

## **Amcor Flexibles UK Limited**

Directors' report and financial statements  
for the period ended 30<sup>th</sup> June 2002

Registered number 2808801



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## **Directors, officers and advisers**

### **Directors**

A Mawby (appointed 18 July 2001)  
G N S James (appointed 18 July 2001)  
N G D Blake (appointed 18 July 2001)  
I H A Gunn (appointed 1 September 2001)  
D Y Maitland  
J Durston  
I R Bodie (resigned 1 September 2001)  
T T Møller (resigned 1 September 2001)  
P Nørgaard (resigned 1 September 2001)  
S A Ashforth (resigned 1 September 2001)

### **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 Company has changed its accounting reference date to 30 June. The Directors present their report and audited accounts for the 14 months ended 30 June 2002.

### **Principal activities**

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

### **Business review**

On 29 June 2001 Amcor Flexibles UK Holding Ltd (formerly Amcor Flexibles UK Limited) purchased 45,382,952 ordinary shares of Sidlaw Group Ltd (of which the Company is a wholly-owned subsidiary). On the same date, Amcor Flexibles Europe A/S (a company based in Denmark) also purchased the remaining 24,129,729 ordinary shares.

Amcor Flexibles Europe A/S subsequently sold its entire shareholding to Amcor Flexibles UK Holding Ltd on 30 June 2001.

Following this change in ownership, the Company undertook a programme of restructuring, which included the closure of its Oakbank operation. Total exceptional costs of £10,503,000 were incurred in the period.

On 1 February 2002 and 1 April 2002, the Company acquired the trade and assets of Amcor Flexibles Transflex Ltd and Amcor Flexibles Syston Ltd respectively. On 31 March 2002, the Company also acquired the trade and assets of the UK Flexibles business of Rexam PLC.

During the period, the Company received a Regional Selective Assistance grant from the Scottish Executive of £1,000,000.

### **Results and dividends**

The loss after taxation for the period under review was £3,064,000 (2001: profit of £4,936,000). No dividend is to be paid (2001: £184,000). The operating results and future prospects are satisfactory.

### **Directors**

The names of the directors appear on page 1.

### **Directors' Shareholdings**

None of the directors have any notifiable interest 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 45 (2001: 45) days of purchases from suppliers.

### **Charitable and political contributions**

Donations for charitable purposes amounted to £2,488 (2001: £4,894).

## **Directors' report** *(continued)*

### **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.

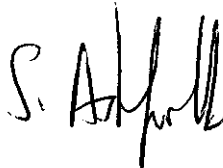
### **Employment of disabled persons**

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

### **Auditors**

Deloitte & Touche resigned during the period and, on 2 July 2002, the directors appointed KPMG LLP to fill the vacancy arising. The company has dispensed with the obligation to appoint auditors annually.

By order of the Board



**Stephen A Ashforth**  
*Secretary*

Hill House  
1 Little New Street  
London  
EC4A 3TR

16 April 2003

## **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.



100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

## **Independent auditors' report to the members of Amcor Flexibles UK Limited**

We have audited the financial statements on pages 6 to 28.

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 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 4, 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 affairs of the company as at 30 June 2002 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants  
Registered Auditor

*23 April 2003*

**Profit and loss account**  
*for the period ended 30 June 2002*

		Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
<b>Turnover</b>	<i>Note</i> 2		
Continuing activities		140,130	118,451
Acquisitions		21,377	-
		<hr/>	<hr/>
Cost of sales	3	161,507 (138,946)	118,451 (100,559)
		<hr/>	<hr/>
<b>Gross profit</b>		22,561	17,892
Other operating expenses	4	(26,779)	(13,029)
<b>Operating profit before exceptional items</b>		6,285	4,863
Exceptional expenses	5	(10,503)	-
<b>Operating (loss)/profit after exceptional items</b>		(4,218)	4,863
<b>Operating (loss)/profit</b>	2		
Continuing activities		(4,809)	4,863
Acquisitions		591	-
		<hr/>	<hr/>
<b>Operating (loss)/profit after exceptional items</b>		(4,218)	4,863
Interest	6	(86)	(149)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(4,304)	4,714
Taxation credit/(charge)	9	1,240	222
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities after taxation</b>		(3,064)	4,936
Dividends proposed		-	(184)
		<hr/>	<hr/>
<b>(Loss)/profit attributable to ordinary shareholders and (loss)/profit for the year transferred (from)/to reserves</b>	19	(3,064)	4,752
		<hr/>	<hr/>

