

COVERIS FLEXIBLES (LOUTH) UK LIMITED

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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FOR THE YEAR ENDED 31 DECEMBER 2014**

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COVERIS FLEXIBLES (LOUTH) UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

DIRECTORS:

K R Bostock
M E Lapping

REGISTERED OFFICE:

Unit 20 Road One
Winsford Industrial Estate
Winsford
Cheshire
CW7 3RD

REGISTERED NUMBER:

00815053 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

SOLICITORS:

DLA Piper
Princes Exchange
Princes Square
Leeds
LS1 4BY

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF BUSINESS

As shown in the profit and loss account on page 8, revenues decreased by 7.2% to £54.2m (2013: £58.4m) as a result of decreases in output volumes. Despite the tough economic climate, our strategy of investing in our staff and equipment (£1.3m was spent during 2014 following £3.1m being spent during 2013 on new equipment and improvements to our factories) maintained gross margins of 11.5% (2013: 11.4%). Administrative expenses remained under tight control, and as a result of restricting the overall costs reduced to £4.0m (2013: £4.7m). The loss before tax for the year was £0.1m (2013: profit £0.2m) whilst EBITDA has increased marginally to £2.8m (2013: £2.7m).

As shown in the balance sheet on page 10, the level of total fixed assets has decreased by £1m. Due to the overall capital expenditure on property, plant and equipment being lower than the annual depreciation charge. Net working capital has increased by £3m, due to £2m increase in Stock, £1m decrease in Trade Debtors and a £2m decrease in Trade Creditors.

The group continues to trade well despite the difficult economic climate. Although we foresee that the consumer market will remain challenging, our management team and customer relationships are such that we anticipate continued sustainable growth.

POST BALANCE SHEET EVENTS

Post year end selected UK subsidiary companies within the Coveris group commenced a group simplification programme. The aim of this is to simplify and align the UK legal structure to the group's operational structure. As part of this programme the company will be selling its trade, asset and liabilities to Coveris Flexibles (Gainsborough) Limited. The sale will be paid for through an intercompany account.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal and financial risks and uncertainties are managed on a group wide basis. The management of the business and the execution of the group's strategy are subject to a number of principal risks and uncertainties, the most significant being raw material price inflation, product quality and customer relationship/demand management.

Raw material price inflation, either caused by fluctuations in commodity prices or foreign exchange rates, can have an impact on the cost price of the group's products. The group has a dedicated operational team that consolidates the group purchasing to build strong relationships with key suppliers and also ensure that we have sufficient raw materials to meet forecasted demand. Purchasing contracts are agreed in advance in order to minimise the risk of commodity price fluctuations having a negative impact on the group. The group also regularly reviews its operational format and invests in new machinery and techniques in order to minimise raw material stock wastage.

Product quality is of paramount importance as a failure in product quality could have a significant impact on the group. Our raw materials are sourced from a stable supplier base and pass through a number of quality control processes, both at our suppliers and at our manufacturing locations. Suppliers are selected based upon previous experience and we operate approved supplier lists. Batches of products are tested daily for quality to ensure they meet the group's stringent standards, prior to being despatched to our customers.

Maintaining good working relationships with customers is of paramount importance to the group, therefore being able to predict customer demand and responding to customer requests is key to achieving this. The group utilises its own experience to forecast customer demand and also regularly meets with key customers to identify any changes in demand. The group has also invested in a number of manufacturing plants based across the United Kingdom, in upgrading its plant and machinery and in training its dedicated workforce in order to allow the group to respond to changes in demand whilst maintaining its strict quality standards.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

FINANCIAL RISK MANAGEMENT

Due to being part of the Coveris group, the financial risk management of the company is managed on a group wide basis by the Coveris Holdings SA central finance team. The financial risk management risks and policies are disclosed in the consolidated financial statements of Coveris Holdings SA. The elements which are controlled by the company are disclosed below:

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash balances, interest bearing liabilities comprise of bank overdrafts and intercompany loans. The assets are subject to interest rate fluctuations as are the bank overdraft liabilities, the intercompany loan liabilities are free from interest. The group reviews its interest rate policy on a regular basis.

