

910628

# **Sudpack UK Limited**

## **Report and Financial Statements**

31 December 2008

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COMPANIES HOUSE

# **Sudpack UK Limited**

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Registered No: 910628

## **Directors**

I Bone  
S Biddiscombe  
G Mayr  
L Wolf

## **Secretary**

S Markham

## **Auditors**

Ernst & Young LLP  
400 Capability Green  
Luton  
Beds  
LU1 3LU

## **Bankers**

HSBC Bank plc  
Unit 2 Marlowes Centre  
Hemel Hempstead  
Hertfordshire  
HP1 1DX

## **Registered office**

40 High Park Drive  
Wolverton Mill East  
Milton Keynes  
Bucks  
MK12 5TT

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

### Results and dividends

The profit for the year amounted to £328,991 (2007: profit of £130,022). The directors do not recommend the payment of any dividends (2007: £nil).

### Principal activities and review of the business

The principal activity of the company during the year continued to be the supply of both plain and printed films and bags.

The key performance indicators of the company during the year were as follows:

	<u>2008</u> £000	<u>2007</u> £000
Turnover	8,968	9,321
Cost of Sales	7,418	7,955
As a % of Sales	83%	85%
Operating Costs	1,245	1,264
Operating Results	305	102

For business generally, 2008 will be categorised as a year which produced huge volatility for many sectors, and Sudpack UK Ltd was no exception. Costs of the basic raw materials of our products, plastic packaging, reached historic highs and just as quickly collapsed faster than they rose. The UK currency in which we sell our products collapsed in value against the Euro currency in which we manufacture our products. Whilst the customer base which we supply, continued to amalgamate into larger groups, which were inevitably more demanding in service and price.

The small increase in GM percentage locally (17% up on 15%) from prior year and tight control of UK costs contributed to our improvement in local profitability.

Further reductions in local headcount were made, with the year end average headcount being at 7.5 staff, down from 10 at the prior year end. Office staffing and costs are now more in line with the needs of the business, and its prospects.

Working capital ratios were well controlled during 2008, with a significant reduction in UK stock holding of finished goods against 2007, and only very notional stock write offs at year end. Also it is pleasing to report that our tight control of receivables was maintained.

### Future developments

Continued and high value investment by the parent company in Sudpack UK Ltd, we believe will ensure the continued viability of the UK business.

Several very significant incremental capabilities are being commissioned by our parent company now, which we believe will further strengthen Sudpack's reputation of being a high quality, and technically advanced producer of packaging materials.

Though, whilst packaging always receives its share of inflammatory headlines, the message seems to be getting through that it plays a vital role in protecting and preserving UK food supply.

### Principal risks and uncertainties

Whilst the market for high quality packaging materials for food distribution is fairly recession proof, there is huge additional pressure to reduce costs and this inevitably will impact the prices we can achieve for our

## Directors' report

products. This factor and the total unpredictability of the value of Sterling against the Euro will continue to be an indeterminate risk factor imposed on the UK business of Sudpack.

Sudpack UK Ltd continues to play its part within its UK industry trade association, to stay abreast of the current environmental factors which could confront the business, though it is pleasing to report that for the most part the company and the group appear well placed to benefit from such changes, as created by the concerns for the environment and general sustainability.

### Directors and their interests

The directors who served the company during the year were as follows:

I Bone  
S Biddiscombe  
G Mayr  
L Wolf

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Director's statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the director's report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### Charitable donations

During the year the company made charitable donations amounting to £693 (2007: £1,428).

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

S Markham

Secretary

12<sup>th</sup> May 2009

*S Markham*

## **Statement of directors' responsibilities in respect of the financial statements**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

### **to the members of Sudpack UK Limited**

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

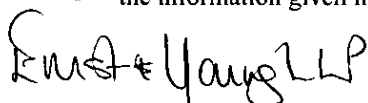
## **Independent auditors' report**

**to the members of Sudpack UK Limited (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered Auditor

14/5/2009  
Luton

**Profit and loss account****For the year ended 31 December 2008**

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b>Turnover</b>	2	8,967,847	9,320,897
Cost of sales		7,417,660	7,955,334
<b>Gross profit</b>		1,550,187	1,365,563
Distribution costs		296,801	329,072
Administrative expenses		947,897	934,508
<b>Operating profit</b>	3	305,489	101,983
Interest receivable	4	23,502	28,114
Interest payable and similar charges	5	-	(75)
		23,502	28,039
<b>Profit on ordinary activities before taxation</b>		328,991	130,022
Tax on profit on ordinary activities	8	-	-
<b>Profit for the financial year</b>	14	328,991	130,022

All results were derived from continuing activities.

