

Deamas Disposables Limited  
Annual report and financial statements  
for the year ended 30 September 2007

Registered number 2597710

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# **Deamas Disposables Limited**

## **Annual report and financial statements for the year ended 30 September 2007**

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# **Deamas Disposables Limited**

## **Directors and advisors for the year ended 30 September 2007**

### **Directors**

Amirali S Tejan  
John A Danton  
Brian Hayward

### **Secretary**

I D Waring

### **Registered office**

Waterside Road  
Hamilton Industrial Park  
Leicester  
LE5 1TZ

### **Independent auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Bankers**

Lloyds TSB Bank Plc  
125 Colmore Row  
Birmingham  
B3 2DS

# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2007**

The directors present their annual report and the audited financial statements for the year ended 30 September 2007

### **Principal activity**

The principal activity of the company is the production and supply of disposable paper products

### **Review of business**

Although the results for the year continue to disappoint, the directors remain optimistic about the future. The directors have reduced costs and anticipate new business.

An assessment of the key business and financial risks of the company has been completed on a group wide basis and further information is disclosed in the directors report for LPC Group Plc

### **Results and dividends**

The loss for the year, after taxation, amounted to £2,036,000 (2006 £1,461,000). No dividend is proposed (2006 £nil).

### **Directors and directors' interests**

The directors who served during the year were

Amirali S Tejan  
John A Danton  
Brian Hayward

### **Employee involvement**

It is company policy to involve employees in the running of the business through regular communication between departmental heads and staff units. Employees are also consulted directly about changes designed to improve the effectiveness of their work unit, security of employment, job opportunities, deployment, methods of working and changes in the working environment.

The company has introduced, in line with government proposals, stakeholder pension arrangements and life assurance for its staff members. It is also company policy to encourage the employment, training and promotion of disabled persons whenever practicable. Should an employee become disabled during the course of employment, alternative employment would, if possible, be found.

### **Payment policy and practice**

It is policy of the directors to pay creditors in accordance with individual negotiated terms of settlement. At the year end, trade creditors shown in the balance sheet represented 47 days (2006 75 days) worth of supplies invoiced during the year.

# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2007 (continued)**

### **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 group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### **Statement of disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved under section 234A the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
I D Waring  
Secretary

14 February 2008

## **Independent auditors' report to the members of Deamas Disposables Limited**

We have audited the financial statements of Deamas Disposables Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, Statement of Historical Cost Profits and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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). 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 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**

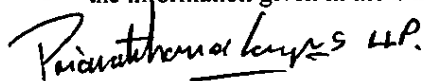
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 30 September 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham

15 FEB 2008

# Deamas Disposables Limited

## Profit and loss account for the year ended 30 September 2007

		2007	2006
	Notes	£000	£000
<b>Turnover</b>	2	<b>11,314</b>	14,323
<b>Cost of sales</b>		<b>(10,893)</b>	(13,816)
<b>Gross profit</b>		<b>421</b>	507
Distribution costs		(1,295)	(2,381)
Administrative expenses		(1,143)	(1,977)
Other operating income		110	70
<b>Operating loss</b>	3	<b>(1,907)</b>	(3,781)
Profit on disposal of fixed assets		-	2,556
Interest receivable and similar income		-	5
Interest payable and similar charges	6	(129)	(299)
<b>Loss on ordinary activities before taxation</b>		<b>(2,036)</b>	(1,519)
<b>Tax credit on loss on ordinary activities</b>	7	<b>-</b>	58
<b>Loss for the financial year</b>	16	<b>(2,036)</b>	(1,461)

The 2007 operating loss is stated after an exceptional charge of £nil (2006 £253,000)

The above results derive from continuing activities. There are no recognised gains and losses other than the loss for the year.

## **Deamas Disposables Limited**

### **Statement of historical cost profits and losses for the year ended 30 September 2007**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
<b>Loss on ordinary activities before taxation</b>		
As reported in the profit and loss account	<b>(2,036)</b>	<b>(1,519)</b>
Transfer from revaluation reserve	-	389
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(2,036)</b>	<b>(1,130)</b>
<b>Historical cost loss for the year retained after taxation</b>	<b>(2,036)</b>	<b>(1,072)</b>

