. The effective date for adoption is deemed to be 1 January 2015. The amendment is not expected to have a material impact on the Group.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 13, 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- **Estimates of asset lives, residual lives and depreciation methods**

Property, plant and equipment are depreciated on a straight-line basis over their useful lives, taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. In addition, future market conditions determine the residual values and as depreciation is calculated on a straight-line basis, this may not represent the actual usage of the asset.

- **Impairment tests of assets and intangibles**

Impairment tests on property, plant and equipment and intangibles are only performed if there is an indicator of impairment. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value, and if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after the year end.

Basis of consolidation

On 30 November 2012 the Company acquired the Healthcare business and related subsidiaries from Contego Packaging Holdings Limited and Contego Packaging Limited. At this time it owned and consolidated Contego Healthcare Limited and its subsidiaries, and therefore consolidated their results and produced consolidated financial statements for the first time.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries where the Group demonstrates it controls those entities. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated on consolidation.

Acquisitions made under common control (where both the buying and selling entity are under control of the same parent Company) are accounted for at book value and the results of the acquired business are consolidated from the date of business transfer.

Intangible assets

Intangible assets comprise ERP manufacturing and financial computer software system and have been capitalised and amortised in the income statement on a straight line basis over the useful life of the asset which is deemed to be between 2 and 5 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Property, plant and equipment (continued)

All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are included in the carrying value of the asset. Costs also include an estimate of costs of dismantling and removing the item and restoring the site on which it is located.

Where parts of an item of property, plant and equipment have different useful lives or residual values, they are accounted for as separate items (major components).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method to the residual value. Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Freehold land and buildings	–	20 to 50 years
Leasehold land and buildings	–	the length of the remaining lease
Plant and machinery	–	2 to 20 years

Land is reflected at cost and is not depreciated.

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they will have changed.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Inventories

Inventories are valued at the lower of cost and net realisable value (net realisable value is equal to the selling price of the inventory less the costs required to complete that sale). Cost includes, where appropriate, a proportion of directly attributable overhead expenses. Cost incurred in bringing each product to its present location and condition is as follows:

Raw materials	-	Purchase cost on a first-in, first-out basis
Work in progress	-	Cost of direct materials and labour plus overheads based on the normal level of activity to its current state
Finished goods	-	Cost of raw materials and labour plus overheads based on the normal level of activity to its completed state

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Taxation

Income tax expense represents the sum of the current tax payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Pounds Sterling using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Equity is translated at the rate ruling on the date of acquisition. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Retirement benefits

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank and intra-group borrowings

Interest bearing bank loans, overdrafts and intra-group loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's policy for borrowing costs.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes. Revenue is measured net of cash discounts, settlement discounts and rebates given to customers.

Sales of goods are recognised when goods are delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment has been established.

Operating profit

Operating profit represents profit from operating activities including any restructuring costs and any impairment of property, plant and equipment. However, profit or loss on the disposal of a business or profit or loss on the disposal of freehold land and buildings is considered to be non-operating, and therefore is excluded from operating profit.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, the present value of minimum lease payments at inception of the lease less accumulated depreciation. The discount rate to be used in calculating the present value is the interest rate implicit to the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance for each accounting period.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

2 Revenue

An analysis of the Group's revenue for the year/period is as follows

	2012 £'000	15 months 2011 £'000
Sale of goods	5,967	28,216

3 Segmental information

As the Group has no publicly traded equity or debt securities, the directors have opted not to present segmental information, as permitted by "IFRS 8 *Operating Segments*"

4 Finance income and finance costs

	2012 £'000	15 months 2011 £'000
Interest receivable on bank deposits	2	-
Finance income	2	-
Interest payable on bank overdrafts and loans	(58)	(154)
Interest payable on finance leases	(16)	-
Intercompany interest	-	(76)
Finance costs	(74)	(230)

5. Operating profit

Operating profit is stated after taking into account the following items

		2012 £'000	15 months 2011 £'000
	Notes		
Amortisation of intangible assets	8	29	-
Depreciation of property, plant and equipment	9	354	833
Net foreign exchange differences		5	3
Staff costs	6	2,351	8,139
Operating lease rentals			
- Land and buildings		111	194
- Other		29	-

