

**Company Registration No. 1038677**

**GRAHAM PACKAGING PLASTICS  
LIMITED**

**Report and Financial Statements**

**31 December 2013**



# **GRAHAM PACKAGING PLASTICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 December 2013**

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# **GRAHAM PACKAGING PLASTICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 December 2013**

### **OFFICERS AND PROFESSIONAL ADVISERS for the year ended 31 December 2013**

#### **DIRECTORS**

F Afarian  
M P Bunday  
J B Hanks  
R Fernandez Del Carmen

#### **SECRETARY**

TMF Corporate Administrative Services Limited

#### **REGISTERED OFFICE**

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

#### **BANKERS**

Barclays Bank PLC  
28 George Street  
Luton  
LU1 2AE

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditor  
One Reading Central, 23 Forbury Road,  
Reading RG1 3JH

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **STRATEGIC REPORT for the year ended 31 December 2013**

The directors present their strategic report on the company for the year ended 31 December 2013

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year continued to be the manufacture and distribution 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 AND KEY PERFORMANCE INDICATORS**

Turnover in 2013 was £8,763,000 decreasing from £11,197,000 in 2012

The directors consider turnover and operating profit/loss to be the key performance indicators used in assessing the performance of the business

The lower turnover in 2013 was due to one customer making the decision to selling off three of its key brands and the decreased sales to a major customer due to their decision to switch one product to a competitor due to aggressive pricing within the domestic market

The operating loss was £421,000 in 2013 compared with an operating loss of £922,000 in 2012. This loss also includes termination payments in the year following a decision for plant reorganisation to maximise production capabilities efficiently and reduce costs

Operating margin in the year was affected by the decision not to supply to customers at lower margins, the continuing recessionary pressures in the year and the increased price of oil based base materials, purchased in product for processing, commodities and repeated significant increases in utility costs

Distribution costs decreased due to the lower volume of deliveries incurred and by the decision not to use additional warehousing costs that were incurred in the prior year but this was impacted adversely by additional and fuel surcharges passed on from transport suppliers

Administration costs decreased in the year due to decreased intercompany charges. The loss for the financial year after taxation amounted to £534,000 (2012: £976,000 loss)

The company incurred research and development expenditure of £129,000 in the year (2012: £129,000), this relates to the cost of employees that are directly attributable to this expenditure and for any outside services involving research and development projects. In 2013 this cost remained the same and also includes the continuing involvement of other group companies on a European and global basis

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, customised 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 80 plants in 17 countries and had worldwide net sales of \$3.0 billion in 2013

The company's ultimate parent undertaking and controlling party is Reynolds Group Holdings Limited

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the company surround economic factors and social trends that may affect the competitive risk in the market place, the economic risk both domestically and internationally, funding risks at customers due to economic pressure on their funding budgets, the foreign currency risks mainly relating to the importation of raw materials, and ultimately the level of net income generated. The costs and finances of the business are actively managed accordingly. The directors regularly review these risks and take mitigating actions when appropriate

On behalf of the Board



F Afarian

November 2014, 26<sup>th</sup>

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **DIRECTORS' REPORT for the year ended 31 December 2013**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013

### **FUTURE DEVELOPMENT**

The directors expect the business to maintain and expand key customer relations in order to improve the long term financial performance of the company

### **DIVIDENDS**

The directors do not recommend the payment of any dividends (2012 £nil)

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price 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. At the end of the year there were no derivatives either being used or in progress.

### **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 is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **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.

### **GOING CONCERN**

The financial statements are prepared on a going concern basis as a parent company, Graham Packaging Company L.P. has confirmed its intention to support Graham Packaging Plastics Limited to the extent necessary to enable the company to continue trading and meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements.

### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were

F Afarian

M P Bunday

J B Hanks

R Fernandez Del Carmen

# GRAHAM PACKAGING PLASTICS LIMITED

## DIRECTORS' REPORT for the year ended 31 December 2013 (continued)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 prepared 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 accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 1)

The directors are responsible for keeping adequate 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.

### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this annual 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### INDEPENDENT AUDITORS

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

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

F Afarian

November 2014, 16<sup>th</sup>

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAHAM PACKAGING PLASTICS LIMITED**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss 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

This opinion is to be read in the context of what we say in the remainder of this report

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#### **What we have audited**

The financial statements, which are prepared by Graham Packaging Plastics Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account and statement of total recognised gains and losses for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAHAM PACKAGING PLASTICS LIMITED (continued)**

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

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### **Responsibilities for the financial statements and the audit**

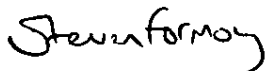
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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing



