

Company Number: 910628

Sudpack U.K. Limited
Financial Statements
for the year ended 31st December 1997



Sudpack U.K. Limited

Company Information

Company No: 910628

Registered Office

The Quadrangle
180 Wardour Street
London
W1V 3AA

Directors

Mr R. J. Murrell
Mr A. Remmele
Mr W. Birkel
Mr W. Sonderegger
Mr G. L. Sowden

Secretary

Mrs L.M. Murrell

Auditors

Brebner Allen & Trapp
The Quadrangle
180 Wardour Street
London
W1V 4LB

Bankers

Midland Bank Plc
23 Marlowes
Hemel Hempstead
Hertfordshire
HP1 1LG

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5	Balance Sheet
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The directors submit their report together with the audited financial statements for the year ended 31st December 1997.

Directors' Statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit for that year. 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;

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 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £116,819. After deducting taxation, the profit of £77,431 has been transferred to reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The company is principally engaged in the manufacturing and supply of both plain and printed films for thermoforming and flowwrapping. Additionally, in the manufacturing and supply of vacuum packaging bags, all of which are primarily used in the packaging of food products.

The expansion plan has continued to result in additional business, turnover and profitability.

The Board of Directors are pleased with the activity and results of Sudpack UK Ltd and look forward with confidence for 1998.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1997 No.	1996 No.
Mr R.J. Murrell	-	-
Mr A. Remmele	1	1
Mr R. Muller (Resigned 28th February 1997)	-	-
Mr W. Birkel	-	-
Mr W. Sonderegger	-	-
Mr G.L. Sowden	-	-

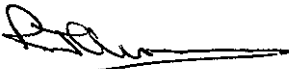
Political and Charitable Contributions

During the year payments of a charitable nature amounted to £664. There were no contributions to political organisations.

Auditors

The Auditors, Brebner Allen & Trapp Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

On Behalf of the Board:



Mr R.J. Murrell, Director

29TH APRIL 1998

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st December 1997

We have audited the financial statements on pages 4 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 7-8.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 information and explanations which we consider 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Brebner Allen & Trapp

**Brebner Allen & Trapp
Chartered Accountants
and Registered Auditors**

19/5/98

The Quadrangle
180 Wardour Street
London
W1V 4LB

Sudpack U.K. Limited**Profit and Loss Account****for the year ended 31st December 1997**

	Notes	1997 £	1996 £
Turnover	2	7,958,824	6,871,654
Cost of sales		(6,122,451)	(5,546,635)
Gross profit		1,836,373	1,325,019
Distribution costs		(150,041)	(148,247)
Administrative expenses		(1,215,561)	(1,098,860)
Operating profit	3	470,771	77,912
Exceptional items			
Bad debts		(349,052)	-
Profit on ordinary activities before interest		121,719	77,912
Interest receivable	6	3,395	287
Interest payable	5	(8,295)	(1,669)
Profit on ordinary activities before Taxation		116,819	76,530
Tax on profit on ordinary activities	7	(39,388)	(23,970)
Profit on ordinary activities after Taxation		77,431	52,560
Retained profit brought forward		220,089	167,529
Retained profit carried forward		297,520	220,089

All amounts relate to continuing activities.

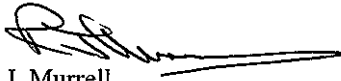
There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

Balance Sheet

as at 31st December 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed Assets					
Tangible fixed assets	8		101,158		91,532
Investments	9		2		2
			<u>101,160</u>		<u>91,534</u>
Current Assets					
Stock	11	1,366,401		1,278,887	
Debtors	12	1,821,696		1,814,338	
Cash at bank and in-hand		478,853		226,723	
		<u>3,666,950</u>		<u>3,319,948</u>	
Creditors:					
Amounts falling due within one year	13	(2,389,348)		(2,169,622)	
Net Current Assets			<u>1,277,602</u>		<u>1,150,326</u>
Total Assets Less Current Liabilities			<u>1,378,762</u>		<u>1,241,860</u>
Creditors:					
Amounts falling due after more than one year	14		(81,242)		(21,771)
			<u>1,297,520</u>		<u>1,220,089</u>
Capital and Reserves					
Called up share capital	17		1,000,000		1,000,000
Profit and loss account	18		297,520		220,089
Shareholders' funds	19		<u>1,297,520</u>		<u>1,220,089</u>

