

Deamas Disposables Limited  
Annual report and financial statements  
for the year ended 30 September 2008

Registered number: 2597710



# **Deamas Disposables Limited**

## **Annual report and financial statements for the year ended 30 September 2008**

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# **Deamas Disposables Limited**

## **Directors and advisors for the year ended 30 September 2008**

### **Directors**

Amirali S Tejani  
Salim SD Tejani  
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

Landsbanki Islands hf  
Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2008**

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

### **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 are considering a number of options for returning the company to profitability in the foreseeable future. The directors have reduced costs and anticipate new business.

### **Results and dividends**

The loss for the year, after taxation, amounted to £2,128,000 (2007: £2,036,000). No dividend is proposed (2007: £nil).

### **Directors**

The directors who served during the year were:

Amirali S Tejani  
Salim SD Tejani  
John A Danton (Died 12 May 2008)  
Brian Hayward

### **Risk assessment**

An assessment of the key business risks of the company has been completed on a group wide basis.

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both unbranded and branded suppliers as well as changes in the cost and availability of raw materials, the cost of energy, and the disruption of production output in the event of natural disaster, power cut or other catastrophic event.

# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2008 (continued)**

### **Financial risk management**

An assessment of the key financial risks of the company has been completed on a group wide basis.

The company's operations expose it to a variety of financial risks that include the effects of commodity price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The group does not use derivative financial instruments to manage interest rate costs and the group undertakes foreign exchange contracts from time to time to hedge specific foreign currency cashflows. No hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk are considered to exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

The company has policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors.

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

The company has interest bearing liabilities at variable interest rates which exposes the company to interest rate change risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### **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 38 days (2007: 47 days) worth of supplies invoiced during the year.

# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2008 (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.


# **Deamas Disposables Limited**

## **Directors' report for the year ended 30 September 2008 (continued)**

### **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 April 2009

## **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 2008 which comprise the Profit and Loss account, 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.



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

### **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 2008 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 May 2009

## Deamas Disposables Limited

### Profit and loss account for the year ended 30 September 2008

		2008	2007
	Notes	£000	£000
<b>Turnover</b>	2	<b>12,486</b>	11,314
Cost of sales		<b>(11,589)</b>	(10,893)
<b>Gross profit</b>		<b>897</b>	421
Distribution costs		<b>(1,609)</b>	(1,295)
Administrative expenses		<b>(1,338)</b>	(1,143)
Other operating income		<b>148</b>	110
<b>Operating loss</b>	3	<b>(1,902)</b>	(1,907)
Interest payable and similar charges	6	<b>(226)</b>	(129)
<b>Loss on ordinary activities before taxation</b>		<b>(2,128)</b>	(2,036)
Tax on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	16	<b>(2,128)</b>	(2,036)

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

There are no differences between the loss before tax and retained loss as shown and the historical cost equivalents.

# Deamas Disposables Limited

## Balance sheet as at 30 September 2008

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	237	363
<b>Current assets</b>			
Stocks	9	2,350	1,518
Debtors: amounts falling due within one year	10	1,861	2,650
Cash at bank and in hand		133	8
		<b>4,344</b>	<b>4,176</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(15,602)</b>	<b>(14,153)</b>
<b>Net current liabilities</b>		<b>(11,258)</b>	<b>(9,977)</b>
<b>Total assets less current liabilities</b>		<b>(11,021)</b>	<b>(9,614)</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(733)</b>	<b>(12)</b>
<b>Net liabilities</b>		<b>(11,754)</b>	<b>(9,626)</b>
<b>Capital and reserves</b>			
Called up share capital	15	71	71
Share premium account		65	65
Profit and loss account	16	(11,890)	(9,762)
<b>Total shareholders' deficit</b>	17	<b>(11,754)</b>	<b>(9,626)</b>

The financial statements set out on pages 8 to 20 were approved by the board of directors on 14 April 2009 and signed on its behalf by:

Amirali S Tejani



# **Déamas Disposables Limited**

## **Notes to the financial statements for the year ended 30 September 2008**

### **1 Accounting policies**

#### **Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom and The Companies Act 1985. The accounts have been prepared on a going concern basis having regard to the support of the parent company. Accounting policies have been consistently applied.

