

Company Number: 910628

Sudpack U.K. Limited
Financial Statements
for the year ended 31st December 1998



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
Hemel Hempstead Branch
Unit 2 Marlowes Centre
Hemel Hempstead
Hertfordshire
HP1 1DX

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Sudpack U.K. Limited

Directors' Report

for the year ended 31st December 1998

The directors submit their report together with the audited financial statements for the year ended 31st December 1998.

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 £136,231. After deducting taxation and dividends, the profit of £17,686 has been transferred to reserves.

The directors recommend dividends amounting to £70,000.

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 1999.

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	
	1998	1997
	No.	No.
Mr R.J. Murrell	-	-
Mr A. Remmele	1	1
Mr W. Birkel	-	-
Mr W. Sonderegger	-	-
Mr G.L. Sowden	-	-

Political and Charitable Contributions

During the year payments of a charitable nature amounted to £589. There were no contributions to political organisations.

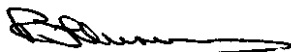
Millennium Compliance

The directors have considered the millennium issue and have taken appropriate steps to ensure that their computer hardware and software is year 2000 compliant. They do not envisage any further material costs being incurred.

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

12th July 1999

Sudpack U.K. Limited

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st December 1998

We have audited the financial statements on pages 4 to 15, 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 1998 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**

The Quadrangle
180 Wardour Street
London
W1V 4LB

13th July 1999

Sudpack U.K. Limited**Profit and Loss Account****for the year ended 31st December 1998**

	Notes	1998 £	1997 £
Turnover	2	9,475,555	7,958,824
Cost of sales		(7,778,388)	(6,122,451)
Gross profit		1,697,167	1,836,373
Distribution costs		(200,264)	(150,041)
Administrative expenses		(1,298,939)	(1,215,561)
Other operating income		4,000	-
Operating profit	3	201,964	470,771
Exceptional items			
Bad debts		-	(349,052)
Profit on ordinary activities before interest		201,964	121,719
Interest receivable	6	4,372	3,395
Interest payable	5	(70,105)	(8,295)
Profit on ordinary activities before Taxation		136,231	116,819
Tax on profit on ordinary activities	7	(48,545)	(39,388)
Profit on ordinary activities after Taxation		87,686	77,431
Dividends	8	(70,000)	-
Retained profit transferred to reserves	19	17,686	77,431
Retained profit brought forward		297,520	220,089
Retained profit carried forward		315,206	297,520

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.

The notes on pages 7 to 15 form part of these financial statements.

Sudpack U.K. Limited

Balance Sheet

as at 31st December 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Fixed Assets					
Tangible fixed assets	9		153,240		101,158
Investments	10		2		2
			<u>153,242</u>		<u>101,160</u>
Current Assets					
Stock	12	2,335,633		1,366,401	
Debtors	13	2,434,948		1,821,696	
Cash at bank and in-hand		185,492		478,853	
		<u>4,956,073</u>		<u>3,666,950</u>	
Creditors:					
Amounts falling due within one year	14	<u>(3,677,842)</u>		<u>(2,389,348)</u>	
Net Current Assets			1,278,231		1,277,602
Total Assets Less Current Liabilities			<u>1,431,473</u>		<u>1,378,762</u>
Creditors:					
Amounts falling due after more than one year	15		<u>(116,267)</u>		<u>(81,242)</u>
			<u>1,315,206</u>		<u>1,297,520</u>
Capital and Reserves					
Called up share capital	18		1,000,000		1,000,000
Profit and loss account	19		315,206		297,520
Shareholders' funds	20		<u>1,315,206</u>		<u>1,297,520</u>

These accounts were approved by the board on 12th July 1999



Mr R.J. Murrell
Director

The notes on pages 7 to 15 form part of these financial statements.

Sudpack U.K. Limited**Cash Flow Statement****for the year ended 31st December 1998**

	Notes	1998 £	1997 £
Cash flow from operating activities	21	(123,426)	298,518
Returns on investments and servicing of finance	22	(65,733)	(4,900)
Taxation		(38,909)	(17,978)
Capital expenditure and financial investment	22	(44,410)	(12,828)
Cash (outflow)/inflow before use of liquid resources and financing		(272,478)	262,812
Financing	22	(20,883)	(10,683)
(Decrease)/Increase in cash in the year	23	(293,361)	252,129
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		(293,361)	252,129
Cash outflow from decrease in debt and lease financing	23	20,883	10,683
Change in net funds resulting from cashflows		(272,478)	262,812
New finance leases	23	(60,322)	(30,827)
Movement in net funds in the period		(332,800)	231,985
Net funds at 1st January 1998		429,796	197,811
Net funds at 31st December 1998	23	96,996	429,796

The notes on pages 7 to 15 form part of the financial statements.