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

5. Operating profit (continued)

Auditors' remuneration

	2012 £'000	15 months 2011 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	35	20
Fees payable to the Company's auditors for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	25	-
Total audit fees	60	20
Tax services	5	-
Total non-audit fees	5	-

6. Information regarding directors' remuneration and staff costs

	2012 £'000	15 months 2011 £'000
Directors' remuneration		
Emoluments	4	113
Company contributions paid to money purchase pension schemes	-	5
	4	118

No other benefits were paid or are payable to the directors of the Group

	2012 £'000	15 months 2011 £'000
Staff costs during the period		
Wages and salaries	1,967	7,369
Social security costs	334	705
Defined contribution pension cost	50	65
	2,351	8,139
The average monthly number of employees (including executive directors)	No.	No.
Production	718	200
Administration	243	14
	961	214

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

6. Information regarding directors' remuneration and staff costs (continued)

Defined contribution pension schemes

The Group offers defined contribution retirement benefit plans for qualifying employees. The assets of the plans are held separately from those of the Group in funds under the control of the trustees.

The total expense recognised in the income statement of £50,000 (2011: £65,000) represents contributions payable to the plan by the Group at rates specified in the rules of the plan.

7. Taxation

	2012 £'000	15 months 2011 £'000
Current tax		
Corporation tax charge	284	-
Foreign tax credit	(5)	-
Total current tax	279	-
Deferred tax (note 16)		
Current period (credit) / charge	(138)	141
Current period rate change	-	(35)
Adjustments in respect of prior periods	-	12
Total deferred tax	(138)	118
Income tax charge for the period	141	118

Factors affecting the tax charge for the current period

The tax charge for the period is different to that resulting from applying the standard rate of corporation tax in the UK of 24% (2011: 26.75%) and this is due to the factors set out below.

	2012 £'000	15 months 2011 £'000
Profit before taxation	77	491
Tax charge at rate of tax of 24% (2011: 26.75%)	18	131
Adjustment in respect of foreign tax rates	(98)	-
Expenses not deductible for tax purposes	150	10
Tax losses for which no deferred tax asset recognised	41	-
Other short term timing differences	30	(23)
Income tax charge	141	118

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

7. Taxation (continued)

The standard rate of corporation tax, which at the balance sheet date is 24%, has been reduced to 23% on 1 April 2013. A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 22% from 1 April 2014. This further change has not yet been promulgated as at the balance sheet date.

8. Intangible assets

Group	Patents £'000	ERP Systems £'000	Total £'000
Cost:			
At 1 January 2012	-	-	-
Acquisition of business	67	664	731
Additions	2	31	33
Exchange adjustments	1	4	5
	<u>70</u>	<u>699</u>	<u>769</u>
At 31 December 2012	70	699	769
Accumulated amortisation:			
At 1 January 2012	-	-	-
Charge for the year	2	27	29
Exchange adjustments	-	3	3
	<u>2</u>	<u>30</u>	<u>32</u>
At 31 December 2012	2	30	32
Net book value:			
At 31 December 2012	68	669	737

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

9. Property, plant and equipment

	Leasehold land and buildings £'000	Freehold land and buildings freehold £'000	Plant and equipment £'000	Capitalised leased assets £'000	Total £'000
Cost:					
At 1 January 2012	-	-	-	-	-
Additions	7	294	48	-	349
Acquisition of business	902	10,493	22,038	491	33,924
Exchange differences	9	19	228	-	256
At 31 December 2012	918	10,806	22,314	491	34,529
Accumulated depreciation:					
At 1 January 2012	-	-	-	-	-
Charge for the year	-	37	249	68	354
Exchange differences	(32)	53	216	-	237
At 31 December 2012	(32)	90	465	68	591
Net book value:					
At 31 December 2012	950	10,716	21,849	423	33,938
At 31 December 2011	-	-	-	-	-