There are no recognised gains or losses other than the profit of £328,991 attributable to the shareholders for the year ended 31 December 2008 (2007: profit of £130,022).



**Balance sheet**

As at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	9	117,847	118,366
<b>Current assets</b>			
Stocks	10	611,767	839,181
Debtors	11	1,795,331	1,553,932
Cash at bank and in hand		702,600	213,489
		<u>3,109,698</u>	<u>2,606,602</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>2,494,887</u>	<u>2,321,301</u>
<b>Net current assets/ (liabilities)</b>		<u>614,811</u>	<u>285,301</u>
<b>Total assets less current liabilities</b>		<u>732,658</u>	<u>403,667</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,400,000	1,400,000
Other reserves	14	1,000,000	1,000,000
Profit and loss account	14	(1,667,342)	(1,996,333)
<b>Equity shareholders' funds</b>	14	<u>732,658</u>	<u>403,667</u>

The financial statements were approved by the board on 12<sup>th</sup> May 2009 and signed on its behalf by:

I Bone

Director

12<sup>th</sup> May 2009



## Notes to the financial statements

As at 31 December 2008

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### *Fundamental accounting policy*

The directors have prepared the financial statements on the going concern basis as the ultimate parent company has issued a letter of support to the company stating that it will continue to provide funding, as necessary, in order for the company to meet all of its operational and capital requirements as they fall due. The directors therefore consider that the going concern basis of accounting remains appropriate.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

#### *Related parties transactions*

The company is a wholly owned subsidiary of Sudpack Europe AG, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Sudpack Europe AG group.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over the period of the lease
Plant and machinery	-	over ten years
Fixtures and fittings	-	over four years
Motor vehicles	-	over three years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## Notes to the financial statements

As at 31 December 2008

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less or to receive more, tax in the future have occurred.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Hire purchase and finance lease agreements*

Assets held under hire purchase and finance lease agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a sum of digits basis.

#### *Operating lease agreements*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### *Pensions*

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

### 2. Turnover

Turnover, which is stated net of value added tax and trade discount, is attributable to the company's principal activity.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
United Kingdom	8,891,391	9,290,895
Rest of the World	76,456	30,002
	<u>8,967,847</u>	<u>9,320,897</u>

## Notes to the financial statements

As at 31 December 2008

### 3. Operating profit

This is stated after charging:

		2008	2007
		£	£
Auditors' remuneration	- audit services	19,500	29,000
	- non-audit services	11,117	6,112
Depreciation	- owned fixed assets	12,998	22,508
Operating lease rentals	- land and buildings	146,199	145,501
	- rental income	(139,178)	(138,700)
	- other	31,052	32,276
Foreign exchange loss		3,215	7,121

### 4. Interest receivable

	2008	2007
	£	£
Bank interest receivable	23,502	28,114

### 5. Interest payable and similar charges

	2008	2007
	£	£
Bank interest payable	-	75

### 6. Directors' emoluments

	2008	2007
	£	£
Emoluments	223,213	238,398
Company contributions paid to money purchase pension schemes	32,841	25,775

	2008	2007
	No.	No.
Members of money purchase pension schemes	2	2

The amounts in respect of the highest paid directors are as follows:

	2008	2007
	£	£
Emoluments	124,469	141,907
Company contributions to money purchase pension schemes	22,856	16,250

## Notes to the financial statements

As at 31 December 2008

### 7. Staff costs

	2008 £	2007 £
Wages and salaries	429,764	499,423
Social security costs	59,036	70,680
Other pension costs	80,240	58,532
	<u>569,040</u>	<u>628,635</u>

The average monthly number of employees, including directors during the year were as follows:

	2008 No.	2007 No.
Office and management	<u>9</u>	<u>10</u>

### 8. Tax on profit on ordinary activities

#### a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
UK corporation tax (note 8 (b))	<u>-</u>	<u>-</u>

#### b) Factors affecting current tax charge

The actual rate of corporation tax differs from the standard rate of corporation tax in the UK. The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before taxation	328,991	130,022
Profit on ordinary activities multiplied by standard rate of corporation		
Tax in the UK of 28.5% (2007: 30%)	93,762	39,007
Expenses not deductible for tax purposes	4,642	3,266
Other timing differences	13,697	(7,867)
Capital allowances in excess of depreciation	(13,019)	(15,476)
Utilisation of brought forward tax losses	(99,082)	
Tax losses carried forward	-	(18,930)
Total current tax (note 8 (a))	<u>-</u>	<u>-</u>

## Notes to the financial statements

As at 31 December 2008

### 8. Tax on loss on ordinary activities (continued)

#### c) Deferred tax

Deferred tax assets not provided in the financial statements are as follows:

	2008 £	2007 £
Depreciation in excess of capital allowances	35,308	47,795
Tax losses	387,323	500,120
Other timing differences	43,576	26,162
	<u>466,207</u>	<u>574,077</u>

There were no deferred tax liabilities either provided or unprovided. The accumulated tax losses for the year amounted to £1,383,296 (2007: £1,730,953).

### 9. Tangible fixed assets

	<i>Leasehold property</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 January 2008	385,741	171,791	557,532
Additions	—	13,050	13,050
Disposals	—	(19,044)	(19,044)
At 31 December 2008	<u>385,741</u>	<u>165,797</u>	<u>551,538</u>
Depreciation:			
At 1 January 2008	273,243	165,923	439,166
Provided during the year	8,879	4,119	12,998
Disposals	—	(18,473)	(18,473)
At 31 December 2008	<u>282,122</u>	<u>151,569</u>	<u>433,691</u>
Net book value:			
At 31 December 2008	<u>103,619</u>	<u>14,228</u>	<u>117,847</u>
At 1 January 2008	<u>112,498</u>	<u>5,868</u>	<u>118,366</u>

## Notes to the financial statements

As at 31 December 2008

### 10. Stocks

	2008 £	2007 £
Finished goods	<u>611,767</u>	<u>839,181</u>

### 11. Debtors

	2008 £	2007 £
Trade debtors	1,771,067	1,538,027
Corporation Tax Recoverable	8,120	-
Prepayments and accrued income	16,144	15,905
	<u>1,795,331</u>	<u>1,553,932</u>

### 12. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	578,328	557,404
Amounts owed to group undertakings	1,046,485	950,425
Other taxation and social security	405,915	389,678
Accruals and deferred income	464,159	423,794
	<u>2,494,887</u>	<u>2,321,301</u>

### 13. Share capital

	2008 £	Authorised 2007 £
<i>Authorised share capital</i>		
1,400,000 (2007: 1,400,000) ordinary shares of £1 each	<u>1,400,000</u>	<u>1,400,000</u>

	No.	2008 £	No.	2007 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>

## Notes to the financial statements

As at 31 December 2008

### 14. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Capital contributions</i> £	<i>Profit and loss account</i> £	<i>Total shareholders' funds</i> £
At 1 January 2007	1,000,000	999,979	(2,126,355)	(126,376)
Profit for the year	—	—	130,022	130,022
Introduced in the year	—	21	—	21
Arising on share issues	400,000	—	—	400,000
At 31 December 2007	1,400,000	1,000,000	(1,996,333)	403,667
Profit for the year	—	—	328,991	328,991
At 31 December 2008	1,400,000	1,000,000	(1,667,342)	732,658

### 15. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non cancellable operating leases as set out below:

	<i>2008</i>		<i>2007</i>	
	<i>Land and buildings</i> £	<i>Other</i> £	<i>Land and buildings</i> £	<i>Other</i> £
<i>Operating leases which expire</i>				
Within one year	—	10,400	—	11,353
In two to five years	—	11,767	—	23,874
After more than five years	129,098	—	129,098	—
At 31 December 2008	129,098	22,167	129,098	35,227

### 16. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Sudpack Export AG, a company incorporated in Switzerland.

The directors consider Sudpack Europe AG to be the company's ultimate parent undertaking and controlling party. Copies of its group financial statements which include the company are available from Sudpack Holding GmbH, Ecoform Strasse 1, 88416, Erlenmoos, Germany.

### 17. Related party transactions

The company has taken advantage of the exemption granted by Financial Reporting Standard No. 8 and has not disclosed transactions with other group undertakings.