

Budelpack March Limited

Annual report for the year ended 31 December 2003

Registered Number 1902932



Budelpack March Limited

Annual report for the year ended 31 December 2003

Contents

Directors and advisors.....	1
Directors' report for the year ended 31 December 2003	2
Independent auditors report to the members of Budelpack March Limited	4
Profit and loss account for the year ended 31 December 2003	5
Balance sheet as at 31 December 2003	6
Notes to the financial statements for the year ended 31 December 2003	7

Budelpack March Limited

Directors and advisers

Directors

J Bakker
C Moerkerken
I Affleck

Secretary

C Moerkerken

Registered Office

Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

Barclays Bank Plc
2 Broad Street
March
Cambs
PE15 8TQ

DeLage Landen Trade Finance B.V.
Vestdijk 51
5611 CA Eindhoven
Postbus 415
5600 AK Eindhoven

Budelpack March Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activity

The principal activity of the company continued to be that of specialist contract packing.

Review of business and future developments

The profit and loss account is set out on page 5. The major reason for the poor financial performance in 2003 was a much lower than expected level of demand, which in turn was largely the result of poor retail sales of a number of new product introductions. In order to reduce the uncertainty associated with new product launches, the business during 2004 will deliberately focus more on production of existing products, and lower the reliance on new products. In addition to this, plans are in development to further increase the utilisation of Budelpack March through the transfer of activity from another Budelpack site.

Dividends

The directors do not recommend the payment of a dividend (2002: £nil).

Directors and their interests

The directors who held office during the year are listed below:

A Nieuwkerk, Chairman (resigned 6th July 2004)

J Bakker (appointed 6th July 2004)

A D McNish (resigned 5 August 2003)

C Moerkerken

D Beelen (resigned 26 August 2003)

I Affleck

None of the directors held interests in shares of the company or its immediate parent company, Budelpack UK Holding Limited, at 31 December 2003. The company's ultimate parent undertaking is incorporated in The Netherlands. As permitted by Statutory Instrument, directors are not required to notify the company of any interest in shares or options of any company in the group incorporated outside Great Britain.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimate 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 a 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.

Budelpack March Limited

Auditors

An elective resolution has been passed to dispense with the need to hold Annual General Meetings and annually reappoint PricewaterhouseCoopers LLP as auditors.

By order of the Board



C Moerkerken
Secretary

Independent auditors' report to the members of Budelpack March Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit 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 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 of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

10th December 2004.

Budelpack March Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	8,711,945	8,208,879
Cost of sales		(7,111,248)	(6,585,722)
Gross profit		1,600,697	1,623,157
Administrative expenses		(3,250,963)	(3,058,666)
Operating loss	3	(1,650,266)	(1,435,509)
Interest receivable	4	185,462	150,644
Interest payable and similar charges	5	(235,184)	(144,620)
Loss on ordinary activities before taxation		(1,699,988)	(1,429,485)
Tax on loss on ordinary activities	8	44,050	330,000
Loss for the financial year	17, 18	(1,655,938)	(1,099,485)

All amounts relate to continuing activities

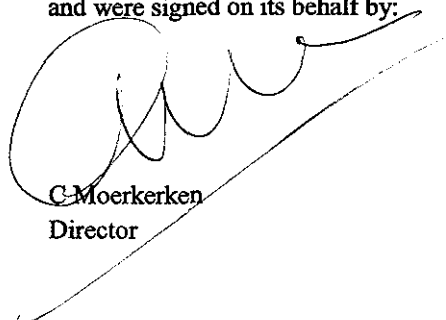
There are no recognised gains or losses for the current or previous financial period other than as stated in the profit and loss account.

Budelpack March Limited

Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	792,946	855,873
Current assets			
Stocks	10	670,673	751,347
Debtors			
- due outside one year	11	2,097,205	2,196,637
- due within one year	11	2,207,870	2,348,842
Cash at bank and in hand		281,215	71
		5,256,963	5,296,897
Creditors - amounts falling due within one year	12	(5,453,963)	(4,589,224)
Net current (liabilities)/assets		(197,000)	707,673
Total assets less current liabilities		595,946	1,563,546
Creditors - amounts falling due after more than one year	13	(2,213,522)	(1,525,184)
Net (liabilities)/assets		(1,617,576)	38,362
Capital and reserves			
Share capital	16	3,800	3,800
Profit and loss account	17	(1,621,376)	34,562
Equity shareholders' (deficit)/funds	18	(1,617,576)	38,362