	Plant, machinery and equipment £'000	Capitalised leased assets £'000	Total £'000
Cost:			
At 1 October 2010	3,114	5,578	8,692
Additions	2,028	-	2,028
Intra group additions	325	-	325
Disposals	(27)	(364)	(391)
Transferred to Contego Packaging Limited	(5,440)	(5,214)	(10,654)
At 31 December 2011	-	-	-
Depreciation:			
At 1 October 2010	1,578	3,586	5,164
Disposal	(27)	(364)	(391)
Provided during the period	833	-	833
Transferred to Contego Packaging Limited	(2,384)	(3,222)	(5,606)
At 31 December 2011	-	-	-
Net book value			
At 31 December 2011	-	-	-
At 30 September 2010	1,536	1,992	3,528

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

10. Inventories

	2012 £'000	2011 £'000
Raw materials	3,513	-
Work-in-progress	732	-
Finished goods	2,684	-
	<u>6,929</u>	<u>-</u>

The cost of inventories recognised as an expense is £1,752,000 (2011 £13,650,000)

11. Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	20,301	-
Amounts owed by other Group undertakings	-	1,230
Other receivables	952	-
Prepayments and accrued income	916	-
	<u>22,169</u>	<u>1,230</u>

An allowance of £0.4 million (2011 £nil) has been made for estimated irrecoverable amounts from sale of goods. This allowance has been determined by reference to past default. The directors consider that the carrying amount of trade and other receivables approximates their fair value. Interest penalties can be levied on outstanding overdue amounts at the discretion of the directors.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

The Group's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in note 27. Credit periods offered to customers vary according to the credit risk profiles of, and invoicing conventions established in, the various markets in which the Group operates.

To the extent that recoverable amounts are estimated to be less than their associated carrying values, impairment charges have been recorded in the consolidated income statement and the carrying values have been written down to their recoverable amounts. The total gross carrying value of these impaired trade receivables as at the reporting date is £0.4 million (2011 £nil) and the associated aggregate impairment is £0.4 million (2011 £nil).

Included within the Group's aggregate trade receivables balance are specific debtor balances with customers totalling £7.6 million (2011 £nil) which are past due as at the reporting date. The Group has assessed these balances for recoverability and believes that their credit quality remains intact. An ageing analysis of these past due trade receivables is provided as follows:

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

11. Trade and other receivables (continued)

Trade receivables past due by

£'000	Less than 1 month	1-2 months	2-3 months	More than 3 months	Total
Carrying value at 31 December 2012	1,648	3,029	1,457	1,504	7,638
Carrying value at 31 December 2011	-	-	-	-	-

Movement in the allowance account for bad and doubtful debts

	2012 £'000	2011 £'000
Brought forward	-	150
Acquisition of business	480	-
Reversals	(102)	-
Transferred to Contego Packaging Limited	-	(150)
At 31 December 2012	378	-

Non current receivables

	2012 £'000	2011 £'000
Prepayment relating to bank financing arrangement	499	-
	499	-

12. Cash and cash equivalents

	2012 £'000	2011 £'000
Cash on hand	6	-
Bank balances	13,737	-
	13,743	-

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The liquidity risk is limited as debt is low in relation to the Group's borrowing facilities, and the Group generates positive cash flows.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

13. Trade and other payables

	2012 £'000	2011 £'000
Trade payables	9,944	-
Other payables	479	-
Accruals	8,639	-
	<u>19,062</u>	<u>-</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade and other payables approximates their fair value

14. Bank overdrafts and loans

	2012 £'000	2011 £'000
Bank loans	17,264	-
Capitalised finance agreements	3,725	-
	<u>20,989</u>	<u>-</u>
Presented within		
Current liabilities	5,918	-
Non-current liabilities	15,071	-
	<u>20,989</u>	<u>-</u>
The borrowings are repayable as follows		
On demand or within one year	5,918	-
In the second year	1,849	-
In the third to fifth year inclusive	5,212	-
After 5 years	8,010	-
	<u>20,989</u>	<u>-</u>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of a default. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. The fair value of the Group's lease obligations approximates the carrying amount

Analysis of borrowings by currency

	Euros £'000	Sterling £'000	Total £'000
31 December 2012			
Bank loans	9,915	7,349	17,264
Capitalised finance agreements	1,545	2,180	3,725
	<u>11,460</u>	<u>9,529</u>	<u>20,989</u>

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

14. Bank overdrafts and loans (continued)

The weighted average interest rates paid were as follows:

	2012 Euro %	2012 GBP %
Bank loans	3.8%	3.2%
Capitalised finance agreements	4.7%	3.3%

15. Provisions

	Decommissioning £'000	Restructuring £'000	Total £'000
At 1 January 2012	-	-	-
On acquisition (note 26)	489	37	526
At 31 December 2012	489	37	526

	2012 £'000	2011 £'000
Included in current liabilities	37	-
Included in non-current liabilities	489	-
	526	-

Decommissioning

These costs are provided when there is a legal or environmental obligation for the Group to restore the leased sites

Restructuring

These costs relate to future liabilities outstanding, resulting from the Group's restructuring of operations

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

16. Deferred tax

The deferred tax note shows a Group net position, but the allocation between assets and liabilities on the balance sheet has been done with due regard to the rights of set off within common tax jurisdictions

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon during the current period

	Accelerated tax depreciation £'000	Other short term timing difference £'000	Tax losses £'000	Total £'000
At 1 January 2012	-	-	-	-
On acquisition (note 26)	2,042	(143)	(220)	1,679
(Credit) to income statement for the year	(129)	(6)	(3)	(138)
Exchange adjustment	1			1
At 31 December 2012	1,914	(149)	(223)	1,542

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

Presented within	
Deferred tax asset	(230)
Deferred tax liability	1,772
	<u>1,542</u>

	Accelerated tax depreciation £'000	Short-term timing differences £'000	Other £'000	Tax losses £'000	Total £'000
At 1 October 2010	346	(16)	96	(95)	331
Charge/(credit) to income statement for the year	53	5	-	95	153
Current period rate change	(29)	1	(7)	-	(35)
Transferred to Contego Packaging Limited	(370)	10	(89)	-	(449)
At 31 December 2011	-	-	-	-	-

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

Presented within	
Deferred tax asset	-
Deferred tax liability	-
	<u>-</u>

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

17. Share capital

	2012 £'000	2011 £'000
Issued and fully paid:		
1 ordinary share of £1 each (2011 30,000)	-	30
Preference shares	-	1,000
	-	1,030

Maximus Holding II S a r l , the sole holder of the ordinary shares is entitled to receive dividends as declared from time to time, as well as exercising its voting rights at its discretion

18. Share premium

	2012 £'000	2011 £'000
Balance at 1 January 2012	-	-
Premiums arising on issue of equity shares	153,094	-
Balance at 31st December 2012	153,094	-

19. Other reserves

	2012 £'000	2011 £'000
Balance brought forward	29	29
Reduction in capital redemption reserve	(29)	-
Merger difference arising on acquisition (note 26)	(118,514)	-
Foreign currency translation	14	-
Balance at 31st December	(118,500)	29

20. Commitments

	2012 £'000	2011 £'000
Contracted for but not provided for in the financial statements	617	-

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

21. Operating lease commitments

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows

	2012 £'000	2011 £'000
Within one year	1,148	-
In the second to fifth year inclusive	4,032	-
After five years	4,262	-
	<u>9,442</u>	<u>-</u>
Land and buildings	9,023	-
Other	419	-
	<u>9,442</u>	<u>-</u>

22. Ultimate Parent undertaking

The immediate parent Company of Storey Evans & Company Limited is Maximus Holding II S a r l ('Maximus'), a Company registered in Luxembourg. In turn, Maximus is owned by Platinum Equity Capital Partners II (Cayman) L P and affiliated private equity investment vehicles sponsored by Platinum Equity, LLC. Storey Evans & Company Limited is the largest Group of undertakings to prepare consolidated financial statements.

23. Related party transactions

During the period the Group entered into the following trading transactions with related parties

	Services provided and interest charged by related parties 2012 £'000	Services provided and interest charged by related parties 15 Months 2011 £'000
Parent Companies		
Maximus Holdings II S a r l	90	-
Contego Packaging Holdings Limited	-	506
	<u>90</u>	<u>506</u>

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

23 Related party transactions (continued)

Other Related Parties	Sales of goods 15 months		Purchases of goods 15 months	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Contego Packaging Limited	-	152	-	415

Other Related Parties	Amounts owed by related parties	
	2012 £'000	2011 £'000
At period end the Company had the following balances owing by related parties		
Contego Packaging Limited	-	1,230
	-	1,230

24. Remuneration of key management personnel

IAS 24 defines key management personnel as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity'. The remuneration of the directors, who are considered to be the key management personnel of the Group, is detailed in note 6.

