

**Company Registration No. 1038677**

**Graham Packaging Plastics Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

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# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

F Afarian  
M S Burgess  
T C Hallowell  
S Kolakowski  
G R Lu  
A Sudan

#### **Secretary**

Clifford Chance Secretaries

#### **Registered Office**

Irton House  
The Tower Estate  
Warpsgrove Lane  
Chalgrove  
Oxfordshire  
OX44 7TH

#### **Bankers**

Barclays Bank PLC  
28 George Street  
Luton  
LU1 2AE

#### **Auditors**

Deloitte LLP  
Chartered Accountants & Registered Auditors  
Birmingham

# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

### **Directors' report (continued)**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

#### **Activities**

The principal activity of the company during the year continued to be the manufacture of plastic containers, mainly in PET resin but also in polypropylene. These products were supplied to a variety of manufacturers in different sectors for filling with their products (food, drinks, cosmetics, pharmaceuticals, automotive etc).

#### **Business Review**

Turnover in 2007 was £10,435,000 from £8,585,000 in 2006.

The increased turnover in 2007 was as a result of growth during the year domestically in new sectors however this was partially offset by the transfer of one export customer to a Group company in Europe.

The operating loss was £374,000 in 2007 from an operating loss of £363,000 in 2006.

Operating margin in the year was significantly affected by the increased price of base materials, commodities and significant increases in utility costs. Payroll costs also increased in the year due to increased number of employees and inflationary costs in the year.

Freight and distribution cost were also affected by the increased fuel costs in the year

Administrative expenses increased from 2006 due to the higher personnel costs incurred and an exceptional cost due to restructuring.

The loss for the year amounted to £262,000 (2006: £339,000 loss).

Group debtors increased to £1,750,000 at the end of 2007 (2006: £1,660,000). Group Creditors increased to £235,000 due to higher intercompany recharges and purchases compared with 2006 (2006: £151,000).

In 2008 the company has incurred £1,742,000 of further Capital investment for several projects based on the growth already shown in 2007.

The company has research and development expenditure of £143,000 in the year (2006: £135,000) and will continue to do so to support the growth in turnover.

The parent company of Graham Packaging Plastics Limited is Graham Packaging Company, L.P., based in York, Pennsylvania USA which is a worldwide leader in the design, manufacture and sale of technology-based, customized blow-molded plastic containers for the branded food and beverage, household, personal care/specialty, and automotive lubricants product categories.

Globally, the group produced more than 20 billion units at 83 plants in 17 countries and had worldwide net sales of \$2.5 billion in 2007.

The Blackstone Group of New York is the majority owner of Graham Packaging Company, L.P.

#### **Dividends**

The directors do not recommend the payment of any dividends (2006: £nil).

# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

### **Directors' report (continued)**

#### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles based on the parent company's policies so as to manage these risks. The company does not use derivative financial instruments for speculative purposes.

#### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The use of foreign exchange forward contracts and interest rate swap contracts is governed by the company's policies approved by the board of directors, which provide written principles based on the parent company's policies so as to manage these risks. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

#### **Credit risk**

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has intercompany funding arrangements.

#### **Price risk**

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

### **Directors' report (continued)**

#### **Going Concern**

The company's business activities, together with the factors likely to have an affect on its future development and position are set out in the business review section above.

The financial position of the company and its cash flows are described in the director's report above and this includes the company's policies and processes for managing its capital and its financial risk as well as its limited exposure to credit risk and liquidity risk.

The company continues to trade on an ongoing basis and still has Intercompany Debtors in the form of loans due, and this together with the continued capital investment in the company as well as having contracts with a large number of customers and suppliers over a longer term across different business areas and different industries gives reason to the directors that the company is well placed to manage its business risks despite the current economic outlook.

The Directors have reviewed the forecast relating to the company for a period of 12 months from the date of signing of the Directors report and are satisfied that the company has sufficient resources to continue to trade for the next 12 months.