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 1998

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.

The geographical analysis of turnover is as follows:

	1998	1997
	£	£
United Kingdom	9,437,040	7,925,716
Europe	27,917	19,597
Rest of the World	10,598	13,511
	<u>9,475,555</u>	<u>7,958,824</u>

3 Operating Profit

The operating profit is stated after charging or crediting:

	1998	1997
	£	£
Other operating lease rentals	73,585	84,759
Amounts payable to the auditors in respect of audit services	7,000	7,000
Depreciation - owned assets	26,592	21,508
Depreciation - assets held under hire purchase or finance lease contracts	29,058	15,820
(Profit)/Loss on disposal of fixed assets	<u>(3,000)</u>	<u>(3,300)</u>

Notes to the Financial Statements

for the year ended 31st December 1998

4 Directors and Employees

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	523,072	503,114
Social security costs	56,166	51,243
Other pension costs	40,298	32,830
	<u>619,536</u>	<u>587,187</u>

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

	1998 Number	1997 Number
Office and management	12	11
Factory	7	8
	<u>19</u>	<u>19</u>

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Aggregate amount of emoluments paid in respect of qualifying services	132,890	153,262
Aggregate value of company contributions to money purchase pension schemes	14,187	12,669
	<u>147,077</u>	<u>165,931</u>

Other directors disclosures in respect of qualifying services:

	1998 Number	1997 Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	2	2

5 Interest Payable

	1998 £	1997 £
Interest payable to group undertakings	55,868	-
Hire purchase & finance lease interest	9,830	6,093
Other interest payable	4,407	2,202
	<u>70,105</u>	<u>8,295</u>

6 Interest Receivable

	1998 £	1997 £
Other interest receivable	4,372	3,395
	<u>4,372</u>	<u>3,395</u>

Sudpack U.K. Limited

Notes to the Financial Statements

for the year ended 31st December 1998

7	Tax on Profit on Ordinary Activities					1998	1997
						£	£
	<i>Based on the profit for the year:</i>						
	U.K. Corporation tax at 31% (1997: 33%)					48,545	39,351
	Prior year adjustments - corporation tax					-	37
						<u>48,545</u>	<u>39,388</u>
8	Dividends					1998	1997
						£	£
	Equity						
	Ordinary shares - final proposed of £0.07 per share (1997 £nil)					<u>70,000</u>	<u>-</u>
9	Tangible Fixed Assets						
		Leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings		Total
	Cost	£	£	£	£		£
	At 1st January 1998	12,808	80,012	103,627	121,310		317,757
	Additions	-	10,481	60,322	36,929		107,732
	Disposals	-	-	(15,955)	-		(15,955)
	At 31st December 1998	<u>12,808</u>	<u>90,493</u>	<u>147,994</u>	<u>158,239</u>		<u>409,534</u>
	Depreciation						
	At 1st January 1998	5,036	70,319	55,211	86,033		216,599
	Charged for the year	767	4,190	31,277	19,416		55,650
	Eliminated on disposal	-	-	(15,955)	-		(15,955)
	At 31st December 1998	<u>5,803</u>	<u>74,509</u>	<u>70,533</u>	<u>105,449</u>		<u>256,294</u>
	Net Book Value						
	Owned assets	7,005	15,984	556	52,790		76,335
	Leased assets	-	-	76,905	-		76,905
	At 31st December 1998	<u>7,005</u>	<u>15,984</u>	<u>77,461</u>	<u>52,790</u>		<u>153,240</u>
	Owned assets	7,772	9,693	2,775	35,277		55,517
	Leased assets	-	-	45,641	-		45,641
	At 31st December 1997	<u>7,772</u>	<u>9,693</u>	<u>48,416</u>	<u>35,277</u>		<u>101,158</u>
	Analysis of Leasehold land and buildings						1998
							£
	Short leaseholds net book value						7,005
	Leasehold land and buildings net book value						<u>7,005</u>

Notes to the Financial Statements

for the year ended 31st December 1998

10 Fixed Asset Investments

	Shares in Group Undertakings £
Cost	
At 1st January 1998	2
At 31st December 1998	2
Net Book Value	
At 31st December 1998	2
At 1st January 1998	2

11 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	-	-

12 Stocks

	1998 £	1997 £
Raw materials	2,075,480	1,129,253
Finished goods	260,153	237,148
	<u>2,335,633</u>	<u>1,366,401</u>

13 Debtors

	1998 £	1997 £
Trade debtors	2,379,890	1,778,311
Other debtors	794	361
Prepayments and accrued income	54,264	43,024
	<u>2,434,948</u>	<u>1,821,696</u>