These accounts were approved by the board on 29th March 1998


 Mr R.J. Murrell
 Director

Sudpack U.K. Limited**Cash Flow Statement****for the year ended 31st December 1997**

	Notes	1997 £	1996 £
Cash flow from operating activities	20	298,518	304,978
Returns on investments and servicing of finance	21	(4,900)	(1,382)
Taxation		(17,978)	(287)
Capital expenditure and financial investment	21	(12,828)	(32,568)
Acquisitions and disposals	21	-	(2)
Cash inflow before use of liquid resources and financing		262,812	270,739
Financing	21	(10,683)	(7,649)
Increase in cash in the year	22	252,129	263,090
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		252,129	263,090
Cash outflow from decrease in debt and lease financing	22	10,683	7,649
Change in net funds resulting from cashflows		262,812	270,739
New finance leases	22	(30,827)	(36,562)
Movement in net funds in the period		231,985	234,177
Net funds at 1st January 1997		197,810	(36,366)
Net funds at 31st December 1997	22	429,795	197,811

1 Principal Accounting Policies***Accounting Convention***

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Consolidated Accounts

The accounts have not been prepared on the basis that the company's subsidiary has never traded and is immaterial to the group. The directors take advantage of Section 229 (2) of the Companies Act 1985 in not preparing consolidated accounts.

Turnover

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and for services provided as a principal.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold land and buildings	Amortised over the period of the lease
Plant and machinery	5 years - straight line
Motor vehicles	3 years - straight line
Fixtures and fittings	4 years - straight line

Investments

Investments are included at cost. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange current at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at the forward contract rate. Resulting exchange gains and losses are taken to the profit and loss account.

Contribution to Pension Funds

The company operates a defined contribution scheme for the directors and employees. The assets are held separately from those of the company, being invested with Insurance Companies. Contributions to the scheme are calculated on a percentage of pensionable salary.

Notes to the Financial Statements

for the year ended 31st December 1997

Leased Assets

When the company enters into operating and/or finance leases, its policy is to regard leases as finance leases when their terms give rights approximating to ownership.

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after one year. Assets are depreciated over the shorter of the lease term and their useful economic life; in the case of assets held under hire purchase agreements they are depreciated over their useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of charge on the outstanding balance.

Rentals under operating leases are charged on a straight-line basis over the lease term.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal activity and was carried out wholly in the UK.

3 Operating Profit

The operating profit is stated after charging or crediting:

	1997	1996
	£	£
Other operating lease rentals	84,759	55,472
Amounts payable to the auditors in respect of audit services	7,000	6,500
Depreciation - owned assets	21,508	32,800
Depreciation - assets held under hire purchase or finance lease contracts	15,820	3,981
(Profit)/Loss on disposal of fixed assets	(3,300)	(225)

4 Directors and Employees

Staff costs during the year were as follows:

	1997	1996
	£	£
Wages and salaries	503,114	407,168
Social security costs	51,243	42,618
Other pension costs	32,830	38,361
	587,187	488,147

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

	1997	1996
	Number	Number
Office and management	11	10
Factory	8	7
	19	17

Notes to the Financial Statements

for the year ended 31st December 1997

Remuneration in respect of directors was as follows:

	1997	1996
	£	£
Aggregate amount of emoluments paid in respect of qualifying services	153,262	119,794
Aggregate value of company contributions to money purchase pension schemes	12,669	22,454
	<u>165,931</u>	<u>142,248</u>

Other directors disclosures in respect of qualifying services:

	1997	1996
	Number	Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	<u>2</u>	<u>2</u>

5 Interest Payable

	1997	1996
	£	£
Hire purchase & finance lease interest	6,093	1,669
Other interest payable	2,202	-
	<u>8,295</u>	<u>1,669</u>

6 Interest Receivable

	1997	1996
	£	£
Other interest receivable	3,395	287
	<u>3,395</u>	<u>287</u>

7 Tax on Profit on Ordinary Activities

	1997	1996
	£	£
<i>Based on the profit for the year:</i>		
U.K. Corporation tax at 33% (1996: 33%)	39,351	23,970
Prior year adjustments - corporation tax	37	-
	<u>39,388</u>	<u>23,970</u>

Notes to the Financial Statements

for the year ended 31st December 1997

8 Tangible Fixed Assets

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1st January 1997	12,808	77,609	89,761	107,585	287,763
Additions	-	2,403	30,827	13,725	46,955
Disposals	-	-	(16,961)	-	(16,961)
At 31st December 1997	12,808	80,012	103,627	121,310	317,757
Depreciation					
At 1st January 1997	4,269	67,184	54,687	70,091	196,231
Charged for the year	767	3,135	17,485	15,942	37,329
Eliminated on disposal	-	-	(16,961)	-	(16,961)
At 31st December 1997	5,036	70,319	55,211	86,033	216,599
Net Book Value					
Owned assets	7,772	9,693	2,775	35,277	55,517
Leased assets	-	-	45,641	-	45,641
At 31st December 1997	7,772	9,693	48,416	35,277	101,158
Owned assets	8,539	10,425	4,441	37,494	60,899
Leased assets	-	-	30,633	-	30,633
At 31st December 1996	8,539	10,425	35,074	37,494	91,532

9 Fixed Asset Investments

	Shares in Group Undertakings £
Cost	
At 1st January 1997	2
At 31st December 1997	2
Net Book Value	
At 31st December 1997	2
At 1st January 1997	2

Notes to the Financial Statements

for the year ended 31st December 1997

10 Principal Fixed Asset Investments

The company holds more than 20% of the share capital of the following:

Name	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business	Total reserves	Net profit for the year
					£	£
<i>Principal subsidiary undertakings:</i>						
Action Packaging Company Limited	England	Ordinary shares	100%	Dormant Company	-	-

11	Stocks	1997	1996
		£	£
	Raw materials	1,129,253	1,019,748
	Finished goods	237,148	259,139
		<u>1,366,401</u>	<u>1,278,887</u>
12	Debtors	1997	1996
		£	£
	Trade debtors	1,778,311	1,752,889
	Corporation tax recoverable	-	6,886
	Other debtors	361	691
	Prepayments and accrued income	43,024	53,872
		<u>1,821,696</u>	<u>1,814,338</u>
13	Creditors: Amounts falling due within one year	1997	1996
		£	£
	Net obligations under hire purchase and finance lease contracts	10,173	7,142
	Trade creditors	270,216	283,325
	Amounts owed to other group undertakings	1,693,029	1,592,384
	Corporation tax	39,791	25,267
	Other taxes and social security	276,791	180,359
	Accruals and deferred income	99,348	81,145
		<u>2,389,348</u>	<u>2,169,622</u>
14	Creditors: Amounts falling due after one year	1997	1996
		£	£
	Net obligations under hire purchase and finance lease contracts	38,884	21,771
	Directors loan account	42,358	-
		<u>81,242</u>	<u>21,771</u>

Notes to the Financial Statements

for the year ended 31st December 1997

15	Obligations Under Hire Purchase & Finance Leases	1997	1996
		£	£
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Within one year	10,173	7,142
	Between one and two years	12,958	5,775
	Between two and five years	25,926	15,996
		<u>49,057</u>	<u>28,913</u>

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

16 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1997	1997	1996	1996
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Expiring:				
Within one year	-	23,769	-	-
Within two to five years	-	-	-	22,099
After five years	62,660	-	62,660	-
	<u>62,660</u>	<u>23,769</u>	<u>62,660</u>	<u>22,099</u>