The directors have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Directors**

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

F Afarian (Commenced 2/3/2009)  
M S Burgess (commenced 1/11/2008)  
T C Hallowell (commenced 1/11/2008)  
J E Hamilton (retired 1/12/2007)  
J W Hereford (retired 31/12/2006)  
S Kolakowski (commenced 1/11/2008)  
G R Lu  
M Manry (commenced 1/11/2008 and retired 2/3/2009)  
A Sudan  
R M Prevot (retired 30/4/2008)

#### **Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

The Company's auditors changed their name to Deloitte LLP on 1 December 2008; accordingly, the designated members intend to reappoint Deloitte LLP as auditors in accordance with the requirements of the Companies Act 1985.

# **Graham Packaging Plastics Limited**

## **Report and financial statements 2007**

### **Directors' report (continued)**

#### **Auditors (continued)**

Deloitte LLP have expressed their willingness to continue in office. A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board

  
A Sudan

May 26 2009

## **Graham Packaging Plastics Limited**

### **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). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 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 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 GRAHAM PACKAGING PLASTICS LIMITED**

We have audited the financial statements of Graham Packaging Plastics Limited for the year ended 31 December 2007 which comprise profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 19. 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 financial statements in accordance with applicable law and United Kingdom 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.

### **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 2007 and of its loss 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.

*Deloitte LLP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
United Kingdom

*28 May 2009*

# Graham Packaging Plastics Limited

## Profit and loss account Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	10,435	8,585
Cost of sales		(9,269)	(7,805)
<b>Gross profit</b>		<b>1,166</b>	<b>780</b>
Distribution costs		(926)	(646)
Administrative expenses (including exceptional cost of £66,000)	4	(614)	(497)
<b>Operating loss</b>	3	<b>(374)</b>	<b>(363)</b>
Interest payable and similar charges	6	(7)	(26)
Interest receivable	7	119	109
<b>Loss on ordinary activities before taxation</b>		<b>(262)</b>	<b>(280)</b>
Tax credit/(charge) on loss on ordinary activities	8	-	(59)
<b>Loss for the financial year</b>	16	<b>(262)</b>	<b>(339)</b>

All figures relate to continuing operations.

# Graham Packaging Plastics Limited

## Balance sheet 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	9	3,084	3,214
<b>Current assets</b>			
Stocks	10	1,161	1,084
Debtors	11	3,987	3,337
Cash at bank and in hand		176	122
		5,324	4,543
<b>Creditors: amounts falling due within one year</b>	12	(2,389)	(1,566)
<b>Net current assets</b>		2,935	2,977
<b>Net assets before pension liability</b>		6,019	6,191
<b>Pension Liability</b>	18	(1,044)	(1,258)
<b>Net assets</b>		4,975	4,933
<b>Capital and Reserves</b>			
Called up share capital	15	7,644	7,644
Share premium account	16	167	167
Capital reserve	16	6,897	6,897
Profit and loss account	16	(9,733)	(9,775)
<b>Total shareholders' funds</b>	16	4,975	4,933

These financial statements were approved by the Board of Directors on *May 26,* 2009.

Signed on behalf of the Board of Directors



A Sudan  
Director

# **Graham Packaging Plastics Limited**

## **Statement of total recognised gains and losses**

**Year ended 31 December 2007**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Loss for financial year	(262)	(339)
Actuarial gains relating to pension scheme (note 18)	304	371
	<u>42</u>	<u>32</u>

# Graham Packaging Plastics Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 1. Accounting policies

##### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with Financial Reporting Standard 1 "Cash flow statements", the company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary within the Graham Packaging International Plastics Products Inc. group and the ultimate parent company prepares publicly available consolidated financial statements that incorporate the cash flow of the company.

The accounts have been prepared on the going concern basis for the reasons disclosed in Directors' report on Page 4.

The particular accounting policies adopted are described below. They have been applied consistently throughout the year and the preceding year.