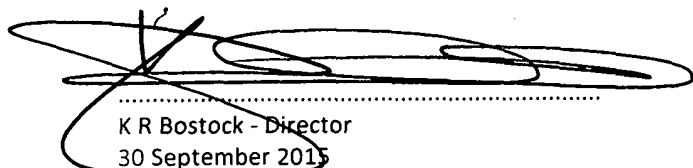
The company is exposed to liquidity risk. The company has committed financing through its parent undertakings and the group finance team regularly monitor available cash balances and available facilities to ensure that the group has sufficient funds to meet its obligations.

The company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews of credit limits and monitoring of the aged debtors ledger are utilised to minimise the risk to the group on an ongoing basis. Credit insurance is also utilised to further mitigate the risk of loss to the Group.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the businesses within the group, the company's directors are of the opinion that analysis using KPI's, other than that included within the review of business, is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board:



K R Bostock - Director
30 September 2015

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

CHANGE OF NAME

The company changed its name from Britton Merlin Limited to Coveris Flexibles (Louth) UK Limited on 31 January 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

FUTURE DEVELOPMENTS

These are included within the strategic report on pages 2 and 3.

DIRECTORS

The directors who have held office during the period from 1 January 2014 to the date of this report are as follows:

K R Bostock - appointed 31 May 2014

M E Lapping - appointed 31 May 2014

L Richardson - resigned 30 June 2014

D W Dean - resigned 21 May 2014

EMPLOYEES

Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the bonus schemes linked to operating profit.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

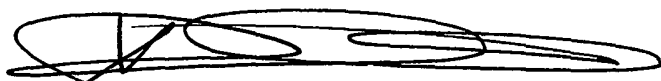
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:



.....
K R Bostock, Director
30 September 2015

Report on the financial statements

Our opinion

In our opinion, Coveris Flexibles (Louth) UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the strategic report and the report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

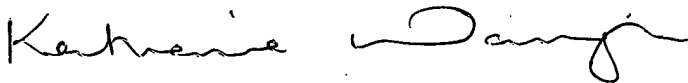
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 September 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £'000	2013 £'000
TURNOVER	2	54,193	58,417
Cost of sales		<u>(47,980)</u>	<u>(51,729)</u>
GROSS PROFIT		6,213	6,688
Distribution costs		(1,363)	(1,334)
Administrative expenses		<u>(3,971)</u>	<u>(4,725)</u>
		<u>(5,334)</u>	<u>(6,059)</u>
OPERATING PROFIT	4	879	629
Interest payable and similar charges	5	<u>(984)</u>	<u>(451)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(105)	178
Tax on (loss)/profit on ordinary activities	6	<u>18</u>	<u>(231)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(87)</u>	<u>(53)</u>

CONTINUING OPERATIONS

All activities are in respect of continuing operations.

There is no difference between the profit on ordinary activities before tax and the profit for the financial year stated above, and their historical cost equivalents.

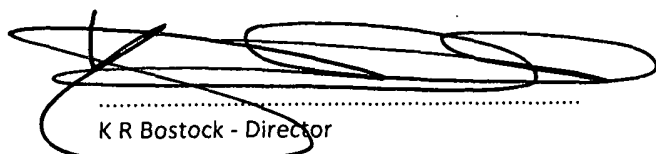
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £'000	2013 £'000
LOSS FOR THE FINANCIAL YEAR	(87)	(53)
Actuarial (losses)/gains on pension scheme	(144)	210
Net adjustment to pension scheme surplus	<u>144</u>	<u>(210)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(87)</u>	<u>(53)</u>