Steven Formoy (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

**1** December 2014



# GRAHAM PACKAGING PLASTICS LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	<b>8,763</b>	11,197
Cost of sales		<b>(8,108)</b>	(10,797)
<b>Gross profit</b>		<b>655</b>	400
Distribution costs		<b>(364)</b>	(605)
Administrative expenses		<b>(712)</b>	(717)
<b>Operating loss</b>	3	<b>(421)</b>	(922)
Interest receivable and similar income	5	<b>26</b>	29
Interest payable and similar charges	6	<b>(139)</b>	(83)
<b>Loss on ordinary activities before taxation</b>		<b>(534)</b>	(976)
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	14	<b>(534)</b>	(976)

The above results relate to the continuing operations of the company

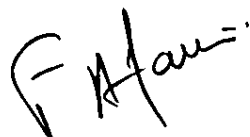
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

# GRAHAM PACKAGING PLASTICS LIMITED

## BALANCE SHEET as at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	8	<u>1,681</u>	<u>2,266</u>
<b>Current assets</b>			
Stocks	9	839	995
Debtors	10	2,264	2,590
Cash at bank and in hand		<u>322</u>	<u>635</u>
		<b>3,425</b>	<b>4,220</b>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,645)</u>	<u>(3,467)</u>
<b>Net current assets</b>		<u><b>780</b></u>	<u><b>753</b></u>
<b>Total assets less current liabilities</b>		<b>2,461</b>	<b>3,019</b>
<b>Net assets excluding pension deficit</b>		<b>2,461</b>	<b>3,019</b>
<b>Pension deficit</b>	16	<u>(3,825)</u>	<u>(4,305)</u>
<b>Net liabilities including pension deficit</b>		<u><u><b>(1,364)</b></u></u>	<u><u><b>(1,286)</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	13	7,644	7,644
Share premium account	14	167	167
Capital redemption reserve	14	6,897	6,897
Profit and loss account (deficit)	14	<u>(16,072)</u>	<u>(15,994)</u>
<b>Total shareholders'(deficit)</b>	14	<u><u><b>(1,364)</b></u></u>	<u><u><b>(1,286)</b></u></u>

The financial statements on pages 7 to 20 were approved by the Board of Directors on November 2014 and signed on its behalf by



F Afarian

Director

Registered number 1038677

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	<b>(534)</b>	<b>(976)</b>
Actuarial profit /( loss) relating to pension scheme (note 16)	<b>456</b>	<b>(1,907)</b>
Total recognised losses relating to the year	<b>(78)</b>	<b>(2,883)</b>

# **GRAHAM PACKAGING PLASTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2013**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

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 Reynolds Group Holdings Limited group which prepares publicly available consolidated financial statements that incorporate the cash flow of the company

The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Reynolds Group Holdings Limited Group There are no other related party transactions

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

#### **Going concern**

The financial statements are prepared on a going concern basis as a parent company, Graham Packaging Company L P has confirmed its intention to support Graham Packaging Plastics Limited to the extent necessary to enable the company to continue trading and meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements

#### **Revenue recognition**

The company recognises revenue on product sales in the period when the sales process is complete This generally occurs when products are shipped to the customer in accordance with terms of an agreement of sale, under which title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable For a small percentage of sales where title and risk of loss pass at point of delivery, the company recognises revenue upon delivery to the customer, assuming all other criteria for revenue recognition are met

Sales are recorded net of discounts, allowances and returns Sales allowances are recorded as a reduction to sales following agreements that have been made with customers

The company maintains a sales return allowance to reduce sales for estimated future product returns

#### **Fixed assets**

All fixed assets are initially recorded at cost net of depreciation, where necessary with a provision for impairment made where necessary

#### **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 and machinery	7.5% - 20% per annum
Equipment and vehicles	20% - 33% per annum

#### **Moulds and related costs**

Moulds and related costs are included as fixed assets and depreciated over varying periods up to a maximum of 5 years depending upon their useful life and the length of the customer contracts

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

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### 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, or for the exclusive right to use, tooling for containers. Amounts paid by customers under these agreements are stated within the balance sheet in deferred income and are recognised in the profit and loss account over the period of the contract

#### 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

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Pension costs (continued)

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.

### 2. TURNOVER

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

An analysis of turnover by geographical market is given below.

