Amcor Flexibles UK Limited

Directors' report and financial statements
for the year ended 30 June 2005

Registered number 2808801

Contents

Directors, officers and advisers

Directors

A Mawby
G N S James
N G D Blake (Resigned 29 April 2005)
I H A Gunn
D Y Maitland
J Durston (Resigned 30 July 2004)
L R Hawkins (Appointed 29 April 2005)

Secretary

S A Ashforth

Registered office

Hill House
1 Little New Street
London
EC4A 3TR

Auditors

KPMG LLP
100 Temple Street
Bristol
BS1 6AG
United Kingdom

Directors' report

The Directors present their annual report, together with the audited financial statements for the year ended 30 June 2005.

Principal activities

The principal activity of the company is the design, manufacture and printing of flexible packaging.

Results and dividends

The loss after taxation for the period under review was £2,140,000 *(2004: profit £8,850,000)*. The directors do not recommend the payment of a dividend *(2004: £Nil)*. The future prospects are satisfactory.

Business review

On 23 February 2006, the company announced it's intention to commence consultation with employees regarding the proposed closure of it's Colodense factory in Bristol.

Directors and directors' interests

The names of the directors appear on page 1.

None of the directors have any notifiable interests in the shares of the company or other group companies.

Creditor payment policy

It is the company policy to pay its suppliers in accordance with the terms of trade, which may be agreed at the time of order. At the period end, the amount owed to trade creditors by the company was equivalent to 40 *(2004: 41)* days of purchases from suppliers.

Charitable and political contributions

Donations for charitable purposes amounted to £3,159 *(2004: £10,080)*.

Employee involvement

Employees are provided with information on matters of concern to them, principally through the management structure and notice boards. Views of employees are sought as appropriate through the management structure.

Employment of disabled persons

The company policy recognises the importance of, and provides for, equality of opportunity in all aspects of employment for disabled persons.

Auditors

The company has dispensed with the obligation to appoint auditors annually.

By order of the Board

G S James

G N S James
Director

Hill House
1 Little New Street
London
EC4A 3TR

28 April 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 company will continue in business.

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 company and to prevent and detect fraud and other irregularities.

KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the independent auditors to the members of Amcor Flexibles UK Limited

We have audited the financial statements on pages 5 to 24.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company 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 as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

28 April 2006

Profit and loss account

for the year ended 30 June 2005

	Note	2005 £000	2004 £000 Re-stated
Turnover	*2*	**211,295**	201,213
Cost of sales		**(171,439)**	(157,299)
Gross profit		**39,856**	43,914
Distribution expenses		**(8,734)**	(8,470)
Administration expenses		**(30,085)**	(22,537)
Operating profit before exceptional items		**14,683**	13,863
Exceptional expenses included in administration expenses	*6*	**(13,646)**	(956)
Operating profit	*3-5*	**1,037**	12,907
Interest receivable and similar income	*7*	**142**	334
Interest payable and similar charges	*8*	**(725)**	(868)
Profit on ordinary activities before taxation	*3-5*	**454**	12,373
Taxation	*9*	**(2,594)**	(3,523)
(Loss) / Profit on ordinary activities after taxation		**(2,140)**	8,850
(Loss) / Profit attributable to ordinary shareholders and profit for the year transferred to reserves	*18*	**(2,140)**	8,850

All amounts relate to continuing operations.

There are no recognised gains or losses other than the loss for the year.

Balance sheet
as at 30 June 2005

	Note	2005		2004	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*10*		**(990)**		(1,114)
Tangible assets	*11*		**59,526**		58,198
Investments	*12*		**10,415**		17,796
			68,951		74,880
Current assets					
Stocks	*13*	**26,584**		24,224	
Debtors	*14*	**54,592**		38,576	
Cash at bank and in hand		**13,965**		7,479	
		95,141		70,279	
Creditors: amounts falling due within one year	*15*	**(119,410)**		(99,419)	
Net current liabilities due within one year			**(24,269)**		(29,140)
Total assets less current liabilities			**44,682**		45,740
Provisions for liabilities and charges	*16*		**(2,790)**		(1,708)
Net assets			**41,892**		44,032
Capital and reserves					
Equity share capital	*17*		**15,719**		15,719
Special reserve	*18*		**4,809**		4,809
Profit and loss account	*18*		**21,364**		23,504
Equity shareholders' funds	*19*		**41,892**		44,032

The financial statements were approved by the board of directors on 28 April 2006 and were signed on its behalf by:

G S James

G N S James
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The company's financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified by the revaluation of certain freehold and long leasehold properties.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Investments

Investments held as fixed assets are stated at cost less provision for diminution in value.