BALANCE SHEET
31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	7	10,977	11,983
Investments	8	<u>-</u>	<u>-</u>
		10,977	11,983
CURRENT ASSETS			
Stocks	9	7,180	5,146
Debtors: amounts falling due within one year	10	10,049	11,251
Debtors: amounts falling due after more than one year	10	4,143	4,276
Cash in hand		<u>7,724</u>	<u>9,187</u>
		29,096	29,860
CREDITORS			
Amounts falling due within one year	11	<u>(11,122)</u>	<u>12,425</u>
NET CURRENT ASSETS		<u>17,974</u>	<u>17,435</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,951	29,418
CREDITORS			
Amounts falling due after more than one year	12	<u>(12,001)</u>	<u>12,381</u>
NET ASSETS		<u>16,950</u>	<u>17,037</u>
CAPITAL AND RESERVES			
Called up share capital	15	9	9
Revaluation reserve	16	1,203	1,203
Profit and loss account	16	<u>15,738</u>	<u>15,825</u>
SHAREHOLDERS' FUNDS	21	<u>16,950</u>	<u>17,037</u>

The financial statements were approved by the Board of Directors on 30 September 2015 and were signed on its behalf by:



.....
K R Bostock - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies, which have been consistently applied throughout the current and preceding year in the preparation of these financial statements, are set out below.

Accounting convention

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and under the historical cost convention, except as modified by the revaluation of certain assets. In accordance with FRS18 "Accounting policies" the directors have reviewed the policies and deem them to be the most appropriate for the company.

Financial reporting standard 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Financial reporting standard 8

The company has taken advantage of the exemption given in Financial Reporting Standard 8 relating to disclosure of related party transactions with entities that are part of the group. Financial Reporting Standard 8 does not require disclosure in the financial statements of entities wholly owned within the group.

Turnover

Turnover represents amounts invoiced for the provision of goods and/or services provided during the year, excluding value added tax and after deducting for agreed trade/settlement discounts.

Where these discounts are claimed retrospectively, or are dependent on the customer achieving certain criteria, for example year on year sales growth, the turnover is recorded after making accruals for amounts due to customers based upon trading in the year and forecasted trading where the agreements are not coterminous with the companies year end.

Turnover is recognised upon acceptance of the product / service by the customer, typically this occurs when the product is delivered to the customer or where the design is accepted by the customer.

Tangible fixed assets

Tangible fixed assets are stated at valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful life of all assets except freehold land. The rates of depreciation are as follows:

Freehold land and buildings	Between 2% and 5% per annum
Plant, machinery and equipment	Between 10% and 50% per annum

Plant and machinery and land and buildings are accounted for under a revaluation policy in accordance with FRS 15 Tangible Fixed Assets. This involves performing a full valuation at least every five years and an interim valuation in year three. Interim valuations in years one, two and four are carried out where it is likely that there has been a material change in value.

Any valuation surplus or deficit over book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefit is charged to the profit and loss account regardless of any such previous surplus.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the estimated selling price less further costs expected to be incurred in bringing the stocks to completion and disposal. Finished goods include the cost of materials, labour and attributable overheads at normal levels of production. Where necessary, provision is made for obsolete, slow moving and defective stocks based upon expected sales volumes, ageing of stock and expected net sales prices.

Tax

The tax payable is based on the taxable profit for the year. Taxable profit differs from the profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it also excludes items which are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on enacted or substantially enacted taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account.

Government grants

Grants have been accounted for as deferred income and recognised in the profit and loss account over the useful economic life of the assets to which they relate.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease period to the next rent review. Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright.

Investments

Fixed asset investments are stated at cost unless in the opinion of the directors, there has been an impairment, in which case an appropriate adjustment has been made.

Research and development

Costs incurred in relation to research and development and expensed as incurred.

