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Amcor Flexibles UK Limited

Directors' report and financial statements
for the year ended 30 June 2004

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 2004.

Principal activities

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

Results and dividends

The profit after taxation for the period under review was £8,850,000 *(2003: £8,245,000)*. The directors do not recommend the payment of a dividend *(2003: £Nil)*. The operating results and future prospects are satisfactory.

Business review

On 10 November 2003, the company acquired the entire issued share capital of Amcor Flexibles Winterbourne Ltd (formerly known as Rexam Medical Packaging Ltd).

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 41 *(2003: 44)* days of purchases from suppliers.

Charitable and political contributions

Donations for charitable purposes amounted to £10,080 *(2003: £4,076)*.

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

SA Ashforth
Secretary

Hill House
1 Little New Street
London
EC4A 3TR

17 June 2005

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

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 2004 and of its profit 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

21 June 2005

Profit and loss account

for the year ended 30 June 2004

	Note	**2004** **£000**	2003 £000
Turnover	2	**201,213**	198,554
Cost of sales		**(165,769)**	(164,920)
Gross profit		**35,444**	33,634
Distribution expenses		**(8,470)**	(7,723)
Administration expenses		**(13,111)**	(13,963)
Operating profit before exceptional items		**13,863**	11,948
Exceptional expenses	6	**(956)**	-
Operating profit after exceptional items	3-5	**12,907**	11,948
Interest receivable and similar income	7	**334**	4
Interest payable and similar charges	8	**(868)**	(17)
Profit on ordinary activities before taxation	3-5	**12,373**	11,935
Taxation	9	**(3,523)**	(3,690)
Profit on ordinary activities after taxation		**8,850**	8,245
Profit attributable to ordinary shareholders and profit for the year transferred to reserves	18	**8,850**	8,245

All amounts relate to continuing operations.

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

Balance sheet
as at 30 June 2004

	Note	2004		2003	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*10*		**(1,114)**		(1,323)
Tangible assets	*11*		**58,198**		57,694
Investments	*12*		**17,796**		165
			74,880		56,536
Current assets					
Stocks	*13*	**24,224**		23,731	
Debtors due within one year	*14*	**35,832**		39,732	
Cash at bank and in hand		**7,479**		1,245	
		67,535		64,708	
Creditors: amounts falling due within one year	*15*	**(99,419)**		(83,480)	
Net current liabilities due within one year			**(31,884)**		(18,772)
Debtors due after more than one year	*14*		**2,744**		1,843
			(29,140)		(16,929)
Total assets less current liabilities			**45,740**		39,607
Provisions for liabilities and charges	*16*		**(1,708)**		(4,425)
Net assets			**44,032**		35,182
Capital and reserves					
Equity share capital	*17*		**15,719**		15,719
Special reserve	*18*		**4,809**		4,809
Profit and loss account	*18*		**23,504**		14,654
Equity shareholders' funds	*19*		**44,032**		35,182

The financial statements were approved by the board of directors on 17 June 2005 and were signed on its behalf by:

DY Maitland
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 stated net of sales taxes and allowances.

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

	2004 £000	%	2003 £000	%
Turnover				
Packaging	**201,213**	**100**	198,554	100
Profit before taxation				
Packaging				
Operating profit	**12,907**	**100**	11,948	100
Interest received	**334**		4	
Interest paid	**(868)**		(17)	
	12,373		11,935	

Net assets

All net assets are held in the UK

Geographical analysis

Turnover by destination	2004 £000	%	2003 £000	%
United Kingdom	**165,662**	**83**	165,193	82
Overseas				
France	**6,399**	**3**	5,585	3
Netherlands	**6,117**	**3**	5,536	3
Germany	**5,438**	**3**	6,098	3
Belgium	**2,567**	**1**	3,042	2
Ireland	**4,668**	**2**	3,976	2
Spain	**1,546**	**1**	1,511	1
Italy	**843**	**-**	1,093	1
Scandinavia	**1,200**	**1**	1,576	1
Rest of Europe	**2,067**	**1**	1,341	1
USA	**2,226**	**1**	1,819	1
Philippines	**745**	**-**	519	-
Rest of World	**1,735**	**1**	1,265	-
	201,213	**100**	198,554	100