#### **Cash flow exemption**

The company has taken advantage of the exemption from preparing a cash flow statement afforded by Financial Reporting Standard (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 2008 (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:

	2008	2007
	£000	£000
United Kingdom	12,350	11,130
Other European Union	136	184
	12,486	11,314

# **Déamas Disposables Limited**

## **Notes to the financial statements for the year ended 30 September 2008 (continued)**

### **3 Operating loss**

The operating loss is stated after charging:

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>155</b>	<b>186</b>
- held under finance leases and hire purchase contracts	<b>-</b>	<b>26</b>
Auditors' remuneration	<b>18</b>	<b>21</b>
Operating lease rentals: plant and machinery	<b>-</b>	<b>24</b>
Exchange losses	<b>108</b>	<b>2</b>

### **4 Directors' emoluments and benefits**

Two directors accrue emoluments and benefits in the company. The other director accrues emoluments and benefits in other Group companies.

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Emoluments (including benefits in kind)	<b>96</b>	<b>93</b>
Contributions to money purchase schemes	<b>4</b>	<b>3</b>
	<b>100</b>	<b>96</b>

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
The number of directors accruing benefits under pension schemes were:		
Money purchase schemes	<b>1</b>	<b>1</b>

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2008 (continued)

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

	2008	2007
	£000	£000
Highest paid director		
Emoluments	66	63
Pension contributions to money purchase schemes	4	3
	70	66

### 5 Staff costs

Staff costs, including directors' emoluments were as follows:

	2008	2007
	£000	£000
Wages and salaries	1,844	1,581
Social security costs	154	132
Other pension costs	7	2
	2,005	1,715

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

	2008	2007
	No.	No.
Production	79	68
Selling and distribution	17	17
Administration	8	8
	104	93

## Deamas Disposables Limited

### Notes to the financial statements for the year ended 30 September 2008 (continued)

#### 6 Interest payable and similar charges

	2008	2007
	£000	£000
Invoice discounting interest	155	127
Finance leases and hire purchase contracts	-	2
Bank Loan interest	71	-
	<b>226</b>	<b>129</b>

#### 7 Tax credit on loss on ordinary activities

No taxation arises on the result for the year (2007: £ Nil).

The amount of the tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 29% (2007: 30%). The differences are explained below.

	2008	2007
	£000	£000
Loss before taxation	(2,128)	(2,036)
Taxation at 29% (2007: 30%)	(617)	(611)
Expenses not deductible for tax	-	8
Capital allowances (in excess of)/less than depreciation	(14)	8
Group relief surrendered for no payment	631	595
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

No deferred taxation asset has been recognised. There is a potential asset relating to accelerated capital allowances and tax losses amounting to £71k at the end of the year and the credit to profit and loss account would have been £12k.



## Déamas Disposables Limited

### Notes to the financial statements for the year ended 30 September 2008 (continued)

#### 8 Tangible fixed assets

	Motor vehicles	Plant and machinery	Office equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 October 2007	48	2,734	406	3,188
Reallocate	12	-	(12)	-
Additions	-	31	1	32
Disposals	(23)	(88)	-	(111)
<b>At 30 September 2008</b>	<b>37</b>	<b>2,677</b>	<b>395</b>	<b>3,109</b>
<b>Depreciation</b>				
At 1 October 2007	14	2,445	366	2,825
Reallocate	12	-	(12)	-
Charge for the year	21	105	29	155
Elimination on disposal	(21)	(87)	-	(108)
<b>At 30 September 2008</b>	<b>26</b>	<b>2,463</b>	<b>383</b>	<b>2,872</b>
<b>Net book value</b>				
<b>At 30 September 2008</b>	<b>11</b>	<b>214</b>	<b>12</b>	<b>237</b>
At 30 September 2007	34	289	40	363

The net book value of tangible fixed assets includes an amount of £ nil (2007: £9,000) in respect of assets held under finance leases.