Prior year restatement

The directors have reviewed the disclosure of intercompany liabilities as at 31 December 2013. £387,000 of these were incorrectly classified as due within one year and have therefore been re-stated.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

2. TURNOVER

As the business is managed on a unified basis with the principal risks, uncertainties and key customers not differing significantly between the trading subsidiary companies the directors consider that the turnover and loss before taxation are attributable to the one principal activity. An analysis of turnover by geographical market is given below:

	2014 £'000	2013 £'000
United Kingdom	46,404	52,038
Europe	6,372	5,288
United States of America	1,417	-
Other	-	1,091
	<u>54,193</u>	<u>58,417</u>

3. STAFF COSTS

	2014 £'000	2013 £'000
Wages and salaries	6,935	6,847
Social security costs	627	623
Other pension costs	129	108
	<u>7,691</u>	<u>7,578</u>

The average monthly number of employees during the year was as follows:

	2014	2013
Directors	2	5
Production staff	230	244
Office, management and distribution	45	42
	<u>277</u>	<u>291</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £'000	2013 £'000
Depreciation - owned assets	1,873	2,028
Auditors' remuneration	30	30
Foreign exchange differences	(8)	-
Operating lease rentals - plant and machinery	<u>156</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

4. OPERATING PROFIT - continued

	2014	2013
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Auditors' remuneration relates to amounts received in relation to the audit of the company financial statements.

The Directors were remunerated by other group companies and therefore the disclosure of their emoluments is included within the disclosures made for those companies.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£'000	£'000
Bank loan interest	984	-
Invoice and asset finance interest	-	334
Term loan interest	<u>-</u>	<u>117</u>
	<u>984</u>	<u>451</u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax	30	85
Adjustment re previous years	<u>(8)</u>	<u>-</u>
Total current tax	<u>22</u>	<u>85</u>
Deferred tax:		
Origination and reversal of timing differences	(46)	146
Adjustments in respect of previous years	6	(6)
Effect of changes in tax rates	<u>-</u>	<u>6</u>
Total deferred tax	<u>(40)</u>	<u>146</u>
Tax on (loss)/profit on ordinary activities	<u>(18)</u>	<u>231</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

6. TAXATION - continued

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £'000	2013 £'000
(Loss)/profit on ordinary activities before tax	<u>(105)</u>	<u>178</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013 - 23.250%)	(23)	41
Effects of:		
Expenses not deductible for tax purposes	7	11
Origination and reversal of timing differences	46	29
Imputed interest on intra-group balances	-	85
Adjustment in respect of prior years	(8)	6
Group relief claimed not paid for	-	94
Defined Benefit pension contributions	<u>-</u>	<u>(175)</u>
Current tax charge	<u>22</u>	<u>85</u>

Factors affecting the future tax charges:

On 2 July 2013 changes to the UK Corporation tax rates were substantively enacted reducing the corporation tax rate in the UK to 20% from 1 April 2015. Further reductions included in the 8 July 2015 budget to reduce the corporation tax rate to 18% are not substantially enacted and have therefore not been used to calculate deferred tax balances within these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

7. TANGIBLE FIXED ASSETS

	Land and Buildings £'000	Plant and machinery £'000	Totals £'000
COST OR VALUATION			
At 1 January 2014	3,573	16,443	20,016
Additions	7	1,274	1,281
Disposals	-	(958)	(958)
At 31 December 2014	<u>3,580</u>	<u>16,759</u>	<u>20,339</u>
DEPRECIATION			
At 1 January 2014	245	7,788	8,033
Charge for year	44	1,829	1,873
Eliminated on disposal	-	(544)	(544)
At 31 December 2014	<u>289</u>	<u>9,073</u>	<u>9,362</u>
NET BOOK VALUE			
At 31 December 2014	<u>3,291</u>	<u>7,686</u>	<u>10,977</u>
At 31 December 2013	<u>3,328</u>	<u>8,655</u>	<u>11,983</u>

Included in cost of land and buildings is freehold land of £1,500,000 (2013 - £1,500,000) which is not depreciated.

The land and buildings were revalued in 2010 by external advisors. If the land and buildings had not been revalued their carrying value would be £2,089,000.