25. Net cash from operating activities

	2012 £'000	2011 £'000
Profit before taxation	77	491
Adjustments for:		
Finance income	(2)	-
Finance costs	74	230
Depreciation of property, plant and equipment	354	833
Amortisation of intangible assets	29	-
Operating cash flows before movements in working capital	532	1,554
(Increase) / decrease in inventories	(1,154)	1,595
Decrease in trade and other receivables	2,735	2,645
Decrease in trade and other payables	(1,469)	(3,094)
Decrease in deferred tax	-	(449)
Foreign exchange movements	(6)	-
Cash generated from operating activities	638	2,251

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

26. Acquisition

The Group purchased the assets and liabilities of its Healthcare business from Contego Packaging Limited on 30 November 2012. On the same day the Group acquired the entire share capital of the following companies from Contego Packaging Holdings Limited: Contego Packaging Ireland Limited, Contego Packaging Darmstadt GmbH, Contego Packaging Luxembourg S a r l, Contego Packaging Sarreguemines S a r l, Contego Packaging SCI, Contego Packaging Wolfen GmbH and Contego Packaging Italy S r l.

As both the selling and purchasing companies were owned by Maximus Holding II S a r l the acquisition has been accounted for using the common control method, with all assets and liabilities being transferred at book value. The excess of purchase price over the net assets of £118,514,000 has not been capitalised but deducted from equity in other reserves on the balance sheet.

	Book value £'000
Intangible assets	731
Property, plant and equipment	33,924
Inventories	5,775
Trade and other receivables	25,403
Trade and other payables	(20,531)
Provisions	(526)
Current taxation	(211)
Deferred taxation	(1,679)
Cash and cash equivalents	13,480
Bank overdrafts and loans	(21,787)
Total net assets acquired	34,579
Excess of purchase price over the net assets	118,514
Consideration	153,093
Consideration satisfied by	
Loan payable	153,093

27. Financial risk management

The Group ensures that it is able to continue as a going concern, while optimising the debt and equity balance. The capital structure of the Group consists of external debt, as disclosed in note 14, cash and cash equivalents, as disclosed in note 12, as well as equity comprising issued capital, as disclosed in note 17.

The Group does not engage in derivative instruments or hedging transactions. The main risks arising from the Group's financial instruments are interest rate, liquidity, market and foreign exchange risk. The directors review and agree policies for managing each of these risks and these are summarised below.

Interest rate risk

The Group financed its UK operations through a mixture of equity and external borrowings arising from a master asset based lending agreement entered into with Lloyds Bank plc. Subsidiaries in Italy, Luxembourg and Germany also have local borrowing facilities which are being utilised. An analysis of the weighted average interest rate and contractual maturity of debt is provided within note 14 of these financial statements.

Storey Evans & Company Limited

Notes to the consolidated financial statements for the year ended 31 December 2012

27. Financial risk management (continued)

Liquidity risk

The policy of the Group is to source working capital requirements from bank loan facilities negotiated with Lloyds Bank plc and other capitalised finance lease lenders in the UK, and with local borrowing facilities in Italy, Luxembourg and Germany. Please see note 14 for the repayment profile of the Group.

Market risk

The Group's activities expose it primarily to foreign exchange and cash flow interest rate risk. Both risks are actively monitored on a continuous basis and managed through the use of forward exchange contracts. Although the Group's cash flows are exposed to movements in key input and output prices, such movements represent economic rather than residual financial risk inherent in commodity payables and receivables. Consequently the Group is not substantively exposed to commodity price risk as defined in IFRS 7.

Foreign exchange risk

The Group operates across various national boundaries and is exposed to foreign exchange risk in the normal course of business. Multiple currency exposures arise from forecast commercial transactions denominated in foreign currencies, recognised financial assets and liabilities ('monetary items') denominated in foreign currencies and the translational exposure on net investments in foreign operations.