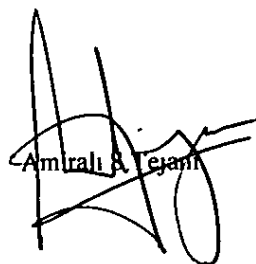


# Deamas Disposables Limited

## Balance sheet as at 30 September 2007

	Notes	2007 £000	2006 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	363	554
<b>Current assets</b>			
Stocks	9	1,518	1,677
Debtors amounts falling due within one year	10	2,650	2,259
Cash at bank and in hand		8	1,093
		<b>4,176</b>	<b>5,029</b>
Creditors: amounts falling due within one year	11	(14,153)	(13,149)
<b>Net current liabilities</b>		<b>(9,977)</b>	<b>(8,120)</b>
<b>Total assets less current liabilities</b>		<b>(9,614)</b>	<b>(7,566)</b>
Creditors: amounts falling due after more than one year	12	(12)	(24)
<b>Net liabilities</b>		<b>(9,626)</b>	<b>(7,590)</b>
<b>Capital and reserves</b>			
Called up share capital	14	71	71
Share premium account		65	65
Profit and loss account	15	(9,762)	(7,726)
<b>Total shareholders' deficit</b>	16	<b>(9,626)</b>	<b>(7,590)</b>

These financial statements were approved by the board of directors on 14 February 2008 and signed on its behalf by

  
Amrally S. Tejani

# **Deamas Disposables Limited**

## **Notes to the financial statements for the year ended 30 September 2007**

### **1 Accounting policies**

#### **Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historic cost convention as modified for the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards and The Companies Act 1985. The accounts have been prepared on a going concern basis having regard to the support of the parent company.

#### **Cash flow exemption**

The company has taken advantage of the exemption from preparing a cash flow statement afforded by FRS 1 (revised 1996) 'Cash flow statements' because it is a wholly owned subsidiary and is included within the consolidated financial statements of LPC Group plc which are publicly available.

#### **Turnover**

Turnover comprises the value of goods and services supplied by the company, net of value added tax. Customer rebates are charged to the profit and loss account in the same period as related sales.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	3 to 20 years
Motor vehicles	-	4 years
Office equipment	-	3 to 10 years
Freehold buildings	-	50 years

#### **Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account as incurred.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Damaged or defective stock is excluded from the stock valuation.

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Taxation

The charge/credit for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Pensions

The parent company operates various defined contribution pension schemes and the pension charge in the profit and loss account represents the amounts payable by the company to these funds in respect of the year.

### 2 Turnover

Turnover is attributable to one class of business.

Turnover is analysed by geographical market as follows:

	2007	2006
	£000	£000
United Kingdom	11,130	13,648
Other European Union	184	675
	11,314	14,323

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 3 Operating loss

The operating loss is stated after charging

	2007	2006
	£000	£000
Depreciation of tangible fixed assets		
- owned by the company	186	407
- held under finance leases and hire purchase contracts	26	40
Auditors' remuneration	21	20
Operating lease rentals plant and machinery	24	-
Exchange losses	2	9
Exceptional item	-	253

The previous year exceptional item was redundancy costs incurred on the closure of Redditch site following relocation from Redditch to Leicester

The tax rate applicable to this exceptional item is 30%

### 4 Directors' emoluments and benefits

	2007	2006
	£000	£000
Emoluments (including benefits in kind)	93	152
Contributions to money purchase schemes	3	3
	96	155

	2007	2006
	No.	No
The number of directors accruing benefits under pension schemes were		
Money purchase schemes	1	1

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 4 Directors' emoluments and benefits (continued)

	2007	2006
	£000	£000
Highest paid director		
Emoluments	63	55
Pension contributions to money purchase schemes	3	3
	66	58

### 5 Staff costs

Staff costs, including directors' emoluments were as follows

	2007	2006
	£000	£000
Wages and salaries	1,581	2,378
Social security costs	132	200
Other pension costs	2	12
	1,715	2,590

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

	2007	2006
	No.	No
Production	72	76
Selling and distribution	18	22
Administration	10	20
	100	118

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 6 Interest payable and similar charges

	2007	2006
	£000	£000
Invoice discounting charge	127	168
Finance leases and hire purchase contracts	2	8
Mortgage	-	123
	129	299

### 7 Tax credit on loss on ordinary activities

	2007	2006
	£000	£000
<b>UK corporation tax</b>		
Current tax on income for the year	-	-
<b>Deferred tax</b>		
Reversal of timing differences	-	(58)
<b>Tax credit on loss on ordinary activities</b>	-	(58)

The amount of the tax charge for the year is higher (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007	2006
	£000	£000
Loss before taxation	(2,036)	(1,519)
Taxation at 30% (2006 30%)	(611)	(456)
Expenses not deductible for tax	8	6
Capital allowances less than depreciation	8	140
Capital transactions	-	(22)
Group relief surrendered for no payment	595	332
<b>Current tax charge for the year</b>	-	-