##### Fixed assets

All fixed assets are initially recorded at cost net of depreciation and 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:

Plant & Machinery	7.5% - 20% per annum
Fixtures & Fittings	20% per annum
Motor vehicles	33% per annum

##### Moulds and developments costs

Moulds and development costs are depreciated over varying periods up to a maximum of 5 years depending upon:

- (a) their useful life; and
- (b) the length of customer contracts

Depreciation is on a straight line basis commencing in the month in which the mould is first used.

##### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

##### Recoverable tooling

The company works in partnership with various customers and this may involve the agreement to purchase tooling for containers that may be recoverable over the period of the contract. This is stated within the balance sheet and any excess or surplus is reviewed and then taken to the profit and loss account.

# **Graham Packaging Plastics Limited**

## **Notes to the accounts (continued)**

### **Year ended 31 December 2007**

#### **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.

#### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### **Pension costs**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

#### **Research and development costs**

Research and product development expenditures are written off as incurred.

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to two continuing activities, the manufacture and distribution of plastic containers and the sale of bottles and closures.

An analysis of turnover by geographical market is given below:

	2007 £'000	2006 £'000
United Kingdom	10,019	7,881
Rest of Europe	294	569
Rest of World	122	135
	<u>10,435</u>	<u>8,585</u>

#### 3. Operating loss

This is stated after charging/ (crediting):

	2007 £'000	2006 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	38	37
Fees payable to the company's auditors for tax services	6	5
Depreciation of owned fixed assets	635	642
Loss/(Profit) on disposal of fixed assets	2	(16)
Research and Development	143	135
Operating lease rentals – plant & machinery	411	410
Loss relating to foreign exchange translation	<u>19</u>	<u>2</u>

#### 4. Exceptional Costs

The Company incurred £66,000 of exceptional costs (2006:£Nil) relating to the termination of an employee during 2007.

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

Year ended 31 December 2007

### 5. Information regarding directors and employees

	2007 £'000	2006 £'000
Wages and salaries	2,205	1,959
Social security costs	221	199
Other pension costs (note 18)	307	308
	<u>2,733</u>	<u>2,466</u>

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

	2007 £'000	2006 £'000
Administrative staff	3	3
Manufacturing	69	65
Sales and Marketing	3	3
	<u>75</u>	<u>71</u>

No director received any remuneration in relation to their services to this company in 2007 (2006: £nil).

There were no directors within the company pension scheme.

### 6. Interest payable and similar charges

	2007 £'000	2006 £'000
Bank	19	2
Net finance costs on pension scheme liabilities	(12)	24
	<u>7</u>	<u>26</u>

### 7. Interest receivable

	2007 £'000	2006 £'000
Bank	14	9
Intercompany interest	105	100
	<u>119</u>	<u>109</u>

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 8. Tax on loss on ordinary activities

	2007 £'000	2006 £'000
a) Analysis of tax charge		
UK Corporation tax	-	-
Total current tax (credit)/charge (note 8(b))	-	-
<i>Deferred tax</i>		
Adjustment in respect of prior periods (note 8(c))	-	(393)
Movement in deferred tax on pension liability (note 18)	-	452
Total deferred tax charge	-	59
Total tax charge on loss on ordinary activities	-	59

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

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

##### b) Factors affecting current tax charge

	2007 £'000	2006 £'000
The differences are reconciled below:		
Loss on ordinary activities before taxation	(262)	(280)
Loss on ordinary activities by standard rate in the UK 30 % (2006 – 30%)	(79)	(84)
Disallowed expenses and non-taxable income	-	(6)
Depreciation in excess of capital allowances	52	59
Short-term timing differences	27	31
Total current tax charge (note 8(a))	-	-

##### c) Deferred tax

Capital allowances in advance of depreciation	379	455
Other timing differences	(21)	(18)
Losses	(358)	(437)
Provision for deferred taxation liability	-	-
At 1 January	-	393
Profit and loss account movement arising during the year	-	-
Adjustments in respect of previous periods	-	(393)
At 31 December	-	-

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. Accordingly deferred tax assets and liabilities have been restated at 28%.