## Deamas Disposables Limited

### Notes to the financial statements for the year ended 30 September 2008 (continued)

#### 9 Stocks

	2008	2007
	£000	£000
Raw materials	681	661
Finished stocks	1,669	857
	2,350	1,518

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

	2008	2007
	£000	£000
Trade debtors	1,428	2,160
Other debtors	161	172
Prepayments and accrued income	272	318
	1,861	2,650

Trade debtors are subject to an invoice discounting agreement.

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2008 (continued)

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

	2008	2007
	£000	£000
Bank overdraft	-	13
Bank loans and other borrowings (note 13)	1,322	1,810
Trade creditors	1,513	1,402
Taxation and social security costs	296	441
Amounts owed to group undertakings	12,385	10,268
Net obligations under finance leases and hire purchase contracts (note 14)	-	11
Accruals and deferred income	86	208
	15,602	14,153

The bank loans and other borrowings are secured on trade debtors and stock under an invoice discounting agreement and on the fixed assets of the company.

Amounts due to group companies are not interest bearing and are repayable on demand.

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

	2008	2007
	£000	£000
Bank Loan ( Note 13)	733	-
Net obligations under finance leases and hire purchase contracts (note 14)	-	12
	733	12

## Deamas Disposables Limited

### Notes to the financial statements for the year ended 30 September 2008 (continued)

#### 13 Bank loan

	2008	2007
	£000	£000
Due within one year	1,322	1,810
Between one and two years	91	-
Between two and five years	292	-
After more than 5 years	350	-
	2,055	1,810

Included within bank loans due within one year are £1,232,000 (2007: £1,810,000) secured on trade debtors and stocks under an invoice discounting agreement.

Bank loans other than invoice discounting are secured on plant and machinery and other assets. All loans are at variable rates and are repayable by instalments.

#### 14 Hire purchase and finance leases

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

	2008	2007
	£000	£000
Within one year	-	11
Between one and five years	-	12
	-	23

# Deamas Disposables Limited

## Notes to the financial statements for the year ended 30 September 2008 (continued)

### 15 Called up share capital

	Authorised £	Allotted, called up and fully paid No.	£
<b>At 30 September 2007 and 30 September 2008:</b>			
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.

### 16 Profit and loss account

	£000
At 1 October 2007	(9,762)
Loss for the financial year	(2,128)
<b>At 30 September 2008</b>	<b>(11,890)</b>

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

	2008 £000	2007 £000
Total shareholders' deficit at 1 October 2007	(9,626)	(7,590)
Loss for the financial year	(2,128)	(2,036)
<b>Total shareholders' deficit at 30 September 2008</b>	<b>(11,754)</b>	<b>(9,626)</b>

**Notes to the financial statements  
for the year ended 30 September 2008 (continued)**

**18 Leasing commitments**

At 30 September 2008 the company had annual non-cancellable commitments under operating leases as follows:

	<b>Other</b>	
	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>Expiry date:</b>		
Between one and five years	-	24
<b>Total other commitments at 30 September 2008</b>	<b>-</b>	<b>24</b>

**19 Transactions with related parties**

Amirali S Tejani is a director of LPC Group Plc. During the year, transactions with LPC Group Plc and its subsidiary companies were as follows:

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Management charges payable	100	175
Hire of machinery (UK)	75	123
Goods purchased	2,224	1,875
Goods sold	2,214	1,842

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 £55 (2007: £42).

**21 Parent undertaking and controlling parties**

The parent company, which is also the ultimate holding company, is LPC Group Plc, a company registered in England and Wales. Copies of its accounts are available from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.

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