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 8 Tangible fixed assets

	Motor vehicles £000	Plant and machinery £000	Office equipment £000	Total £000
<b>Cost or valuation</b>				
At 1st October 2006	172	2,714	392	3,278
Additions	-	20	14	34
Disposals	(124)	-	-	(124)
<b>At 30 September 2007</b>	<b>48</b>	<b>2,734</b>	<b>406</b>	<b>3,188</b>
<b>Depreciation</b>				
At 1 October 2006	118	2,322	284	2,724
Charge for the year	7	123	82	212
Elimination on disposal	(111)	-	-	(111)
<b>At 30 September 2007</b>	<b>14</b>	<b>2,445</b>	<b>366</b>	<b>2,825</b>
<b>Net book value</b>				
<b>At 30 September 2007</b>	<b>34</b>	<b>289</b>	<b>40</b>	<b>363</b>
At 30 September 2006	54	392	108	554

The net book value of tangible fixed assets includes an amount of £9,000 (2006 £11,000) in respect of assets held under finance leases

## **Deamas Disposables Limited**

### **Notes to the financial statements for the year ended 30 September 2007 (continued)**

#### **9 Stocks**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Raw materials	<b>661</b>	<b>463</b>
Finished stocks	<b>857</b>	<b>1,214</b>
	<b>1,518</b>	<b>1,677</b>

#### **10 Debtors: amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>2,160</b>	<b>1,964</b>
Other debtors	<b>172</b>	<b>-</b>
Prepayments and accrued income	<b>318</b>	<b>295</b>
	<b>2,650</b>	<b>2,259</b>

Trade debtors are subject to an invoice discounting agreement



## **Deamas Disposables Limited**

### **Notes to the financial statements for the year ended 30 September 2007 (continued)**

#### **11 Creditors: amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft	<b>13</b>	<b>187</b>
Bank loans and other borrowings	<b>1,810</b>	<b>1,431</b>
Trade creditors	<b>1,402</b>	<b>2,468</b>
Taxation and social security costs	<b>441</b>	<b>820</b>
Amounts owed to group undertakings	<b>10,268</b>	<b>8,183</b>
Other creditors	<b>-</b>	<b>29</b>
Net obligations under finance leases and hire purchase contracts (note 13)	<b>11</b>	<b>11</b>
Accruals and deferred income	<b>208</b>	<b>20</b>
	<b>14,153</b>	<b>13,149</b>

The bank overdraft is secured on the assets of the company under a standard debenture. The bank loans and other borrowings are secured on trade debtors and stock under an invoice discounting agreement.

#### **12 Creditors: amounts falling due after one year**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Net obligations under finance leases and hire purchase contracts (note 13)	<b>12</b>	<b>24</b>

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 13 Hire purchase and finance leases

Net obligations under finance lease and hire purchase agreements fall due as follows

	2007	2006
	£000	£000
Within one year	11	11
Between one and five years	12	24
	23	35

Finance leases and hire purchase obligations are secured on the assets concerned

### 14 Called up share capital

	Authorised £	Allotted, called up and fully paid No.	£
At 30 September 2006 and 30 September 2007:			
Ordinary shares of £1 each	50,000	50,000	50,000
A' ordinary shares of £1 each	21,430	21,430	21,430
9% cumulative redeemable preference shares of 1p each	2,000	-	-
	73,430	71,430	71,430

The 'A' ordinary shares may be converted one for one into ordinary shares at any time when decided by 75% of the holders of the 'A' ordinary shares

### 15 Profit and loss account

	£000
At 1 October 2006	(7,726)
Loss for the financial year	(2,036)
At 30 September 2007	(9,762)

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 16 Reconciliation of movements in total shareholders' deficit

	2007	2006
	£000	£000
Total shareholders' deficit at 1 October 2006	(7,590)	(6,129)
Loss for the financial year	(2,036)	(1,461)
<b>Total shareholders' deficit at 30 September 2007</b>	<b>(9,626)</b>	<b>(7,590)</b>

### 17 Contingent liabilities

The company has a £10,000 HM Customs and Excise bond

### 18 Other commitments

At 30 September 2007 the company had annual non-cancellable commitments under operating leases as follows

	Other	
	2007	2006
	£000	£000
<b>Expiry date:</b>		
Between one and five years	24	-
<b>Total other commitments at 30 September 2007</b>	<b>24</b>	<b>-</b>

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2007 (continued)

### 19 Transactions with related parties

Amirali S Tejanı and John A Danton are directors of LPC Group Plc. During the year, transactions with LPC Group Plc and its subsidiary companies were as follows

	2007	2006
	£000	£000
Management charges payable	175	150
Hire of machinery (UK)	123	116
Goods purchased	1,875	5,261
Goods sold	1,842	270

The amounts owing to and from group companies are shown in the debtors and creditors notes

### 20 Pension scheme

The parent company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost in note 5 represents contributions payable by the company to these funds for the year. The contributions outstanding at the year end amounted to £42 (2006: £284).

### 21 Parent undertaking and controlling parties

The ultimate parent company is LPC Group Plc, a company registered in England and Wales. Copies of its accounts are available from the Registrar of Companies.

The company is controlled by LPC Group Plc and ultimate control lies with the Tejanı family.