The company has an unprovided deferred tax asset of approximately £414,000 (2006: £390,000) in respect of losses carried forward and £292,000 (2006: £377,400) in respect of the pension fund liability. No deferred tax asset has been recognised due to uncertainty that the company will have sufficient taxable profits against which the losses may be utilised in the foreseeable future.

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 9. Tangible fixed assets

	Plant & Machinery £'000	Equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2007	13,270	3,825	17,095
Additions	333	172	505
Transfers from/(to) other group companies	5	(1)	4
Disposals	(594)	(1)	(595)
At 31 December 2007	13,014	3,995	17,009
<b>Accumulated depreciation</b>			
At 1 January 2007	10,715	3,166	13,881
Provided during the year	502	133	635
Disposals	(591)	-	(591)
At 31 December 2007	10,626	3,299	13,925
<b>Net book value</b>			
At 31 December 2007	2,388	696	3,084
At 1 January 2007	2,555	659	3,214

Within Plant & Machinery are assets valued at £206,000 related to assets in the course of construction that were not depreciated in the year (2007: £48,000).

All Plant & Machinery within Fixed assets was reviewed for recoverability as at 31st December 2007 and this has not resulted in an impairment charge (2006 £Nil).

#### 10. Stocks

	2007 £'000	2006 £'000
Raw materials and consumables	139	215
Finished goods	1,022	869
	1,161	1,084

The directors consider that there is no material difference between the value of stock as stated above and its replacement cost.

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

Year ended 31 December 2007

### 11. Debtors

	2007 £'000	2006 £'000
Trade debtors	1,971	1,426
Amounts owed by group undertakings	1,750	1,660
Other debtors	153	134
Prepayments and accrued income	113	117
	<u>3,987</u>	<u>3,337</u>

The Intercompany loans repayable by group companies, totalling £ 1, 397,000 (2006 - £1,317,000) included in the above amounts owed by group undertakings, were at an average interest rate of 7.3%.

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

	2007 £'000	2006 £'000
Trade creditors	1,070	814
Amounts owed to group undertakings	235	151
Other taxes and social security	100	141
Accruals and deferred income	984	460
	<u>2,389</u>	<u>1,566</u>

### 13. Commitments under operating leases

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

	2007 £'000	2006 £'000
Operating leases which expire:		
Within one year	394	11
In two to five years	367	399
	<u>761</u>	<u>410</u>

### 14. Related party transactions

The company is a wholly owned subsidiary of Graham Packaging Company, L.P. a company registered in the U.S.A who prepares published consolidated financial statements. The company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries of Graham Packaging Company, L.P. There are no other related party transactions.

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 15. Called up share capital

	2007 £'000	2006 £'000
<b>Authorised:</b>		
Ordinary shares of £1 each	7,644	7,644
<b>Called up, allotted and fully paid</b>		
Ordinary shares of £1 each	7,644	7,644

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

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total share- holders funds £'000
At 1 January 2007	7,644	167	6,897	(9,775)	4,933
Loss for the year	-	-	-	(262)	(262)
Other recognised gains & losses	-	-	-	304	304
At 31 December 2007	7,644	167	6,897	(9,733)	4,975

#### 17. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £109,000 (2006: £48,000).

#### 18. Pension commitments

##### a) Pensions

The company operates a defined benefit scheme for its employees.

The scheme is funded by the payment of contributions to separately administered trust funds.

