

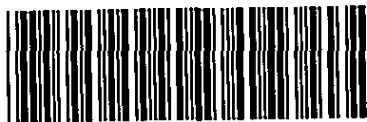
Registered No: 00910628

Sudpack UK Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

I Bone
S Biddiscombe
G Hufschmid
H Harms

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 2012

Results and dividends

The profit for the year amounted to £217,623 (2011 –£342,160) The directors do not recommend a final dividend (2011 – £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

	2012 £000	2011 £000
Turnover	14,918	13,431
Cost of sales	13,045	11,825
As a % of sales	87%	88%
Operating costs	1,589	1,135
Operating results	283	472

Sudpack UK Ltd had a very satisfactory year during 2012 where our sales continued our sound growth at 11% and margins improved due in part to currency and product mix factors

Raw material costs were just as volatile as normal, however in 2012 the periods of increase, and year end decrease, enabled us to recover the increase in our costs

Towards the end of 2012 we did notice a slight slow down in sales volumes, and whilst it did not impact our year end dramatically, we are cautious about the prospects for 2013 Where the poor economic factors are impacting the UK now look as though they may finally be impacting UK food sales, and then with the resultant packaging volumes used

Again most of the increase in our volume in 2012 was attributable to increase in sales of Sudpack Group product, whilst our notional volume of traded product remains around 10% of our overall sales

Key to Sudpack UK Ltd's continued growth in this business is the extensive product offering and quality of the Sudpack Group but also very important is the stability and knowledge of our UK staff As such it is pleasing to report that our staffing has again been stable throughout the year

Our customers seem to value the knowledge and experience of Sudpack UK's external sales and internal support staff factors which they increasingly find difficult to replicate in our major competitors

Future developments

Sudpack Group continues to invest and expand its production capability Further increases in high volume blown extrusion and laminating capacity, were commissioned in 2012 in a new high bay production hall within the group's Ochsenhausen production facilities This capacity has further added to the company's ability to compete at the highest level of technical sophistication and economically viable volumes in our chosen markets

A further program of expansion of the group's production facilities is now planned, and due for start of construction in a new site close to Ochsenhausen in 2013

This continued expansion ensures Sudpack UK Ltd's position is therefore improved as UK supplier of extruded base web products into the British and Irish food businesses It also helps our reactivity to the demands of shortened lead times of printed top webs, increasingly required by major retailers on our customers

Directors' report (continued)

Principal risks and uncertainties

Whilst we enjoy a stable and until 2012 an increasing market share, the quality of our business is very dependent on the input costs of our principal raw material, polymer

Sterling as well as the Euro's weakened values against the US Dollar which is the international reference currency for polymer based products, means that almost certainly polymer costs will remain high, with the major producers being now more capable of reducing capacity in line with demand, and so a further factor in keeping prices high

The other significant currency uncertainty is the value of the UK Pound against the Euro. Where our sales are in UK Pound but our group's manufacturing costs are in Euro. The improvement in Sterling Euro value throughout 2012 has recently dramatically reversed. This will certainly have a negative impact on our margins, as there is very little chance of reflecting these currency swings in our selling prices, against competitors which are still at least partly manufacturing within the UK

Nonetheless whilst we recognize the challenges we as a business face in Sudpack UK, we are confident about our ability to make further progress in meeting the flexible packaging needs of our food and non-food customers

Going concern

The company's principal activities, together with the factors likely to affect its future development and descriptions of its financial position are described above. The Sudpack group has considerable financial resources together with a diverse geographic coverage and wide product offer. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries to the Group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis, in preparing this annual report and financial statements

Directors and their interests

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

I Bone
S Biddiscombe
G Hufschmid
H Harms

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information


Charitable donations

During the year the company made charitable donations amounting to £694 (2011 – £1,281)

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


Secretary
S Markham
Date 29 May 2013

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 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 estimates that are reasonable and prudent,
- state whether applicable UK 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 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.

Independent auditors' report

to the members of Sudpack UK Limited

We have audited the financial statements of Sudpack UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors.

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 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 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit 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.