17 Share Capital

Authorised	1997	1996
	£	£
1,000,000 Ordinary shares of £1 each (1996: 1,000,000)	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid	1997	1996
	£	£
1,000,000 Ordinary shares of £1 each (1996: 1,000,000)	<u>1,000,000</u>	<u>1,000,000</u>

18 Reserves

	Profit and
	Loss
	Account
	£
At 1st January 1997	220,089
Profit for the year	77,431
At 31st December 1997	<u>297,520</u>

Notes to the Financial Statements

for the year ended 31st December 1997

19	Reconciliation of the Movement in Shareholders' Funds	1997	1996
		£	£
	Profit for the financial year	77,431	52,560
	Increase in shareholders' funds	77,431	52,560
	Opening shareholders' funds	1,220,089	1,167,529
	Closing shareholders' funds	1,297,520	1,220,089
20	Reconciliation of Operating Profit to Operating Cash Flows	1997	1996
		£	£
	Operating profit	470,771	77,912
	Depreciation charges	37,328	36,781
	(Profit) on disposal of fixed assets	(3,300)	(225)
	(Increase) in debtors	(14,244)	(343,717)
	Increase in creditors	244,529	481,863
	Exceptional items	(349,052)	-
	Net Cash Inflow from Operating Activities	298,518	304,978
21	Analysis of Cash Flows for headings netted in the Cash Flow Statement		
	Returns on investments and servicing of finance	1997	1996
		£	£
	Interest received	3,395	287
	Interest paid	(2,202)	-
	Interest element of finance lease rental payments	(6,093)	(1,669)
	Net cash (outflow) for returns on investments and servicing of finance	(4,900)	(1,382)
	Capital expenditure and financial investment	1997	1996
		£	£
	Purchase of tangible fixed assets	(16,128)	(32,793)
	Proceeds from the sale of fixed assets	3,300	225
	Net cash (outflow) for capital expenditure and financial investment	(12,828)	(32,568)
	Acquisitions and disposals	1997	1996
		£	£
	Purchase of subsidiary undertaking	-	(2)
	Net cash (outflow) for acquisitions and disposals	-	(2)
	Financing	1997	1996
		£	£
	Capital elements of finance lease rental payments	(10,683)	(7,649)

Notes to the Financial Statements

for the year ended 31st December 1997

22 Analysis of changes in Net Funds

	At 1st January 1997	Cashflows	Other non-cash changes	At 31st December 1997
	£	£	£	£
Cash in hand, at bank	226,723	252,130	-	478,853
Finance leases	(28,913)	10,683	(30,827)	(49,057)
Total	197,810	262,813	(30,827)	429,796

23 Major Non-Cash Transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £30,827.

24 Transactions With Directors

The amount included under Directors loan account refers to a loan by G Sowden to the company. This represents the maximum owed by the company during the year.

25 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme with the assets of the scheme held separately by Insurance Companies. The charge in the year amounts to £32,830 (1996: £38,361).

26 Ultimate Parent Undertaking

The directors consider Sudpack - Export AG (incorporated in Switzerland) to be the company's ultimate parent undertaking.

27 Related Party Transactions

The following disclosure is given in accordance with Financial Reporting Standard (FRS 8) Related Party Disclosures which is applicable to the company for the first time.

Control

Control of the company rests with the parent undertaking, as disclosed in note 26.

Transactions

Amounts due to group undertakings are aggregated as permitted by FRS 8 and shown in creditors (note 13).

In accordance with FRS 8, the company has taken advantage of the exemption available not to disclose transactions in the year between group undertakings where over 90% of voting rights are controlled within the group and the consolidated financial statements in which the results of Sudpack UK Limited are included, are publicly available in the country of origin of the ultimate controlling company.

As at 31st December 1997, the company owed money to a director, Mr G Sowden, as disclosed in note 24.