The company made contributions of £205,000 in the year (2006:£209,000)

The company has agreed to contribute into the Pension Scheme at an agreed contribution rate of 13% based on any eligible scheme members on an ongoing basis for a three year period which commenced from June 2007

The most recent independent actuarial valuation as at 6 April 2006 showed that the market value of the scheme assets was £2.2 million and that the actuarial value of those represented 74% of the benefits that had accrued to members after allowing for future increases in earnings, the valuation was updated at 31 December 2007. The scheme was valued in accordance with the projected unit method. The most significant assumptions affecting the valuations are as follows:

	2007 %	2006 %	2005 %
<b>Main assumptions:</b>			
Rate of increase in salaries	3.6	3.6	3.5
Rate of increase in pensions in payment	3.1	3.1	3.2
Discount rate	5.4	5.0	4.9
Inflation assumption	3.0	2.8	2.7

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 18. Pension commitments (continued)

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

	2007		2006		2005	
	Long-term rate of return expected %	Value £'000	Long-term rate of return expected %	Value £'000	Long-term rate of return expected %	Value £'000
Equities	7.5	2,798	7.5	3,046	7.0	2,375
Bonds	5.2	384	5.0	433	4.7	576
Other	5.5	1,051	5.0	487	4.2	593
		<hr/>		<hr/>		<hr/>
Total market value of assets		4,233		3,966		3,544
Present value of scheme liabilities		(5,277)		(5,224)		(5,050)
		<hr/>		<hr/>		<hr/>
Deficit in the scheme		(1,044)		(1,258)		(1,506)
Related deferred tax asset		-		-		452
		<hr/>		<hr/>		<hr/>
Net pension liability		(1,044)		(1,258)		(1,054)
		<hr/>		<hr/>		<hr/>

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 18. Pension commitments (continued)

An analysis of the defined benefit cost for the year ended 31 December 2007 is as follows:

	2007 £'000	2006 £'000	2005 £'000
Current services cost	(307)	(308)	(291)
Curtailments	-	-	403
Total operating (charge) / income	(307)	(308)	112
Expected return on pension scheme assets	280	223	204
Interest on pension scheme liabilities	(268)	(247)	(274)
Total other finance income/(expense)	12	(24)	(70)
Actual return less expected return on pension scheme assets	(173)	55	273
Experience gains/(losses) arising on scheme liabilities	155	217	(86)
Gain / (loss) arising from changes in assumptions underlying the present value of scheme liabilities	322	99	(218)
Actuarial gain / (loss) recognised in the statement of total recognised gains and losses	304	371	(31)
Analysis of movements in surplus during the year	2007 £'000	2006 £'000	2005 £'000
At 1 January 2007	(1,258)	(1,506)	(1,943)
Total operating (charge)/income	(307)	(308)	112
Total other finance income/(expense)	12	(24)	(70)
Actuarial gain /(loss) recognised in the statement of total recognised gains and losses	304	371	(31)
Contributions	205	209	426
At 31 December 2007	(1,044)	(1,258)	(1,506)

# Graham Packaging Plastics Limited

## Notes to the accounts (continued)

### Year ended 31 December 2007

#### 18. Pension commitments (continued)

History of experience gains and losses:

	2007	2007	2006	2006	2005	2005	2004	2004	2003	2003
	%	£000	%	£000	%	£000	%	£000	%	£000
Of scheme assets:										
Difference between expected and actuarial return on scheme assets	(4)	(173)	1	55	8	273	4	129	7	18
Of scheme liabilities:										
Experience gains and losses on scheme liabilities	3	155	4	217	(2)	(86)	5	265	(4)	(179)
Total amount recognised in the STRGL	6	304	7	371	(1)	(31)	(3)	(176)	(8)	(322)

#### 19. Ultimate parent company

The immediate parent undertaking of Graham Packaging Plastics Limited is Graham Packaging International Plastic Products Inc, a company registered in the U.S.A.

The company's ultimate parent undertaking and controlling party is The Blackstone Group, a company registered in the U.S.A. The smallest and largest group into which Graham Packaging Plastics Limited is consolidated is Graham Packaging Company, L.P who prepares published consolidated financial statements. Copies of its group accounts, which include the company, are available c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware DE 19801, U.S.A.