	2013 £'000	2012 £'000
United Kingdom	8,289	10,824
Rest of Europe	430	341
Rest of World	44	32
	<u>8,763</u>	<u>11,197</u>

### 3. OPERATING LOSS

#### Operating loss is stated after charging :

	2013 £'000	2012 £'000
Wages and salaries	1,741	2,092
Social security costs	173	196
Other pension costs (note 16)	284	246
<b>Staff costs</b>	<u>2,198</u>	<u>2,534</u>
Fees payable to the company's auditors for the audit of the company's annual financial statements	45	29
Fees payable to the company's auditors for tax services	7	7
Depreciation of owned fixed assets	598	778
Loss on disposal of fixed assets	9	-
Research and development – current year	129	129
Operating lease charges		
- Plant and machinery	41	27
- Other	473	480
	<u>473</u>	<u>480</u>

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

By activity	2013 £'000	2012 £'000
Administrative staff	3	3
Manufacturing	52	62
Sales and marketing	3	3
	<u>58</u>	<u>68</u>

The directors received emoluments from other group companies and their emoluments are included in the financial statements of those companies, which make no recharge to Graham Packaging Plastics Limited. The directors are directors of a number of Graham Packaging Company L.P. group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. Accordingly, the staff costs include no costs in relation to the directors.

There were no directors within the company pension scheme.

There were termination costs due to the reorganisation of the manufacturing facility of £66,000 (2012: £nil).

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Bank	-	-
Intercompany interest	26	29
	<u>26</u>	<u>29</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Foreign exchange losses	-	2
Net finance costs on pension scheme liabilities (Note 16)	116	57
Intercompany interest	23	24
	<u>139</u>	<u>83</u>

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current or deferred tax charge for the current or previous year

The tax assessed for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%)

The differences are reconciled below

#### Factors affecting current tax charge

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(534)	(976)
Loss on ordinary activities by standard rate in the UK 23.25% (2012 – 24.5%)	(124)	(239)
Disallowed expenses and non-taxable income	7	9
Depreciation in excess of capital allowances	7	62
Short-term timing differences	-	-
Unutilised losses	110	168
Total current tax charge	-	-

The company has an unprovided deferred tax asset of approximately £228,000 (2012 £199,000) in respect of fixed asset timing differences, £705,000 (2012 £824,000) in respect of losses carried forward and £765,000 (2012 £990,000) 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 assets may be utilised in the foreseeable future

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantively enacted on 2 July 2013, the unprovided deferred tax balances have been re-measured



# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

### 8. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Equipment and vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2013	13,822	969	14,791
Additions	26	4	30
Disposals	(188)	(7)	(195)
<b>At 31 December 2013</b>	<b>13,660</b>	<b>966</b>	<b>14,626</b>
<b>Accumulated depreciation</b>			
At 1 January 2013	11,675	850	12,525
Provided during the year	570	28	598
Disposals	(172)	(6)	(178)
<b>At 31 December 2013</b>	<b>12,073</b>	<b>872</b>	<b>12,945</b>
<b>Net book value</b>			
<b>At 31 December 2013</b>	<b>1,587</b>	<b>94</b>	<b>1,681</b>
At 31 December 2012	2,147	119	2,266

Within plant and machinery are assets valued at £239,000 related to assets in the course of construction that were not depreciated in the year (2012 £313,000)

### 9. STOCKS

	2013 £'000	2012 £'000
Raw materials and consumables	105	164
Finished goods	734	831
	<b>839</b>	<b>995</b>

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 FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 10. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	1,011	1,400
Amounts owed by group undertakings	1,067	1,034
Other debtors	-	2
Prepayments and accrued income	186	154
	<u>2,264</u>	<u>2,590</u>

The intercompany loans repayable by group companies, totalling £1,038,000 (2012 £1,011,000) included in the above amounts owed by group undertakings, accrue interest at an average interest rate of 2.6% (2012 2.9%)

These intercompany loans are on a rolling 6 month term agreement and are unsecured

All other amounts owed bear no interest. All other amounts owed by group undertakings are unsecured and have no fixed repayment date.

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Trade creditors	730	1,157
Amounts owed to group undertakings	1,030	1,102
Taxation and social security	58	75
Accruals and deferred income	827	1,133
	<u>2,645</u>	<u>3,467</u>

Amounts owed to group undertakings are unsecured, and have no fixed repayment date.

The intercompany loans repayable to group companies, totalling £921,000 (2012 £830,000) included in the above amounts owed to group undertakings, accrue interest at an average interest rate of 2.8% (2012 3.4%). The remaining balances do not accrue interest.

### 12. COMMITMENTS UNDER OPERATING LEASES

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

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire				
Within one year	-	-	40	3
In one to two years	-	-	-	-
In two to five years	443	-	18	41
After five years	-	443	-	-
	<u>443</u>	<u>443</u>	<u>58</u>	<u>44</u>

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 13. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
<b>Called up, allotted and fully paid</b>		
7,643,801 (2012 7,643,801) ordinary shares of £1 each	<u>7,644</u>	<u>7,644</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account (deficit) £'000	Total share- holders' (deficit) 2013 £'000	Total share- holders' (deficit) 2012 £'000
At 1 January 2013	7,644	167	6,897	(15,994)	(1,286)	1,597
Loss for the financial year	-	-	-	(534)	(534)	(976)
Other recognised gains and losses	-	-	-	456	456	(1,907)
<b>At 31 December 2013</b>	<u>7,644</u>	<u>167</u>	<u>6,897</u>	<u>(16,072)</u>	<u>(1,364)</u>	<u>(1,286)</u>