8. FIXED ASSET INVESTMENTS

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Merlin Pension Trustees Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, as its subsidiary, are included in the consolidated financial statements of Coveris Holdings S.A.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

9. STOCKS

	2014	2013
	£'000	£'000
Raw materials	1,881	1,512
Work-in-progress	2,622	1,208
Finished goods	<u>2,677</u>	<u>2,426</u>
	<u>7,180</u>	<u>5,146</u>

10. DEBTORS

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	9,422	10,410
Corporation Tax	168	-
Deferred tax asset		
Accelerated capital allowances	91	51
Prepayments	<u>368</u>	<u>790</u>
	<u>10,049</u>	<u>11,251</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>4,143</u>	<u>4,276</u>
	<u>14,192</u>	<u>15,527</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The directors of the company have provided confirmations to the counter parties that these amounts will not be called for payment for a period of at least twelve months from the balance sheet date and therefore have disclosed these amounts as being repayable after one year above.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Trade creditors	8,561	10,499
Other taxes and social security	946	878
Accruals and deferred income	<u>1,615</u>	<u>1,048</u>
	<u>11,122</u>	<u>12,425</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£'000	£'000
Amounts owed to group undertakings	<u>12,001</u>	<u>12,381</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Amounts owed to group undertakings are unsecured and repayable on demand. The directors of the company have received confirmations from the counter parties that these amounts will not be called for payment for a period of at least twelve months from the balance sheet date and therefore have disclosed these amounts as being payable after one year above.

Balances with UK group undertakings are non-interest bearing. Principal loan balances with entities located elsewhere totalled £12m and attracted interest at a rate of 6.5%.

13. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Plant and machinery	
	2014	2013
	£'000	£'000
Expiring:		
Within one year	10	21
Between one and five years	<u>113</u>	<u>123</u>
	<u>123</u>	<u>144</u>

14. DEFERRED TAX

	£'000
Balance at 1 January 2014	(51)
Credit to Profit and Loss Account during year	<u>(40)</u>
Balance at 31 December 2014	<u>(91)</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£'000	£'000
9,000	Ordinary	£1	<u>9</u>	<u>9</u>

16. RESERVES

	Profit and loss account	Revaluation reserve	Totals
	£'000	£'000	£'000
At 1 January 2014	15,825	1,203	17,028
Loss for the year	<u>(87)</u>	<u>-</u>	<u>(87)</u>
At 31 December 2014	<u>15,738</u>	<u>1,203</u>	<u>16,941</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

17. EMPLOYEE BENEFIT OBLIGATIONS

Pension commitments

The company has a defined benefit pension scheme, which provides pension benefits to certain employees based on final pensionable pay (the 'Scheme'). The assets are held separately from those of the company, being invested with insurance companies.

In 2014 the Auto-enrolment legislation requires the company to pay into employees' pensions at a rate of 1% in 2014 rising to 3% in 2018, unless the employee chooses to opt out of the scheme.

As at 1 November 1998, the existing Scheme members were transferred into the group defined contribution scheme. The scheme is closed to future benefit accrual and there are only deferred pensioners and current pensioners. No contributions were paid to the scheme in the period under consideration (31 December 2013 - Nil). This scheme will continue as a closed fund.

An actuarial valuation of the scheme by an independent qualified actuary was last carried out as at 31 March 2011 and this has been updated to reflect the fair value of the Scheme assets at 31 December 2012 and market conditions at that date.

The major assumptions used by the actuary were:

	31 December 2014 %	31 December 2013 %
Inflation assumption (RPI)	3.20	3.60
Inflation assumption (CPI)	2.20	2.60
Discount rate	3.60	4.60
Rate of increase in pensions in payment (where appropriate)	3.10	3.40

The assets in the scheme and the expected rate of return were:

	31 December 2014 %	31 December 2014 £'000	31 December 2013 %	31 December 2013 £'000
Equities	6.60	4,351	6.00	6,452
Bonds	4.20	6,488	4.00	3,410
Gilts	3.60	379	3.00	8,560
Cash	0.50	61	0.50	159
Target returns	6.60	8,927	-	-
Total market value of assets		20,206		18,581
Present value of liabilities		(15,546)		(14,065)
Surplus		4,660		4,516
Derecognition of surplus		(4,660)		(4,516)
Net pensions liability		-		-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