Turnover

Turnover is based on the invoiced value from the sale of goods, net of sales taxes and allowances. It is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the customer.

Intangible fixed assets

Purchased goodwill (both negative and positive) arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and Intangible Assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs, any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Goodwill is amortised to nil by equal annual instalments over the estimated useful life of 20 years.

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets, and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Tangible fixed assets

Freehold and long leasehold property is carried at cost until professionally valued and is then stated as valued at open market value on an existing use basis. The remaining fixed assets are stated at historical cost. In adopting FRS 15, the directors have elected to retain the current valuation and carry this forward as the value to be written off in future.

Depreciation

Depreciation is applied on a straight-line basis over the estimated economic lives of the assets. The rates applied are:

Freehold and long leasehold property	1%
Plant	7%
Equipment, including computer equipment	20% - 33%
Short leasehold property	Period of the lease
Capitalised R&D	20%

Freehold land is not depreciated.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Raw materials are valued at the lower of actual cost on a FIFO basis and net realisable value. Work-in-progress and finished goods are stated at the lower of cost and net realisable value. For manufactured stocks, cost comprises material plus direct conversion costs and attributable overheads at normal output levels.

Government grants

Capital based government grants received are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful lives of the assets to which they relate.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance.

Taxation

The charge 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.

Leased assets

The rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Assets obtained under finance leases and hire purchase contracts are recorded in the balance sheet as tangible fixed assets and as an obligation to pay future rentals, the interest being charged to the profit and loss account on the annuity method.

Pensions

The company operates both a defined benefit scheme and a defined contribution scheme.

Defined benefit scheme

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of the members of the scheme. The difference between the charge or credit to the profit and loss account and the contributions paid to the schemes is shown as an asset or liability in the balance sheet. The assets of the scheme are held separately from those of the company.

Defined contribution scheme

The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The assets of the scheme are held separately from those of the company.

Notes *(continued)*

2 Segmental information

	2005 £000	%	2004 £000	%
Turnover				
Packaging	211,295	100	201,213	100
Profit before taxation				
Packaging				
Operating profit	1,037	100	12,907	100
Interest received	142		334	
Interest paid	(725)		(868)	
	454		12,373	

Net assets

All net assets are held in the UK

Geographical analysis

	2005 £000	%	2004 £000	%
Turnover by destination				
United Kingdom	169,347	80	165,662	83
Overseas				
France	7,181	3	6,399	3
Netherlands	7,472	4	6,117	3
Germany	6,271	3	5,438	3
Belgium	3,278	2	2,567	1
Ireland	4,494	2	4,668	2
Spain	1,681	1	1,546	1
Italy	1,188	-	843	-
Scandinavia	2,330	1	1,200	1
Rest of Europe	1,849	1	2,067	1
USA	2,476	1	2,226	1
Philippines	1,103	1	745	-
Rest of World	2,625	1	1,735	1
	211,295	100	201,213	100

All turnover originates in the UK

	2005 £000	%	2004 £000	%
Operating profit				
United Kingdom	1,037	100	12,907	100

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2005	2004
	£000	£000
This is stated after charging:		
Auditors remuneration	**104**	75
Auditors remuneration – non audit services	**3**	5
Depreciation of owned assets (see Note 6)	**7,026**	6,031
Impairment of fixed assets	**4,156**	-
Depreciation of leased assets	**29**	37
Amortisation of intangible assets	**(124)**	(124)
Hire of plant and machinery – rentals payable under operating leases	**651**	620
Land and buildings – rentals payable under operating leases	**918**	927