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 financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Sudpack UK Limited

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, 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, 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

ERNST & YOUNG LLP

Chris Nobbs (Senior statutory auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Luton

Date **29 MAY 2013**

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	14 917 574	13,431 107
Cost of sales		13 045,110	11,824,547
Gross Profit		1,872 464	1,606 560
Distribution costs		314,786	252,945
Administrative expenses		1,274 303	882,016
Operating Profit	3	283,375	471,599
Interest receivable and similar charges	6	2,655	3,614
Interest payable and similar charges	7	-	-
		2,655	3,614
Profit on ordinary activities before taxation		286,030	475,213
Tax	8	68,407	133 053
Profit for the financial year	15	217,623	342 160

All results were derived from continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit of £217,623 attributable to the shareholders for the year ended 31 December 2012 (2011 – £342 160)

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	9	80,556	87,767
Current assets			
Stocks	10	913,290	814,589
Debtors	11	2,819,792	2,586,988
Cash at bank and in hand		441,870	1,020,511
		4,174,952	4,422,088
Creditors amounts falling due within one year	12	1,662,553	2,258,747
Net current assets		2,512,399	2,163,341
Total assets less current liabilities		2,592,955	2,251,108
Provisions for liabilities	13	160,681	36,457
		2,432,274	2,214,651
Capital and reserves			
Called up share capital	14	1,400,000	1,400,000
Other reserves	15	1,000,000	1,000,000
Profit and loss account	15	32,274	(185,349)
Shareholders' funds	15	2,432,274	2,214,651

The financial statements were approved by the board on **29 MAY 2013** and signed on its behalf by

I Bone
Director



Notes to the financial statements

at 31 December 2012

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards, and in compliance with the Companies Act 2006

Statement of cash flow

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

Tangible fixed assets

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

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

Deferred taxation

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

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- 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 an undiscounted 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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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

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

	2012 £	2011 £
United Kingdom	14,318,515	13,082,651
Rest of the World	599,059	348,456
	<u>14,917,574</u>	<u>13,431,107</u>

3. Operating Profit

This is stated after charging

	2012 £	2011 £
Auditors' remuneration – audit services	19,000	19,000
– non-audit services – taxation services	8,000	10,000
Depreciation – owned fixed assets	12,288	13,932
Operating lease rentals – land and buildings	144,830	146,150
– rental income	(104,926)	(126,526)
– other	33,895	29,507
Foreign exchange loss/ (gain)	949	(5,500)
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2012

4. Directors' emoluments

	2012 £	2011 £
Emoluments	275,227	258,275
Company contributions paid to money purchase pension schemes	52,989	39,269
Members of money purchase pension schemes	2	2
The amounts in respect of the highest paid directors are as follows		
	2012 £	2011 £
Emoluments	171,596	155,181
Company contributions to money purchase pension schemes	37,689	27,619

5 Staff costs

	2012 £	2011 £
Wages and salaries	548,218	492,097
Social security costs	72,954	65,321
Other pension costs	136,414	113,506
	757,586	670,924

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

	No	No
Office and management	10	10

6. Interest receivable and similar charges

	2012 £	2011 £
Bank interest receivable	2,655	3,614

7 Interest payable and similar charges

	2012 £	2011 £
Bank interest payable	-	-

Notes to the financial statements

at 31 December 2012

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax	61,969	14,803
Adjustment in respect of prior years	3,109	(10,978)
Total current tax (note 8(b))	65,078	3,825
<i>Deferred taxation</i>		
Charge for the year (note 8(c))	3,329	129,228
Tax on profit on ordinary activities	68,407	133,053

(b) Factors affecting current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.50% (2011 – 26.50%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	286,030	475,213
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.50% (2011 – 26.50%)	70,077	125,931
Effects of		
Expenses not deductible for tax purposes	5,655	4,637
Other timing differences	5,204	6,021
Capital allowances in excess of depreciation	(5,707)	(6,172)
Utilisation of brought forward tax losses	(13,260)	(115,614)
Capital gains	-	-
Adjustments to tax in respect of prior periods	3,109	(10,978)
Total current tax (note 8(a))	65,078	3,825

Tax Rate Change Disclosure Note

The Finance Act 2012, which includes a reduction in the UK corporation tax rate to 24% from April 2012 and 23% from April 2013, has now been enacted and so UK deferred tax assets and liabilities have been calculated accordingly at 23%. The UK Government intends to reduce the UK corporate income tax rate further to 21% by 1st April 2014 and to 20% by 1st April 2015, which will be enacted in subsequent Finance Bills. Consequently the Company will only recognise the impact of the rate change which is substantively enacted at that time in its financial statements. The further reduction in the tax rate will affect both the future current and deferred tax charge of the Company.