All turnover originates in the UK

Operating profit	2004 £000	%	2003 £000	%
United Kingdom	**12,907**	**100**	11,948	100

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2004 £000	2003 £000
This is stated after charging:		
Auditors remuneration	**75**	70
Auditors remuneration – non audit services	**5**	5
Depreciation of owned assets	**6,031**	5,363
Depreciation of leased assets	**37**	201
Amortisation charge	**124**	156
Hire of plant and machinery – rentals payable under operating leases	**620**	628
Land and buildings – rentals payable under operating leases	**927**	510

4 Employees

	2004 £000	2003 £000
Employee costs		
Wages and salaries	**41,918**	40,854
Social security	**3,839**	3,309
Pensions	**3,137**	3,278
	48,894	47,441
Average number of employees	**Number**	Number
Packaging	**1,461**	1,416

5 Directors' remuneration

	2004 £000	2003 £000
Salaries and benefits	**332**	276
Pension contributions	**25**	28
Bonuses	**70**	97
	427	401
Remuneration of the highest paid director	**224**	228
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

	2004 £000	2003 £000
Reorganisation of operations	**956**	-

7 Interest receivable and similar income

	2004 £000	2003 £000
Bank interest received	**113**	4
Interest receivable on intercompany loans	**221**	-
	334	4

8 Interest payable and similar charges

	2004 £000	2003 £000
Bank interest paid	**35**	-
Interest paid on finance leases	**-**	17
Interest payable on intercompany loans	**833**	-
	868	17

Notes *(continued)*

9 Taxation on profit on ordinary activities

Analysis of charge in year

	2004		2003	
	£000	**£000**	£000	£000
UK corporation tax				
UK Corporation tax at 30% *(2003: 30%)*	**4,768**		1,889	
Adjustment in respect of prior years	**1,473**		-	
Total current tax		**6,241**		1,889
Deferred tax charge				
Origination and reversal of timing differences	**(965)**		1,404	
Adjustment in respect of prior periods	**(1,753)**		397	
Total deferred tax		**(2,718)**		1,801
Tax on profit on ordinary activities		**3,523**		3,690

Factoring affecting tax charge for the year

The tax assessed for the year differs from the rate of corporation tax in the UK, 30% *(2003: 30%)*. The differences are explained below:

	2004	2003
	£000	£000
Profit on ordinary activities before tax	**12,373**	11,935
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% *(2003: 30%)*	**3,712**	3,581
Effects of:		
Expenses not deductible for tax purposes	**91**	178
Capital allowances in excess of depreciation	**1,551**	(1,134)
Other short term timing differences	**(586)**	(270)
Utilisation of tax losses	**-**	(466)
Adjustment in respect of prior periods	**1,473**	-
Total current tax charge	**6,241**	1,889

Notes *(continued)*

10 Intangible assets

	Negative goodwill £000	Capitalised R&D £000	Total £000
Cost			
At 1 July 2003	(1,556)	77	(1,479)
Additions	-	85	85
At 30 June 2004	(1,556)	162	(1,394)
Amortisation			
At 1 July 2003	156	-	156
Charge for the period	156	(32)	124
At 30 June 2004	312	(32)	280
Net book value			
At 30 June 2004	**(1,244)**	**130**	**(1,114)**
At 30 June 2003	(1,400)	77	(1,323)

Notes *(continued)*

11 Tangible fixed assets

	Freehold and long leasehold property £000	Plant and equipment £000	Total £000
Cost or valuation			
At 1 July 2003	13,032	98,102	111,134
Additions	320	6,644	6,964
Disposals	-	(1,279)	(1,279)
Transfers between categories	160	(160)	-
At 30 June 2004	**13,512**	**103,307**	**116,819**
Consisting of assets at:			
1991 valuation	2,758	-	2,758
Cost	10,754	103,307	114,061
	13,512	103,307	116,819
Depreciation			
At 1 July 2003	1,603	51,838	53,441
Charge for period	100	5,968	6,068
Disposals	-	(888)	(888)
At 30 June 2004	**1,703**	**56,918**	**58,621**
Net book value			
At 30 June 2004	**11,809**	**46,389**	**58,198**
At 30 June 2003	11,430	46,264	57,694

Long leasehold	254
Short leasehold	8
Freehold	13,250
	13,512

The net book value of plant and machinery includes an amount of £170,000 *(2003: £738,000)* in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the period on these assets was £37,000 *(2003: £201,000)*.