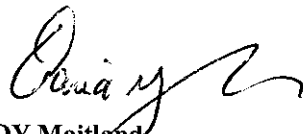


## Balance sheet

as at 30 June 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Intangible assets – negative goodwill	10	(1,556)	-
Tangible assets	11	55,089	52,905
Investments	12	165	165
		<hr/>	<hr/>
		53,698	53,070
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	13	20,776	16,069
Debtors	14	40,790	21,817
Cash at bank and in hand		22,653	2,045
		<hr/>	<hr/>
		84,219	39,931
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	15	(108,356)	(59,480)
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		(24,137)	(19,549)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		29,561	33,521
		<hr/>	<hr/>
<b>Creditors: amounts falling due after one year</b>	16	-	(499)
		<hr/>	<hr/>
<b>Provisions for liabilities and charges</b>	17	(2,624)	(3,021)
		<hr/>	<hr/>
<b>Net assets employed</b>		26,937	30,001
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Equity share capital	18	15,719	15,719
Special reserve	19	4,809	4,809
Profit and loss account	19	6,409	9,473
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		26,937	30,001
		<hr/>	<hr/>

Approved by the Board, 16 April 2003

  
DY Maitland  
Director

**Statement of total recognised gains and losses**  
*for the period ended 30 June 2002*

	2002 £000	2001 £000
(Loss)/profit for the period	(3,064)	4,752
Exchange gains	-	8
	<hr/>	<hr/>
Total recognised (loss)/profit	(3,064)	4,760
Prior period adjustment – adoption of FRS 19	-	(5,171)
	<hr/>	<hr/>
Total (losses)/gains since last annual report	(3,064)	(411)
	<hr/>	<hr/>

**Note of historical cost profits and losses**

There is no material difference between the losses on ordinary activities before taxation and the losses for the periods stated above, and their historical cost equivalents.

**Reconciliation of movement in shareholders' funds**

	2002 £000	2001 £000
(Loss)/profit for the period attributable to equity shareholders	(3,064)	4,752
Exchange gains	-	8
Opening shareholders' funds	30,001	25,241
	<hr/>	<hr/>
Closing shareholders' funds at 30 June 2002	26,937	30,001
	<hr/>	<hr/>

## 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 heritable, freehold and long leasehold properties. The Company has adopted FRS 18 Accounting Policies, and has followed the transitional arrangements of FRS 17 Retirement Benefits in these financial statements.

#### ***Investments***

Investments held as fixed assets are stated at cost less provision for any impairment.

#### ***Turnover***

Turnover is stated net of sales taxes and allowances and excludes inter-company transactions.

#### ***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***

Heritable, 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:

Heritable, freehold and long leasehold property	1%
Plant	7%
Equipment, including computer equipment	20% - 33%
Short leasehold property	Period of the lease

Accelerated rates are used when appropriate.

## 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*

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

#### *Taxation*

The charge for taxation is based on the profit or loss for the period, and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *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

	Period ended 30 June 2002 £000	%	Year ended 30 April 2001 £000	%
<b>Turnover</b>				
Packaging	161,507	100	118,451	100
	<hr/>		<hr/>	
<b>Profit/(loss) before taxation</b>				
Packaging				
Operating (loss)/profit	(4,218)	100	4,863	100
Interest	(86)		(149)	
	<hr/>		<hr/>	
	(4,304)		4,714	
	<hr/>		<hr/>	
<b>Net assets</b>				
All net assets are held in the UK				
<b>Geographical analysis</b>				
<b>Turnover by destination</b>				
United Kingdom	135,937	84	103,321	87
Overseas				
France	3,260	2	2,307	2
Netherlands	6,609	4	5,476	5
Germany	2,702	2	1,937	2
Belgium	2,170	1	1,586	1
Ireland	1,653	1	1,065	1
Rest of Europe	4,358	3	857	1
Scandinavia	2,809	2	664	-
Rest of World	2,009	1	1,238	1
	<hr/>	<hr/>	<hr/>	<hr/>
	161,507	100	118,451	100
	<hr/>	<hr/>	<hr/>	<hr/>

All turnover originates in the UK

	Period ended 30 June 2002 £000	%	Year ended 30 April 2001 £000	%
<b>Operating (loss)/profit</b>				
United Kingdom	(4,218)	100	4,863	100
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,218)	100	4,863	100
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 3 Cost of sales