The financial instruments of the Group

	2012 £'000	2011 £'000
Financial assets		
Trade receivables	20,301	-
Cash and cash equivalents	13,743	-
Financial liabilities		
Trade payables	9,944	-
Bank loans	17,264	-
Capitalised finance agreements	3,725	-

28. Contingent liabilities

There were no contingent liabilities at the balance sheet date.

29. Post balance sheet events

On 19 March 2013 the Company entered into an agreement to sell 100% of the share capital of Contego Healthcare Limited to FHL International Limited, a subsidiary of Filtrona plc. This transaction is expected to complete within the next thirty days.

Independent auditors' report to the member of Storey Evans & Company Limited (continued)

We have audited the parent Company financial statements of Storey Evans & Company Limited for the year ended 31 December 2012 which comprise the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent Company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the parent Company financial statements are prepared is consistent with the Parent Company financial statements.

Independent auditors' report to the member of Storey Evans & Company Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the consolidated financial statements of Storey Evans & Company Limited for the year ended 31 December 2012



Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2013

Storey Evans & Company Limited

Company balance sheet As at 31 December 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Trade and other receivables	3	153,193	1,230
Total current assets		<u>153,193</u>	<u>1,230</u>
Total assets		<u>153,193</u>	<u>1,230</u>
Current liabilities			
Current tax liabilities		24	-
Total current liabilities		<u>24</u>	<u>-</u>
Total liabilities		<u>24</u>	<u>-</u>
Net assets		<u>153,169</u>	<u>1,230</u>
Equity			
Share capital	4	-	1,030
Share premium	5	153,094	-
Capital redemption reserve		-	29
Retained earnings		75	171
Total equity		<u>153,169</u>	<u>1,230</u>

The notes on pages 38 to 41 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23 April 2013

Signed on behalf of the Board of Directors


I. A. Downie

Company Registration No 96329

Storey Evans & Co Limited

Company statement of changes in equity For the year ended 31 December 2012

£'000	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
At 1 January 2012	1,030	-	29	171	1,230
Reduction in share capital	(1,030)	-	-	1,030	-
Reduction in capital redemption reserve	-	-	(29)	29	-
Dividend	-	-	-	(1,230)	(1,230)
Profit for the year	-	-	-	75	75
Issue of share capital	-	153,094	-	-	153,094
At 31 December 2012	-	153,094	-	75	153,169

Company statement of changes in equity for the period ended 31 December 2011

£'000	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
At 1 October 2010	1,030	-	29	(202)	857
Profit for the period	-	-	-	373	373
At 31 December 2011	1,030	-	-	171	1,230

Storey Evans & Company Limited

Company cash flow statement for the year ended 31 December 2012

		2012 £'000	15 Months 2011 £'000
	Notes		
Cash flows from operating activities			
Cash generated from operations	7	(151,963)	2,251
Interest paid		-	(230)
Net cash (used) / generated in operating activities		(151,963)	2,021
Investing activities			
Interest received		99	-
Proceeds on disposal of property, plant and equipment		-	5,048
Purchases of property, plant and equipment		-	(2,353)
Liquidation of investments		-	24
Net cash generated from investing activities		99	2,719
Financing activities			
Dividends paid		(1,230)	-
Proceeds on issue of shares		153,094	-
Decrease in external loans		-	(4,832)
Net cash used in financing activities		151,864	(4,832)
Net decrease in cash and cash equivalents		-	(92)
Cash and cash equivalents at beginning of year / period		-	92
Cash and cash equivalents at end of year / period		-	-

Storey Evans & Company Limited

Notes to the Company financial statements for the year ended 31 December 2012

1 Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with IFRS.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Parent Company Income Statement.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements.

2. Investments in subsidiaries

Subsidiaries

The operating subsidiaries of the Company at 31 December 2012 are set out below. All these companies are wholly owned and are consolidated within the financial statements of the Storey Evans & Company Limited Group. All subsidiaries are involved in the manufacture and marketing of packaging products and operate principally in their country of incorporation.