Notes to the financial statements

at 31 December 2012

8. Tax on profit on ordinary activities (continued)

(c) Deferred taxation

The deferred tax asset is made up as follows

	2012	Provided 2011
	£	£
Timing differences between capital allowances and depreciation	12,130	20,390
Other timing differences	27,000	22,069
	<u>39,130</u>	<u>42,459</u>

The directors have considered whether these timing differences will reverse or be utilised in the foreseeable future in deciding to recognise these deferred tax assets

The movement in deferred tax asset during the year is as follows

	£
1 January 2012	42,459
Charge to the profit and loss account	(3,329)
Deferred tax asset provided at 31 December 2012	<u>39,130</u>

Notes to the financial statements

at 31 December 2012

9. Tangible fixed assets

	<i>Leasehold property</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
Cost			
At 1 January 2012	394,707	163,765	558,472
Additions	1,741	3,336	5,077
Disposals	-	(27,065)	(27,065)
At 31 December 2012	396,448	140,036	536,484
Depreciation			
At 1 January 2012	310,251	160,454	470,705
Provided during the year	10,198	2,090	12,288
Disposals	-	(27,065)	(27,065)
At 31 December 2012	320,449	135,479	455,928
Net book value			
At 1 January 2012	84,456	3,311	87,767
At 31 December 2012	75,999	4,557	80,556

10. Stocks

	<i>2012</i>	<i>2011</i>
	£	£
Finished goods	913,290	814,589

11. Debtors

	<i>2012</i>	<i>2011</i>
	£	£
Trade debtors	2,682,905	2,523,604
Amounts owed by group undertakings	46,408	-
Deferred tax asset (note 8(c))	39,130	42,459
Prepayments and accrued income	51,349	20,925
	2,819,792	2,586,988

Notes to the financial statements

at 31 December 2012

12. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	280,082	300,991
Amounts owed to group undertakings	568,524	1,165,698
Other taxation and social security	368,053	428,578
Accruals and deferred income	383,925	348,605
Corporation tax creditor	61,969	14,875
	<u>1,662,553</u>	<u>2,258,747</u>

13. Provisions for liabilities

	Other provisions £
At 1 January 2012	36,457
Increased in the year and debited to the profit and loss account	124,224
At 31 December 2012	<u>160,681</u>

The company has an onerous lease provision for the property costs relating to the unused portion of their current premises. These costs are stated net of any income that is expected to be received from subletting the unused portion.

14. Issued share capital

	No	2012 £	No	2011 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,400,000	1,400,000	1,400,000	1,400,000

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Capital contributions £	Profit and loss account £	Total share- holders' funds £
At 31 December 2011	1,400,000	1,000,000	(527,509)	1,872,491
Profit for the year	-	-	342,160	342,160
At 31 December 2011	1,400,000	1,000,000	(185,349)	2,214,651
Profit for the year	-	-	217,623	217,623
At 31 December 2012	<u>1,400,000</u>	<u>1,000,000</u>	<u>32,274</u>	<u>2,432,274</u>

Notes to the financial statements

at 31 December 2012

16. Other financial commitments

At 31 December 2012 the company had annual commitments under non cancellable operating leases as set out below

	2012		2011	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	31,693	-	21,429
In two to five years	-	44,691	-	29,745
After more than five years	129,098	-	129,098	-
	<u>129,098</u>	<u>76 384</u>	<u>129,098</u>	<u>51,174</u>

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

18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Sudpack Europe AG a company incorporated in Switzerland

The directors consider ecoform Multifol Verpackungs Folien GmbH & Co 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