EMPLOYEE BENEFIT OBLIGATIONS – continued

Analysis of the amount credited to operating profit

	31 December 2014 £'000	31 December 2013 £'000
Current service cost	-	-
Past service cost	-	-
Total operating credit	-	-

Analysis of amount charged to other finance costs

	31 December 2014 £'000	31 December 2013 £'000
Expected return on pension scheme assets	636	593
Interest on pension scheme liabilities	(636)	(593)
Net return	-	-

Analysis of amount recognised in statement of total recognised gains and losses:

	31 December 2014 £'000	31 December 2013 £'000
Actual return less expected return on pension scheme assets	1,466	116
Experience gains and losses arising on the scheme liabilities	585	-
Changes in assumptions underlying the present value of the scheme liabilities	(1,907)	(326)
Actuarial gain recognised in statement of total recognised gains and losses	144	(210)
Net adjustment to pension surplus	(144)	210
Total recognised in statement of total recognised gains and losses	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

EMPLOYEE BENEFIT OBLIGATIONS - continued

Movements in the fair value of scheme assets were as follows:

At start of year	18,581	18,514
Expected return on assets	636	593
Actuarial gains and losses	1,466	116
Benefits paid	(477)	(642)
At end of year	<u>20,206</u>	<u>18,581</u>

Movements in the present value of defined benefit obligations were as follows:

At start of year	14,065	13,788
Interest paid	636	593
Experience gains and losses	(585)	
Benefits paid	(477)	(642)
Actuarial gains and losses	<u>1,907</u>	<u>326</u>
At end of year	<u>15,546</u>	<u>14,065</u>
Surplus in scheme at end of the year	<u>4,660</u>	<u>4,516</u>
Restriction on recognised surplus	<u>(4,660)</u>	<u>(4,516)</u>
Gross deficit recognised in the financial statements	<u>-</u>	<u>-</u>

History of experience gains and losses

	31 December 2014	31 December 2013	30 December 2012	30 April 2012	30 April 2011
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	1,466	116	1,176	418	541
Percentage of scheme assets	7.3%	0.6%	6.4%	2.4%	3.3%
Experience gains and losses on scheme liabilities:					
Amount	585	0	(36)	284	(88)
Percentage of the present value of the scheme liabilities	3.8%	0.0%	(0.3%)	2.1%	(0.7%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	0	0	0	0	553
Percentage of present value of the scheme liabilities	0.0%	0.0%	0.0%	0.0%	4.4%

Defined contribution scheme

The company operates a defined contributions pension scheme. Contributions payable are charged in the profit and loss account. At the year end £24,294 (2014 - £10,605) was outstanding.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

18. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Merlin Group Holdings Limited.

The ultimate parent undertaking and controlling party of the Company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

The largest and smallest company to consolidate the results and financial position of the company is that headed by Coveris Holdings SA. These consolidated financial statements are available from www.coveris.com.

19. CONTINGENT LIABILITIES

As part of the debt obtained by Coveris Holdings SA, for certain elements of the debt, each subsidiary undertaking of Coveris Holdings SA was included as a guarantor of the debt. The company was a guarantor under three separate facilities as of 31 December 2014 which were for \$560,000,000 / €175,000,000 and \$641,000,000. As at 31 December 2014 the total amounts drawn down on these facilities was \$1,291,279,000. In the opinion of the directors no liability is expected to arise from this obligation.

20. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Contracted but not provided for in the financial statements	<u>-</u>	<u>413</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Loss for the financial year	<u>(87)</u>	<u>(53)</u>
Net reduction of shareholders' funds	(87)	(53)
Opening shareholders' funds	<u>17,037</u>	<u>17,090</u>
Closing shareholders' funds	<u>16,950</u>	<u>17,037</u>

22. POST BALANCE SHEET EVENTS

Post year end selected UK subsidiary companies within the Coveris group commenced a group simplification programme. The aim of this is to simplify and align the UK legal structure to the group's operational structure. As part of this programme the company will be selling its trade, asset and liabilities to Coveris Flexibles (Gainsborough) Limited. The sale will be paid for through an intercompany account.