	Period ended 30 June 2002					Year ended 30 April 2001
	Pre exceptional Continuing £000	Exceptional (Note 5) £000	Continuing £000	Acquired £000	Total £000	Continuing £000
Depreciation	5,788	2,531	8,319	461	8,780	5,517
Operating lease rentals						
Land and buildings	499	-	499	-	499	442
Plant and equipment	278	-	278	-	278	217
Other costs	109,234	920	110,154	19,235	129,389	94,383
	<u>115,799</u>	<u>3,451</u>	<u>119,250</u>	<u>19,696</u>	<u>138,946</u>	<u>100,559</u>

### 4 Other operating expenses

	Period ended 30 June 2002					Year ended 30 April 2001
	Pre exceptional Continuing £000	Exceptional (Note 5) £000	Continuing £000	Acquired £000	Total £000	Continuing £000
Distribution costs	4,208	-	4,208	613	4,821	4,256
Administrative expenses						
Auditors' remuneration	85	-	85	-	85	-
Depreciation	423	1,521	1,944	11	1,955	1,112
Operating lease rentals						
Land and buildings	262	800	1,062	-	1,062	230
Plant and equipment	877	-	877	12	889	711
Other expenses	12,638	4,731	17,369	598	17,967	6,720
	<u>18,493</u>	<u>7,052</u>	<u>25,545</u>	<u>1,234</u>	<u>26,779</u>	<u>13,029</u>

Remuneration of the Company's auditors for provision of audit services to the Company was £84,958, and of non-audit services to the Company was £53,171. In the previous year, audit and non-audit remuneration was met in full by the holding company.

## Notes (continued)

### 5 Exceptional expenses

	Period ended 30 June 2002			Year ended 30 April 2001
	Continuing £000	Acquired £000	Total £000	Continuing £000
Write-off of redundant assets	4,240	-	4,240	-
Change in depreciation policy	1,747	-	1,747	-
Restructuring costs	4,516	-	4,516	-
	<u>10,503</u>	<u>-</u>	<u>10,503</u>	<u>-</u>

### 6 Interest

	Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
Payable on bank overdrafts	(31)	-
Finance leases	(55)	(149)
	<u>(86)</u>	<u>(149)</u>

### 7 Employees

	Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
Employee costs		
Wages and salaries	34,426	26,036
Social security	2,791	2,137
Pensions	3,016	1,714
	<u>40,233</u>	<u>29,887</u>
Average number of employees	Number	Number
Packaging	1,078	967

## Notes (continued)

### 8 Directors' remuneration

Total remuneration	Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
Salaries and benefits	275	199
Pension contributions	27	16
Bonuses	91	-
	<u>393</u>	<u>215</u>
Remuneration of the highest paid director	<u>191</u>	<u>187</u>
Number of directors who:		
Are members of a defined benefit pension scheme	<u>1</u>	<u>3</u>

At the year-end, the highest paid director is not a member of the defined benefit scheme. At the previous year-end, the then highest paid director had an accrued pension of £63,292 per annum.

### 9 Taxation (credit)/charge

	Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
<i>Current taxation</i>		
Based on the taxable profits for the year:		
UK Corporation tax at 30% (2001: 30%)	(638)	888
Prior year	(218)	1,040
Total current tax	<u>(856)</u>	<u>1,928</u>
Deferred taxation – current year	(354)	433
Deferred taxation – prior year	(30)	(2,583)
	<u>(1,240)</u>	<u>(222)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year is different from the standard rate for the reasons set out in the following reconciliation.



## Notes (continued)

### 9 Taxation (credit)/charge (continued)

	Period ended 30 June 2002 £000	Year ended 30 April 2001 £000
(Loss)/profit on ordinary activities before tax	(4,304)	4,714
Tax on (loss)/profit on ordinary activities at standard rate	(1,291)	1,414
<i>Factors affecting the charge for the period:</i>		
Expenses not deductible for tax purposes	298	(93)
Capital allowances in excess of depreciation	579	(593)
Deductible movements on provisions	(224)	160
Adjustments to tax in respect of prior periods	(218)	1,040
Total actual amount of current tax (credit)/charge	(856)	1,928

### 10 Intangible assets

#### Negative Goodwill

	£000
<i>At cost</i>	
At beginning of period	-
Additions (see note 25)	(1,556)
At end of period	(1,556)
<i>Amortisation</i>	
At beginning of period	-
Charge for the period	-
At end of period	-
<i>Net book value</i>	
At 30 June 2002	(1,556)
At 30 April 2001	-