The financial statements on pages 5 to 15 were approved by the board of directors on 10 DECEMBER 2004 and were signed on its behalf by:



C. Moerkerken
Director

Budelpack March Limited

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting policies", and which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, which relies on the continued support of the ultimate parent undertaking. The ultimate parent undertaking, Budelpack Holding B.V., has indicated that it will provide financial and operational support to the Company to enable it to carry on its business and to meet its liabilities as they fall due.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	10% per annum
Motor vehicles	25% per annum
Furniture and equipment	12.5% to 33% per annum

Stocks

Stocks are valued at the lower of the cost and net realisable value. Cost is calculated on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stock.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Finance leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of lease payments is charged to the profit and loss account over the period of lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Turnover

Turnover represents the amount derived from the provision of goods by the company net of VAT. Turnover is recognised once goods have been despatched to customers.

Pension scheme arrangements

The company operates a defined contribution pension scheme. Contributions payable by the company on behalf of employees are charged to the profit and loss account.

Cash flow statement

The company is a wholly owned subsidiary of Budelpack Holding B.V. and the cash flows of the company have been included in the consolidated cash flow statement of Budelpack Holding B.V.. Consequently, the company is exempt under the terms of FRS1 (Revised), "Cash flow statements", from publishing a cash flow.

Deferred taxation

Provision is made for deferred taxation in accordance with FRS 19, "Deferred taxation" on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Budelpack March Limited

2 Turnover

Turnover by destination is as follows:

	2003	2002
	£	£
UK	8,483,844	8,098,575
Rest of Europe	228,101	110,304
	8,711,945	8,208,879

3 Operating loss

	2003	2002
	£	£
The operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	309,209	274,144
- hire purchase assets	15,939	4,211
Operating leases:		
- Plant and equipment	58,113	52,315
- land and buildings	453,600	453,600
Hire of plant and machinery	784,676	605,417
Auditors' remuneration:		
Audit	8,347	10,190
Tax services provided	1,300	-
Company secretarial services	3,500	-
Foreign exchange losses	256,700	6,576

4 Interest receivable

	2003	2002
	£	£
Bank interest receivable	32,080	605
Interest receivable from group undertakings	153,382	150,039
	185,462	150,644

Budelpack March Limited

5 Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank loans and overdrafts	115,109	124,468
Interest payable to group undertakings	118,162	16,991
Hire purchase interest	1,913	3,161
	235,184	144,620

6 Employee information

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

	2003	2002
	Number	Number
Directors	2	3
Office	16	17
Production – full time	128	130
	146	150

	2003	2002
	£	£
Staff costs (for the above persons):		
Wages and salaries	2,290,266	2,413,169
Social security costs	208,163	202,099
Other pension costs	66,582	16,403
	2,565,011	2,631,671

7 Directors' emoluments

The aggregate emoluments of the directors of the company are set out below:

	2003	2002
	£	£
Aggregate emoluments	144,988	166,492
Pension contributions	8,000	15,125
	152,988	181,617

Payments are made to pension schemes on behalf of one director (2002: three).

Budelpack March Limited

8 Tax on loss on ordinary activities

(a) Analysis of tax charge in the period

	2003	2002
	£	£
UK current taxation		
Group relief receivable	-	(219,000)
Adjustment in respect of the previous year	(44,050)	1,000
Total current tax (note 8(b))	(44,050)	(218,000)
Deferred taxation		
Origination and reversal of timing differences	-	(112,000)
Tax credit on loss on ordinary activities	(44,050)	(330,000)

(b) Factors affecting tax credit for the period

	£	£
Loss on ordinary activities before taxation	(1,699,988)	(1,429,485)
Tax at 30% (2002: 30%)	(509,996)	(428,845)
Permanent timing differences	2,399	11,000
Accelerated capital allowances and other timing differences	507,597	198,845
Adjustment to tax charge in respect of prior years	(44,050)	1,000
Tax credit	(44,050)	(218,000)

Budelpack March Limited

9 Tangible fixed assets

	Plant and machinery	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
Cost				
At 1 January 2003	992,907	10,815	650,040	1,653,762
Additions	169,891	-	92,330	262,221
Reclassification	(82,808)	-	82,808	-
At 31 December 2003	1,079,990	10,815	825,178	1,915,983
Depreciation				
At 1 January 2003	495,789	10,815	291,285	797,889
Charge for the year	136,926	-	188,222	325,148
Reclassification	(12,046)		12,046	-
At 31 December 2003	620,669	10,815	491,553	1,123,037
Net book value				
At 31 December 2003	459,321	-	333,625	792,946
At 31 December 2002	497,118	-	358,755	855,873

Included within plant and machinery are assets held under hire purchase agreements with a net book value of £20,571 (2002: £36,510) at 31 December 2003.