4 Employees

	2005	2004
	£000	£000
Employee costs		
Wages and salaries	**42,433**	41,918
Social security	**3,994**	3,839
Pensions	**3,837**	3,137
	50,264	48,894

Average number of employees	**Number**	Number
Packaging	**1,410**	1,461

5 Directors' remuneration

	2005	2004
	£000	£000
Salaries and benefits	**311**	332
Pension contributions	**28**	25
Bonuses	**68**	70
	407	427
Remuneration of the highest paid director	**220**	224
Number of directors who:		
Are members of a defined benefit pension scheme	**1**	1

At the year-end, the highest paid director is not a member of the defined benefit scheme.

Notes *(continued)*

6 Exceptional expenses

	2005 £000	2004 £000
Reorganisation of operations	**2,109**	956
Impairment of fixed assets	**4,156**	-
Provision for diminution in value of investments	**7,381**	-
	13,646	956

7 Interest receivable and similar income

	2005 £000	2004 £000
Bank interest received	**142**	113
Interest receivable on intercompany loans	**-**	221
	142	334

8 Interest payable and similar charges

	2005 £000	2004 £000
Bank interest paid	**-**	35
Interest payable on intercompany loans	**725**	833
	725	868

Notes *(continued)*

9 Taxation on profit on ordinary activities

Analysis of charge in year

	2005		2004	
	£000	£000	£000	£000
UK corporation tax				
UK Corporation tax at 30% *(2004: 30%)*	1,512		4,768	
Adjustment in respect of prior years	-		1,473	
Total current tax		1,512		6,241
Deferred tax charge				
Origination and reversal of timing differences	1,082		(965)	
Adjustment in respect of prior periods	-		(1,753)	
Total deferred tax		1,082		(2,718)
Tax on profit on ordinary activities		2,594		3,253

Factoring affecting tax charge for the year

The tax assessed for the year differs from the rate of corporation tax in the UK, 30% *(2004: 30%)*. The differences are explained below:

	2005	2004
	£000	£000
Profit on ordinary activities before tax	454	12,373
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% *(2004: 30%)*	136	3,712
Effects of:		
Expenses not deductible for tax purposes	243	91
Capital allowances in excess of depreciation	(707)	1,551
Other short term timing differences	(375)	(586)
Provision for diminution in value of investments	2,215	-
Utilisation of tax losses	-	-
Adjustment in respect of prior periods	-	1,473
Total current tax charge	1,512	6,241

Notes *(continued)*

10 Intangible assets

	Negative goodwill £000	Capitalised R&D £000	Total £000
Cost			
At 1 July 2004	(1,556)	162	(1,394)
Additions	-	-	-
At 30 June 2005	(1,556)	162	(1,394)
Amortisation			
At 1 July 2004	312	(32)	280
Charge for the period	156	(32)	124
At 30 June 2005	468	(64)	404
Net book value			
At 30 June 2005	**(1,088)**	**98**	**(990)**
At 30 June 2004	(1,244)	130	(1,114)

Notes *(continued)*

11 Tangible fixed assets

	Freehold and long leasehold property £000	Plant and equipment £000	Total £000
Cost or valuation			
At 1 July 2004	13,512	103,307	116,819
Additions	61	12,568	12,629
Disposals	-	(3,110)	(3,110)
At 30 June 2005	**13,573**	**112,765**	**126,338**
Consisting of assets at:			
1991 valuation	2,758	-	2,758
Cost	10,815	112,765	123,580
	13,573	112,765	126,338
Depreciation			
At 1 July 2004	1,703	56,918	58,621
Charge for period	179	11,032	11,211
Disposals	-	(3,020)	(3,020)
At 30 June 2005	**1,882**	**64,930**	**66,812**
Net book value			
At 30 June 2005	**11,691**	**47,835**	**59,526**
At 30 June 2004	11,809	46,389	58,198

Long leasehold	254
Short leasehold	8
Freehold	13,319
	13,573

The net book value of plant and machinery includes an amount of £nil *(2004: £170,000)* in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the period on these assets was £29,000 *(2004: £37,000)*.