The net book value of freehold land and buildings at 30 June 2004 includes a value for land of £4,456,000 *(2003: £4,426,0000)* 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:

	2004 £000	2003 £000
Cost	**11,412**	10,932
Aggregate depreciation	**(1,636)**	(1,522)
Net book value	**9,776**	9,410

12 Investments

	£000
Subsidiary undertakings	
Cost at 1 July 2003	165
Acquisition of Amcor Flexibles Winterbourne Ltd	17,631
Cost at 30 June 2004	**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 company acquired the entire share capital of Amcor Flexibles Winterbourne Ltd (formerly Rexam Medical Packaging Ltd) on the 10 November 2003.

The subsidiary companies at 30 June 2004 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

	2004 £000	2003 £000
Raw materials	**4,964**	5,429
Work-in-progress	**1,875**	2,230
Finished goods	**17,385**	16,072
	24,224	23,731

14 Debtors

Debtors due within one year:

	2004 £000	2003 £000
Trade debtors	**28,136**	32,677
Other debtors	**3,784**	3,327
Pension prepayment	**2,040**	2,040
Tax recoverable	**-**	687
Due from other group entities	**1,872**	1,001
	35,832	39,732

Debtors due after more than one year:

	2004 £000	2003 £000
Pension prepayment	**2,744**	1,843

15 Creditors due within one year

	2004 £000	2003 £000
Trade creditors	**14,812**	17,182
Other creditors	**19,172**	20,944
Accruals and deferred income	**1,758**	1,484
Corporation tax	**966**	-
Capital creditors	**-**	183
Due to other group entities	**62,557**	43,533
Due to subsidiary undertakings	**154**	154
	99,419	83,480

Notes *(continued)*

16 Deferred taxation

	2004 £000	2003 £000
Provision for deferred taxation at 30% *(2003: 30%)* consists of the following amounts:		
Capital allowances in excess of depreciation	**444**	3,860
Other timing differences	**1,264**	565
	1,708	4,425

	2004 £000	2003 £000
The movements during the year on deferred tax provided were:		
Balance at 1 July 2003	**4,425**	2,624
Current year charge	**(965)**	1,404
Acquisitions	**-**	-
Prior year	**(1,753)**	397
Balance at 30 June 2004	**1,708**	4,425

The company has accumulated tax losses carried forward at 30 June 2004 of £5,063,000 *(2003: £5,063,000)* in respect of which no deferred tax asset was recognised.

17 Equity share capital

	2004 £000	2003 £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

	2004	2003
	£000	£000
Special reserve		
At 1 July 2003 and at 30 June 2004	**4,809**	4,809

The special reserve arose from the cancellation of the share premium account in 1995. During the year to 30th June 2004 the company paid all the creditors outstanding at the time of the cancellation, and the reserve is now distributable.

	2004	2003
	£000	£000
Profit and loss account		
At 1 July 2003	**14,654**	6,409
Retained profit	**8,850**	8,245
At 30 June 2004	**23,504**	14,654

19 Reconciliation of movement in shareholders' funds

	2004	2003
	£000	£000
Profit for the year	**8,850**	8,245
Shareholders' funds at beginning of year	**35,182**	26,937
	44,032	35,182

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 £3,137,000 includes £1,139,000 in respect of the amortisation of experience deficits that are being recognised over 12 years, the average remaining service lives of employees.