Operating companies	Class of Shares held	Country of incorporation	Proportion of Shares held
Contego Healthcare Limited	Ordinary	UK	100%
Contego Packaging Ireland Ltd	Ordinary and Ordinary B	Ireland	100%
Contego Packaging Italy S r l	Ordinary	Italy	100%
Contego Packaging Luxembourg S a r l	Ordinary	Luxembourg	100%
Contego Packaging Darmstadt GmbH	Ordinary	Germany	100%
Contego Packaging Wolfen GmbH	Ordinary	Germany	100%
Contego Packaging Sarreguemines S a r l	Ordinary	France	100%
Contego Packaging SCI	Ordinary	France	100%

3 Trade and other receivables

	31 Dec 2012 £'000	31 Dec 2011 £'000
Amounts owed by Group undertakings	153,193	1,230
	<u>153,193</u>	<u>1,230</u>

The amount receivable by the Group undertaking is repayable in full on demand by the Company. Interest shall be charged at the rate of GBP LIBOR plus 1.2% per annum.

Storey Evans & Company Limited

Notes to the Company financial statements for the year ended 31 December 2012

4. Share capital

Refer to note 17 of the Group financial statements

5. Share premium

Refer to note 18 of the Group financial statements

6. Related party transactions

During the period the Company entered into the following trading transactions with related parties

	Sale of goods and interest charged to related parties 2012 £'000	Sale of goods and interest charged to related parties 15 months 2011 £'000
Related parties		
Contego Healthcare Limited	99	-
Contego Packaging Limited	-	152
	<u>99</u>	<u>152</u>

	Amounts owed by related parties 31 Dec 2012 £'000	Amounts owed by related parties 31 Dec 2011 £'000
Related parties		
Contego Healthcare Limited	153,193	-
Contego Packaging Limited	-	1,230
	<u>153,193</u>	<u>1,230</u>

Storey Evans & Company Limited

Notes to the Company financial statements for the year ended 31 December 2012

6. Related party transactions (continued)

	Purchase of goods from and services provided by related parties 2012 £'000	Purchase of goods from and services provided by related parties 15 months 2011 £'000
Related parties		
Contego Packaging Holdings Limited	-	506
Contego Packaging Limited	-	415
	<u>-</u>	<u>921</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

The amounts owed by Contego Healthcare Limited have been subordinated to the debt owed under the Lloyds Bank Facility.

7 Reconciliation of profit for the period to net cash flow from operating activities

	2012 £'000	2011 £'000
Profit before taxation	99	491
Adjustments for:		
Finance income	(99)	-
Finance costs	-	230
Depreciation	-	833
Operating cash flows before movements in working capital	-	1,554
Decrease in inventories	-	1,595
(Increase) / decrease in inter-group receivables	(151,963)	-
(Increase) / decrease in other receivables	-	2,645
Decrease in payables	-	(3,094)
Decrease in deferred tax	-	(449)
Net cash (used) / generated from operating activities	(151,963)	2,251

Storey Evans & Company Limited

Notes to the Company financial statements for the year ended 31 December 2012

8. Financial instruments

Capital risk management

The Company ensures that it is able to continue as a going concern, while optimising the equity balance. The capital structure of the Company consists of issued capital, as disclosed in note 4.

The Company does not engage in derivative instruments or hedging transactions. The main risks arising from the Company's financial instruments are interest rate, liquidity, market and foreign exchange risk. The directors review and agree policies for managing each of these risks and these are summarised below.

Interest rate risk

The Company is exposed to interest rate fluctuations in respect of its intercompany loan to Contego Healthcare Limited where interest is charged at a rate of GBP LIBOR plus 1.2% per annum. The balance and term of the loan are further detailed in note 3.

Foreign exchange risk, liquidity risk and market risk

The Company operates principally in the UK and is not therefore exposed to significant foreign exchange risk, nor is it exposed to liquidity or market risk as its transactions are all with intra Group companies.

The financial instruments of the Company

	31 Dec 2012 £'000
Financial assets	
Amounts owed by Group undertakings	153,193

9. Contingent liabilities

At 31 December 2012 the Company, along with other Group companies, was a guarantor of Lloyd's Bank plc master asset based lending facility agreement. At 31 December 2012 the total due under this facility was £7,354,000 (2011 £29,609,000). Since the year end this facility has been repaid in full.