The net book value of freehold land and buildings at 30 June 2005 includes a value for land of £4,456,000 *(2004: £4,456,0000)* which is not depreciated.

Notes *(continued)*

11 Tangible fixed assets *(continued)*

If properties were accounted for at historical cost rather than at valuation, these assets would be presented as follows:

	2005 £000	2004 £000
Cost	**11,473**	11,412
Aggregate depreciation	**(1,815)**	(1,636)
Net book value	**9,658**	9,776

An impairment review has been performed by the directors over the carrying value of the assets held in the company.

A comparison of the carrying value of fixed assets with its recoverable amount has been made. In calculating the recoverable amount the directors have based their cash flow forecasts on the actual cash flow for the year ended 30 June 2006 and the forecast for the five years thereafter. The directors of the company believe their estimate for the six years reflect a fair picture of the business. A discount rate (before inflation) of 8.5% has been used.

As a result, an impairment of £4,156,000 has been included within the depreciation charge for the period.

12 Investments

	2005 £000	2004 £000
Subsidiary undertakings		
Cost	**17,796**	**17,796**
Provision for diminution in value	**(7,381)**	-
Net Book Value	**10,415**	**17,796**

The company has taken advantage of S228 Companies Act 1985, and has not therefore prepared group accounts, as it is a subsidiary of a larger group.

The subsidiary companies at 30 June 2005 were:

	% Owned	Country of Registration	Nature of Business
S&R Gravure Limited	100	England	Dormant
Amcor Flexibles Winterbourne Ltd	100	England	Flexible Packaging

Notes *(continued)*

13 Stocks

	2005 £000	2004 £000
Raw materials	**7,081**	4,964
Work-in-progress	**2,466**	1,875
Finished goods	**17,037**	17,385
	26,584	24,224

14 Debtors

	2005 £000	2004 £000
Debtors due within one year:		
Trade debtors	**38,031**	28,136
Other debtors	**4,789**	3,784
Pension prepayment	**1,608**	2,040
Due from other group entities	**6,579**	1,872
	51,007	35,832
Debtors due after more than one year:		
Pension prepayment	**3,585**	2,744
	54,592	38,576

15 Creditors due within one year

	2005 £000	2004 £000
Trade creditors	**27,226**	14,812
Bank borrowings	**1,223**	-
Other creditors	**20,935**	19,172
Accruals and deferred income	**1,446**	1,758
Corporation tax	**1,061**	966
Due to other group entities	**67,365**	62,557
Due to subsidiary undertakings	**154**	154
	119,410	99,419

Notes *(continued)*

16 Deferred taxation

	2005 £000	2004 £000
Provision for deferred taxation at 30% *(2004: 30%)* consists of the following amounts:		
Capital allowances in excess of depreciation	**1,151**	444
Other timing differences	**1,639**	1,264
	2,790	1,708

	2005 £000	2004 £000
The movements during the year on deferred tax provided were:		
Balance at 1 July 2004	**1,708**	4,425
Current year charge	**1,082**	(965)
Prior year	-	(1,753)
Balance at 30 June 2005	**2,790**	1,708

The company has accumulated tax losses carried forward at 30 June 2005 of £4,041,000 *(2004: £5,063,000)* in respect of which no deferred tax asset was recognised.

17 Equity share capital

	2005 £000	2004 £000
Allotted, called-up and fully paid 15,719,011 Ordinary shares of £1 each	**15,719**	15,719
Authorised 15,719,011 Ordinary shares of £1 each	**15,719**	15,719

Notes *(continued)*

18 Reserves

	2005	2004
	£000	£000
Special reserve		
At 1 July 2004 and at 30 June 2005	**4,809**	4,809

The special reserve arose from the cancellation of the share premium account in 1995. During the year to 30th June 2005 the company paid all the creditors outstanding at the time of the cancellation, and the reserve is now distributable.