There is a prepayment of £4,783,846 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 2004	30 June 2003	30 April 2002
Rate of increase in salaries	**4.00%**	4.00%	4.00%
Rate of increase in pensions in payment and deferred pensions	**2.50%**	2.50%	2.50%
Discount rate applied to scheme liabilities	**5.50%**	5.50%	6.00%
Inflation assumption	**2.50%**	2.50%	2.50%

The assumptions used by the actuary are the best 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 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 2004	**Value at 30 June 2004**	Long-term rate of return expected at 30 June 2003	Value at 30 June 2003	Long-term rate of return expected at 30 April 2002	Value at 30 April 2002
	%	**£000**	%	£000	%	£000
Equities	**7.00**	**41,350**	7.00	33,030	7.50	36,647
Gilts	**4.25**	**19,310**	4.25	14,389	4.75	12,459
Corporate	**5.25**	**15,850**	5.25	19,540	5.75	18,296
Total market value of assets		**76,510**		66,959		67,402

	Year ended 30 June 2004 £000	Year ended 30 June 2003 £000
Estimated asset share	**76,510**	66,959
Present value of scheme liabilities	**(107,782)**	(92,500)
Deficit in the scheme	**(31,272)**	(25,541)
Related deferred tax asset	**9,381**	7,662
Net pension liability	**(21,891)**	(17,879)

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 2004 £000	Year ended 30 June 2003 £000
Net assets excluding FRS 17 pension liability	**43,632**	35,182
Net pension liability	**(21,891)**	(17,879)
SSAP 24 prepayment (net of deferred tax)	**(4,784)**	(3,883)
Net assets including FRS 17 pensions liability	**16,957**	13,420

Notes *(continued)*

21 Pension scheme *(continued)*

Reserves note

	Year ended 30 June 2004 £000	Year ended 30 June 2003 £000
Profit and loss account excluding FRS 17 liability	**23,104**	14,654
Pension reserve	**(21,891)**	(17,879)
SSAP 24 prepayment (net of deferred tax)	**(4,784)**	(3,883)
Profit and loss account including FRS 17 liability	**(3,571)**	(7,108)

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 2004 £000	Year ended 30 June 2003 £000	Year ended 30 June 2002 £000
Analysis of the amount charged to profit and loss account			
Service cost	**-**	-	-
Past service cost	**-**	-	-
Current service cost	**2,094**	1,991	2,691
Total operating charge	**2,094**	1,991	2,691
Analysis of net return on pension scheme			
Expected return on pension scheme assets	**4,050**	4,402	5,369
Interest on pension liabilities	**(5,141)**	(4,787)	(5,208)
Net interest	**(1,091)**	(385)	(385)
Amount recognised in the statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	**2,127**	(5,132)	(11,015)
Experience gains and losses arising on the scheme liabilities	**(2,138)**	(103)	(233)
Change in financial and demographic assumptions underlying the scheme liabilities	**(6,043)**	(8,200)	(-)
Actuarial loss recognised in STRGL	**(6,054)**	(13,435)	(11,248)
Movement in deficit during year			
Deficit in scheme at beginning of year	**(25,541)**	(12,752)	(5,782)
Movement in year:			
Current service cost	**(2,094)**	(1,991)	(2,691)
Contributions paid	**3,508**	3,022	6,808
Past service costs	**-**	-	-
Other finance income	**(1,091)**	(385)	161
Actuarial loss	**(6,054)**	(13,435)	(11,248)
Deficit in the scheme at end of year	**(31,272)**	(25,541)	(12,752)
History of experience gains and losses			
Difference between the expected and actual return on assets:			
Amount £000	**2,127**	(5,132)	(11,015)
% of scheme assets	**2.8**	(7.7)	(16.3)
Experience gains and losses on scheme liabilities:			
Amount £000	**(2,138)**	(103)	(235)
% of scheme assets	**(2.0)**	(0.2)	(0.3)
Total amount recognised in STRGL			
Amount £000	**(6,043)**	(8,200)	-
% of scheme assets	**(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 £426,000 *(2003: £30,000).*

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

22 Capital commitments

	2004	2003
	£000	£000
Contracted but not provided for	**644**	294

23 Commitments under operating leases

Annual commitments on leases expiring

	Land and buildings		**Plant and equipment**	
	2004	2003	**2004**	2003
	£000	£000	**£000**	£000
Within one year	**38**	45	**81**	208
Between two and five years	**5**	5	**548**	431
After five years	**880**	460	**14**	10
	923	510	**643**	649

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.