### 15. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £34,000 (2012 £1,000)

### 16. PENSION COMMITMENTS

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 £416,000 in the year (2012 £417,000)

The company has agreed to contribute into the Pension Scheme at an agreed contribution rate of 17% based on any eligible scheme members on an ongoing basis for a three year period which commenced from October 2010

The most recent independent actuarial valuation as at 6 April 2009 showed that the market value of the scheme assets was £3.9 million and that the actuarial value of those represented 67% of the benefits that had accrued to members after allowing for future increases in earnings. The valuation was updated at 31 December 2012. The scheme was valued in accordance with the projected unit method.

The mortality assumptions used are based on the PA 92 table with medium cohort mortality improvements subject to a 1% minimum to the annual improvement. The same mortality improvements were used at the previous year end.

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

### 16 PENSION COMMITMENTS (continued)

The most significant assumptions affecting the valuations are as follows

	2013 %	2012 %
Main assumptions		
Rate of increase in salaries	3.6	3.1
Rate of increase in pensions in payment	3.8	3.4
Discount rate	4.5	4.3
Rate of inflation	3.4	2.9

A 17 year recovery plan for the deficit includes deficit recovery contributions of £198,000 per year for 17 years from October 2010. The company expects to contribute £409,000 to the defined benefit pension plan in the year to 31 December 2014.

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

	2013 Long-term rate of return expected %	Value £'000	2012 Long-term rate of return expected %	Value £'000
Equities	7.0	2,946	6.5	2,773
Bonds	3.9	1,020	3.6	912
Property	7.0	772	6.5	709
Other	3.6	1,922	3.6	1,366
Total market value of assets		6,660		5,760
Present value of scheme liabilities		(10,485)		(10,065)
Deficit in the scheme		(3,825)		(4,305)
Related deferred tax asset		-		-
Net pension deficit		(3,825)		(4,305)

The overall expected long term return on plan assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets. This leads to an overall expected rate of return, weighted by asset allocation, of 5.5% for the year to 31 December 2014.

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 16. PENSION COMMITMENTS (continued)

An analysis of the defined benefit cost charged to the profit and loss for the year ended 31 December 2013 is as follows

	2013 £'000	2012 £'000
Current service cost	(276)	(246)
Total operating charge	(276)	(246)
Expected return on pension scheme assets	317	325
Interest on pension scheme liabilities	(433)	(382)
Total other finance expense	(116)	(57)

#### Reconciliation of present value of scheme liabilities

	2013 £'000	2013 £'000	20 £'00
At 1 January	10,065	7,640	
Current service cost	276	246	
Interest cost	433	382	
Benefits paid	(86)	(82)	
Actuarial (gain)/loss	(203)	1,879	
At 31 December	10,485	10,065	

#### Reconciliation of fair value of scheme assets

	2013 £'000	2012 £'000
At 1 January	5,760	5,128
Expected return on scheme assets	317	325
Actuarial gain/(loss)	253	(28)
Benefits Paid	(86)	(82)
Contributions paid by employer	416	417
At 31 December	6,660	5,760

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on the scheme assets in the year was £570,000 (2012: £297,000).

The cumulative amount of actuarial gains/losses that have been recognised in the statement of total recognised gains and loss is a loss of £2,480,000 (2012: loss of £2,936,000).

# GRAHAM PACKAGING PLASTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

### 16. PENSION COMMITMENTS (continued)

Amounts for current and previous four years

	2013	2013	2012	2012	2011	2011	2009	2009	2008	2008
	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000
Defined benefit obligation		(10,485)		(10,065)		(7,640)		(5,784)		(5,732)
Plan assets		6,660		5,760		5,128		4,908		4,371
Deficit		(3,825)		(4,305)		(2,512)		(876)		(1,361)
Experience adjustments on plan assets										
- Amount	4	253	-	(28)	(8)	(425)	2	89	1	30
Experience adjustments on plan liabilities										
- Amount	3	269	(1)	(125)	(1)	(72)	4	221	1	82
Total amount recognised in the STRGL	4	456	(19)	(1,907)	(24)	(1,821)	9	524	(11)	(651)

### 17. 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 current ultimate parent company is Reynolds Group Holdings Limited, a company incorporated in New Zealand

The smallest and largest group into which Graham Packaging Plastics Limited is consolidated is Reynolds Group Holdings Limited which prepares published consolidated financial Statements. Copies of its consolidated financial statements can be obtained from Level Nine, 148 Quay Street, Auckland 1140, New Zealand

The ultimate controlling party is Graeme Hart