	2005	2004
	£000	£000
Profit and loss account		
At 1 July 2004	**23,504**	14,654
Retained (loss) / profit	**(2,140)**	8,850
At 30 June 2005	**21,364**	23,504

19 Reconciliation of movement in shareholders' funds

	2005	2004
	£000	£000
(Loss) / profit for the year	**(2,140)**	8,850
Shareholders' funds at beginning of year	**44,032**	35,182
	41,892	44,032

20 Contingent liabilities

The company is party to a cross-guarantee arrangement with its parent company in respect of bank borrowings.

As a member of the Amcor Group for VAT purposes, the company has joint and several liabilities for all amounts due to H.M. Customs & Excise under this arrangement. The group continues to trade profitably and the directors do not foresee the crystallisation of any liability under this arrangement.

Notes *(continued)*

21 Pension schemes

Defined benefit scheme

The company operates a defined benefit pension scheme for its UK employees who joined the company before 1 October 2001. Trustees administer the Scheme, and its funds are separate from the company. The fund is valued at least every three years by an independent qualified actuary and the total contributions are paid on the basis of this advice. The last actuarial valuation of the scheme was as at 5 April 2004. The valuation used the projected unit method. The actuarial value of the assets in aggregate was £76.1 million, which represented £13.7 million less than the amount required to secure the accrued benefits calculated on the basis of service to the date of valuation, and projected pensionable earnings.

The principal actuarial assumption used in the valuation was that over the long term the annual rate of return on investments would exceed the annual rate of increase in pensionable remuneration by 2.25%.

The main factors causing the reduction in the funding level since the 2001 valuation are poor investment returns and a change in actuarial assumptions. The Group made special contributions during the year of £2,040,000.

The pension charge for the period of £3,130,000 includes £1,631,000 in respect of the amortisation of experience deficits that are being recognised over 11 years, the average remaining service lives of employees.

There is a prepayment of £5,193,000 in the balance sheet, representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

Whilst the Group continues to account for pension costs in accordance with the Statement of Standard Accounting Practice 24 Accounting for Pension Costs, under FRS 17 Retirement Benefits the following transitional disclosures are required:

The major assumptions used in the valuation updates were:

	30 June 2005	30 June 2004	30 June 2003
Rate of increase in salaries	4.10%	4.00%	4.00%
Rate of increase in pensions in payment and deferred pensions	2.60%	2.50%	2.50%
Discount rate applied to scheme liabilities	5.00%	5.50%	5.50%
Inflation assumption	2.60%	2.50%	2.50%

The assumptions used by the actuary are the best long-term estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The table below sets out the assumed long-term rate of return on the Plan assets. Different rates of return are assumed for the different asset classes; the assumed rates shown are net of investment expenses.

Notes *(continued)*

21 Pension scheme *(continued)*

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cashflow projections over long periods and thus inherently uncertain, were:

	Long-term rate of return expected at 30 June 2005	Value at 30 June 2005	Long-term rate of return expected at 30 June 2004	Value at 30 June 2004	Long-term rate of return expected at 30 June 2003	Value at 30 June 2003
	%	£000	%	£000	%	£000
Equities	7.60	49,357	7.50	41,350	7.00	33,030
Gilts	4.10	22,697	4.75	19,310	4.25	14,389
Corporate	4.90	18,739	5.75	15,850	5.25	19,540
Total market value of assets		90,793		76,510		66,959

	Year ended 30 June 2005 £000	Year ended 30 June 2004 £000
Estimated asset share	90,793	76,510
Present value of scheme liabilities	(129,727)	(107,782)
Deficit in the scheme	(38,934)	(31,272)
Related deferred tax asset	11,680	9,381
Net pension liability	(27,254)	(21,891)

Under the transitional arrangements of FRS 17, no provision has been made by the Group for the share of the deficit of the scheme. If provision were made, the following entries would be made:

Balance sheet presentation

	Year ended 30 June 2005 £000	Year ended 30 June 2004 £000
Net assets excluding FRS 17 pension liability	**41,892**	43,632
Net pension liability	**(27,254)**	(21,891)
SSAP 24 prepayment (net of deferred tax)	**(3,635)**	(3,349)
Net assets including FRS 17 pensions liability	**11,003**	18,792

Notes *(continued)*

21 Pension scheme *(continued)*

Reserves note

	Year ended 30 June 2005 £000	Year ended 30 June 2004 £000
Profit and loss account excluding FRS 17 liability	**21,364**	23,104
Pension reserve	**(27,254)**	(21,891)
SSAP 24 prepayment (net of deferred tax)	**(3,635)**	(3,349)
Profit and loss account including FRS 17 liability	**(9,525)**	(2,136)

Under the transitional arrangements of FRS 17, the Group's pension charge for the year under FRS 17 assumptions is not included in the financial statements.