## Notes (continued)

### 11 Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 May 2001	9,470	86,418	95,888
Additions	-	7,207	7,207
Business acquisitions	2,915	4,905	7,820
Disposals	(778)	(3,808)	(4,586)
Transfers between asset categories	299	(2,889)	(2,590)
	<hr/>	<hr/>	<hr/>
At 30 June 2002	11,906	91,833	103,739
	<hr/>	<hr/>	<hr/>
<b>Consisting of assets at:</b>			
1991 valuation	2,758	-	2,758
Cost	9,148	91,833	100,981
	<hr/>	<hr/>	<hr/>
	11,906	91,833	103,739
	<hr/>	<hr/>	<hr/>
<b>Aggregate depreciation</b>			
At 1 May 2001	1,125	41,858	42,983
Charge for period	126	10,609	10,735
Disposals	-	(2,478)	(2,478)
Transfers between asset categories	251	(2,841)	(2,590)
	<hr/>	<hr/>	<hr/>
At 30 June 2002	1,502	47,148	48,650
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2002	10,404	44,685	55,089
	<hr/>	<hr/>	<hr/>
At 30 April 2001	8,345	44,560	52,905
	<hr/>	<hr/>	<hr/>
Long leasehold	341		
Short leasehold	8		
Freehold	11,557		
	<hr/>		
	11,906		
	<hr/>		

The net book value of tangible fixed assets includes an amount of £1,405,000 (2001: £2,457,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the period on these assets was £447,000 (2001: £448,000).

## 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:

	2002 £000	2001 £000
Cost	8,786	9,564
Aggregate depreciation	(1,421)	(1,193)
	<hr/>	<hr/>
Net book value	7,365	8,371
	<hr/>	<hr/>

### 12 Investments

	£000
<b>Subsidiary undertakings</b>	
Cost at 1 May 2001 and 30 June 2002	165
	<hr/>

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 company at 30 April 2001 and 30 June 2002 was:

	% Owned	Country of Registration	Nature of business
S&R Gravure Limited	100	England	Dormant

### 13 Stocks

	2002 £000	2001 £000
Raw materials	3,916	4,487
Work-in-progress	1,842	976
Finished goods	15,018	10,606
	<hr/>	<hr/>
	20,776	16,069
	<hr/>	<hr/>

**Notes (continued)**

**14 Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Due within one year		
Trade debtors	<b>33,111</b>	19,196
Other debtors	<b>1,100</b>	1,702
Prepayments and accrued income	<b>4,605</b>	514
Tax recoverable	<b>963</b>	405
Due from other group entities	<b>1,011</b>	-
	<hr/>	<hr/>
	<b>40,790</b>	21,817
	<hr/>	<hr/>

**15 Creditors due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>20,263</b>	11,070
Corporation tax	-	1,348
Other creditors	<b>16,413</b>	3,090
Accruals and deferred income	<b>3,710</b>	3,184
Capital creditors	<b>678</b>	-
Finance Leases	<b>236</b>	778
Due to other group entities	<b>66,902</b>	39,856
Due to subsidiary undertakings	<b>154</b>	154
	<hr/>	<hr/>
	<b>108,356</b>	59,480
	<hr/>	<hr/>

**16 Creditors due after one year**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
<b>Repayable one to two years</b>		
Finance leases	-	499
	<hr/>	<hr/>

## Notes (continued)

### 17 Deferred taxation

	2002 £000	2001 £000
Provision for deferred taxation at 30% (2001: 30%) consists of the following amounts:		
Capital allowances in excess of depreciation	2,497	3,088
Other timing differences	127	(67)
	<u>2,624</u>	<u>3,021</u>

	2002 £000	2001 £000
The movements during the year on deferred tax provided were:		
Balance at 1 May	3,021	5,171
Current year (credit)/charge	(354)	433
Acquisitions	(13)	-
Prior year	(30)	(2,583)
	<u>2,624</u>	<u>3,021</u>
Balance at 30 June	<u>2,624</u>	<u>3,021</u>

### 18 Equity share capital

	2002 £000	2001 £000
Authorised 15,719,011 Ordinary shares of £1 each	15,719	15,719
Allotted, called-up and fully paid 15,719,011 Ordinary shares of £1 each	<u>15,719</u>	<u>15,719</u>

**Notes (continued)**

**19 Reserves**

	2002	2001
	£000	£000
<b>Special reserve</b>		
At 1 May 2001 and at 30 June 2002	4,809	4,809

The special reserve arose from the cancellation of the share premium account in 1995. The company can not distribute the special reserve until all creditors outstanding at the time of the cancellation have been paid.