Sudpack U.K. Limited

Notes to the Financial Statements

for the year ended 31st December 1998

14	Creditors: Amounts falling due within one year	1998	1997
		£	£
	Net obligations under hire purchase and finance lease contracts	39,817	10,173
	Trade creditors	991,215	270,216
	Amounts owed to other group undertakings	2,075,501	1,693,029
	Corporation tax	49,427	39,791
	Other taxes and social security	383,690	276,791
	Proposed dividends	70,000	-
	Accruals and deferred income	68,192	99,348
		<u>3,677,842</u>	<u>2,389,348</u>

15	Creditors: Amounts falling due after one year	1998	1997
		£	£
	Net obligations under hire purchase and finance lease contracts	48,679	38,884
	Directors loan account	67,588	42,358
		<u>116,267</u>	<u>81,242</u>

16	Obligations Under Hire Purchase & Finance Leases	1998	1997
		£	£
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Within one year	39,817	10,173
	Between one and two years	35,448	12,958
	Between two and five years	13,231	25,926
		<u>88,496</u>	<u>49,057</u>

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

17 Operating lease commitments

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

	1998	1998	1997	1997
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Expiring:				
Within one year	-	447	-	23,769
Within two to five years	-	-	-	-
After five years	64,540	-	62,660	-
	<u>64,540</u>	<u>447</u>	<u>62,660</u>	<u>23,769</u>

Sudpack U.K. Limited

Notes to the Financial Statements

for the year ended 31st December 1998

18 Share Capital

Authorised	1998	1997
	£	£
1,000,000 Ordinary shares of £1 each (1997: 1,000,000)	1,000,000	1,000,000
Allotted and fully paid	1998	1997
	£	£
1,000,000 Ordinary shares of £1 each (1997: 1,000,000)	1,000,000	1,000,000

19 Reserves

	Profit and Loss Account
	£
At 1st January 1998	297,520
Profit for the year	17,686
At 31st December 1998	315,206

20 Reconciliation of the Movement in Shareholders' Funds

	1998	1997
	£	£
Profit for the financial year	87,686	77,431
Dividends	(70,000)	-
	17,686	77,431
Increase in shareholders' funds	17,686	77,431
Opening shareholders' funds	1,297,520	1,220,089
Closing shareholders' funds	1,315,206	1,297,520

21 Reconciliation of Operating Profit to Operating Cash Flows

	1998	1997
	£	£
Operating profit	201,964	470,771
Depreciation charges	55,650	37,328
(Profit) on disposal of fixed assets	(3,000)	(3,300)
(Increase) in debtors	(613,252)	(14,244)
Increase in creditors	1,204,444	244,529
Exceptional items	-	(349,052)
Net Cash (Outflow)/Inflow from Operating Activities	(123,426)	298,518

Notes to the Financial Statements

for the year ended 31st December 1998

22 Analysis of Cash Flows for headings netted in the Cash Flow Statement

Returns on investments and servicing of finance	1998	1997
	£	£
Interest received	4,372	3,395
Interest paid	(60,275)	(2,202)
Interest element of finance lease rental payments	(9,830)	(6,093)
Net cash (outflow) for returns on investments and servicing of finance	(65,733)	(4,900)
Capital expenditure and financial investment	1998	1997
	£	£
Purchase of tangible fixed assets	(47,410)	(16,128)
Proceeds from the sale of fixed assets	3,000	3,300
Net cash (outflow) for capital expenditure and financial investment	(44,410)	(12,828)
Financing	1998	1997
	£	£
Capital elements of finance lease rental payments	(20,883)	(10,683)

23 Analysis of changes in Net Funds

	At 1st January 1998	Cashflows	Other non-cash changes	At 31st December 1998
	£	£	£	£
Cash in hand, at bank	478,853	(293,361)	-	185,492
Finance leases	(49,057)	20,883	(60,322)	(88,496)
Total	429,796	(272,478)	(60,322)	96,996

24 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 £60,322.

25 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. Mr G Sowden also purchased a motor vehicle from the company during the year, the transaction took place at open market value.

26 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 £40,298 (1997: £32,830).

Sudpack U.K. Limited

Notes to the Financial Statements

for the year ended 31st December 1998

27	Capital Commitments	1998	1997
		£	£
	Capital commitments as at 31st December 1998 are as follows:		
	Authorised and contracted for	14,749	-

28 Ultimate Parent Undertaking

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

29 Related Party Transactions

The following disclosure is given in accordance with Financial Reporting Standard (FRS 8) Related Party Disclosures.

Control

Control of the company rests with the parent undertaking, as disclosed in note 28.

Transactions

Amounts due to group undertakings are aggregated as permitted by FRS 8 and shown in creditors (note 14).

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 1998, the company owed money to a director, Mr G Sowden, as disclosed in note 25.