Notes *(continued)*

21 Pension scheme *(continued)*

	Year ended 30 June 2005 £000	Year ended 30 June 2004 £000	Year ended 30 June 2003 £000
Analysis of the amount charged to profit and loss account			
Service cost	**-**	-	-
Past service cost	**-**	-	-
Current service cost	**2,643**	2,094	1,991
Total operating charge	**2,643**	2,094	1,991
Analysis of net return on pension scheme			
Expected return on pension scheme assets	**4,991**	4,050	4,402
Interest on pension liabilities	**(5,954)**	(5,141)	(4,787)
Net interest	**(963)**	(1,091)	(385)
Amount recognised in the statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**7,390**	2,127	(5,132)
Experience gains and losses arising on the scheme liabilities	**6**	(2,138)	(103)
Change in financial and demographic assumptions underlying the scheme liabilities	**(15,046)**	(6,043)	(8,200)
Actuarial loss recognised in STRGL	**(7,650)**	(6,054)	(13,435)
Movement in deficit during year			
Deficit in scheme at beginning of year	**(31,272)**	(25,541)	(12,752)
Movement in year:			
Current service cost	**(2,643)**	(2,094)	(1,991)
Contributions paid	**3,594**	3,508	3,022
Past service costs	**-**	-	-
Other finance income	**(963)**	(1,091)	(385)
Actuarial loss	**(7,650)**	(6,054)	(13,435)
Deficit in the scheme at end of year	**(38,934)**	(31,272)	(25,541)
History of experience gains and losses			
Difference between the expected and actual return on assets:			
Amount £000	**7,390**	2,127	(5,132)
% of scheme assets	**8.1**	2.8	(7.7)
Experience gains and losses on scheme liabilities:			
Amount £000	**6**	(2,138)	(103)
% of scheme assets	**0.0**	(2.0)	(0.2)
Total amount recognised in STRGL			
Amount £000	**(15,046)**	(6,043)	(8,200)
% of scheme assets	**(11.6)**	(5.6)	(8.9)

Notes *(continued)*

21 Pension schemes *(continued)*

Defined contribution scheme

For employees who joined the company after 1 October 2001, the company operates a defined contribution scheme, to which it contributes between 4% and 12% of pensionable pay, according to age and seniority.

The pension cost charge for the period represents contributions payable by the company to the scheme, and amounted to £707,000 (2004*: £426,000)*

There were no outstanding or prepaid contributions at the period-end.

22 Capital commitments

	2005 **£000**	2004 £000
Contracted but not provided for	**2,098**	*644*

23 *Commitments under operating leases*

Annual commitments on leases expiring

	Land and buildings		**Plant and equipment**	
	2005 **£000**	2004 £000	**2005** **£000**	2004 £000
Within one year	**30**	38	**73**	81
Between two and five years	**106**	5	**513**	548
After five years	**782**	880	**29**	14
	918	923	**615**	643

The majority of leases of land and buildings are subject to rent review periods of five years.

24 Related party transactions

The company has taken advantage of the exemptions available to wholly owned subsidiaries under Financial Reporting Standard 8. Accordingly, disclosure is not made of related party transactions with the company's parent company or fellow subsidiaries.

Notes *(continued)*

25 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by Amcor Limited, incorporated in Australia. The consolidated accounts of this group are available to the public and may be obtained from Amcor Limited, 679 Victoria Street, Abbotsford, Victoria 3067, Australia.

The smallest group in which the results are consolidated is that headed by Amcor Flexibles A/S, which is incorporated in Denmark. Copies of the accounts are available from Brighouse Court, Barnett Way, Barnwood, Gloucester, GL4 3RT.