10 Stocks

	2003	2002
	£	£
Raw materials	470,675	542,157
Work in progress	-	64,275
Finished goods	199,998	144,915
	670,673	751,347

Budelpack March Limited

11 Debtors

	2003	2002
	£	£
Due within one year:		
Trade debtors	1,722,257	1,668,147
Amounts owed by other group undertakings	103,277	298,057
Corporation tax receivable	262,329	131,946
Prepayments and accrued income	120,007	250,692
	2,207,870	2,348,842

	2003	2002
	£	£
Due outside one year:		
Amounts owed by parent undertaking	2,097,205	2,196,637

12 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank overdrafts	-	863,097
Trade creditors	1,759,067	790,982
Amounts owed to group undertakings	3,032,422	1,817,789
Other taxes and social security	308,930	304,939
Hire purchase obligations	9,475	8,280
Accruals	344,069	804,137
	5,453,963	4,589,224

As part of a group banking arrangement with Budelpack Holdings BV amounts owed to group undertakings are secured upon the trade debtors of the company.

Budelpack March Limited

13 Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts payable to group undertakings	2,199,041	1,500,000
Hire purchase obligations	14,481	25,184
	2,213,522	1,525,184

There are no set repayment terms for the group company loan which is unsecured and carries interest at 2% over base rate. The directors have received assurances from the parent company that the balance will only be payable at such time as the net assets of the company exceeds and remains in excess of the covenants in place by Bank of Scotland.

14 Hire purchase obligations

	2003	2002
	£	£
Falling due within:		
One year	9,475	8,280
Between one and five years	14,481	25,184
At 31 December	23,956	33,464

15 Deferred taxation

At 31 December, the company had deferred tax (assets)/liabilities as follows:

	Amount provided 2003 £	Amount unprovided 2003 £	Amount provided 2002 £	Amount unprovided 2002 £
Tax effect of timing differences because of:				
Difference between capital allowances and depreciation	40,538	-	81,833	-
Tax losses carried forward	(40,538)	(564,098)	(71,033)	(91,005)
Other short term timing differences	-	-	(10,800)	-
	-	(564,098)	-	(91,005)

The deferred tax assets have not been recognised as there is no immediate prospect of these being utilised.

Budelpack March Limited

16 Called up share capital

	2003	2002
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Issued, allotted, called up and fully paid		
3,800 ordinary shares of £1 each	3,800	3,800

17 Profit and loss account

	2003
	£
At 1 January 2003	34,562
Loss for the financial year	(1,655,938)
At 31 December 2003	(1,621,376)

18 Reconciliation of movement in shareholders' deficit

	2003	2002
	£	£
Opening shareholders' funds	38,362	1,137,847
Loss for the financial year	(1,655,938)	(1,099,485)
Closing shareholders' funds (deficit)/funds	(1,617,576)	38,362

19 Pension scheme

The company makes contributions to pension schemes for the benefit of certain employees and directors. The assets of the schemes are administered by trustees in funds independent from those of the company. The charge for the year was £66,582 (2002: £16,403).

20 Operating lease commitments

At 31 December 2003, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry within one year	-	-	16,874	389
Expiry between two and five years	-	-	94,009	55,715
Expiry in over five years	453,600	453,600	-	-
	453,600	453,600	110,883	56,104

Budelpack March Limited

21 Contingent liabilities

The company has given cross guarantees in respect of the bank borrowings of its immediate parent, Budelpack UK Holding Limited.

22 Related party disclosures and ultimate controlling party

The directors consider the immediate parent company of Budelpack March Limited to be Budelpack UK Holdings Limited, and the ultimate parent company to be Budelpack Holding B.V. a company incorporated in The Netherlands. Copies of the group accounts can be obtained from Gemini II, Jacob Obrechtlaan, 7e, 4611 AP Bergen op Zoom, the Netherlands.

No details of inter-group transactions have been disclosed as the company has taken advantage of exemptions contained within Financial Reporting Standard Number 8 in that consolidated group accounts have been prepared and are publicly available.