	2002	2001
	£000	£000
<b>Profit and loss account</b>		
At 1 May 2001	9,473	4,713
Retained (loss)/profit	(3,064)	4,752
Exchange differences	-	8
<b>At 30 June 2002</b>	<b>6,409</b>	<b>9,473</b>

**20 Contingent liabilities**

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

## Notes (continued)

### 21 Pension schemes

#### *Defined benefit scheme*

The Company participates in a defined benefit pension scheme for its UK employees who joined the Company before 1 October 2001. The Scheme is administered by Trustees, 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 2001. The valuation used the projected unit method. The actuarial value of the assets in aggregate was £67.0 million, the actuarial value of which represented £6,831,000 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 2.0%.

The main factors causing the reduction in the funding level since the 1998 valuation are poor investment returns and a change in actuarial assumptions. The Company made a one-off special contribution of £4,212,626 on 26 March 2002, and in January 2002 commenced special contributions of £292,000 per annum to improve the funding position.

The pension charge for the period of £3,016,000 includes £632,000 in respect of the amortisation of experience deficits that are being recognised over 14 years, the average remaining service lives of employees.

There is a prepayment of £3,728,000 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 Company 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 Company participates in a defined benefit scheme in the UK. A full actuarial valuation of the scheme was carried out as at 5 April 2001 and updated by the actuary to 30 April 2001 and 30 June 2002.

The major assumptions used in the valuation updates were:

	30 June 2002	30 April 2001
Rate of increase in salaries	4.00%	4.00%
Rate of increase in pensions in payment and deferred pensions	2.50%	2.50%
Discount rate applied to scheme liabilities	6.00%	6.00%
Inflation assumption	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.

## Notes (continued)

### 21 Pension schemes (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 30 June 2002	Value at 30 June 2002 £000	Long term rate of return 30 April 2001	Value at 30 April 2001 £000
Equities	7.50%	36,647	7.50%	40,441
Gilts	4.75%	12,459	4.75%	11,046
Corporate Bonds	5.75%	18,296	5.75%	16,815
Total value of scheme assets		67,402		68,302
Present value of scheme liabilities		(80,154)		(74,084)
Deficit in the scheme		(12,752)		(5,782)
Related deferred tax asset		3,826		1,735
Net pension liability		(8,926)		(4,047)

The amount of this net pension liability would have a consequential effect on reserves.

Movement in surplus/deficit over the period:

	30 June 2002 £000
Deficit in scheme at beginning of period	(5,782)
Current service cost	(2,691)
Contributions paid	6,808
Past service cost	-
Other finance income	161
Actuarial loss	(11,248)
<b>Deficit in the scheme at end of period</b>	<b>(12,752)</b>



## Notes (continued)

### 21 Pension schemes (continued)

If FRS17 had been fully adopted in these financial statements, the pension costs for defined benefit scheme would have been:

Analysis of other pension costs charged in arriving at operating profit/loss

	30 June 2002 £000
Current service cost	2,691
Past service cost	-
Previously unrecognised surplus deducted from past service cost	-
Gains/(losses) on settlements or curtailments	-
Previously unrecognised surplus deducted from settlements or curtailments	-
Losses	-
<b>Total operating charge</b>	<b>2,691</b>

Analysis of amounts included in other finance/income costs:

	30 June 2002 £000
Expected return on pension scheme assets	5,369
Interest on pension scheme liabilities	(5,208)
<b>Net return</b>	<b>161</b>

Analysis of amount recognised in statement of total recognised gains and losses:

	30 June 2002 %	30 June 2002 £000
Actual return less expected return on scheme assets		(11,015)
Percentage of year end scheme assets	(16.3)	
Experience gains and losses arising on scheme liabilities		(233)
Percentage of present value of year end scheme liabilities	(0.3)	
Changes in assumptions underlying the present value of scheme liabilities		-
Percentage of present value of year end scheme liabilities	-	
<b>Actuarial loss recognised in statement of total recognised gains and losses</b>		<b>(11,248)</b>

## 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 7% of pensionable pay, according to an age-related scale.

The pension cost charge for the period represents contributions payable by the Company to the scheme, and amounted to £30,000 (2001: £Nil).

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

### 22 Capital commitments

	2002 £000	2001 £000
Contracted but not provided for	246	1,995

### 23 Commitments under operating leases

	Land and buildings		Plant and equipment	
	2002 £000	2001 £000	2002 £000	2001 £000
Annual commitments on leases expiring:				
Within one year	56	9	409	41
Between two and five years	5	-	728	450
After five years	460	469	103	-
	<u>521</u>	<u>478</u>	<u>1,240</u>	<u>491</u>

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 Purchase of businesses

On the 31 March 2002, the Company acquired the trade and assets of the UK Flexibles business of Rexam PLC. The details of the acquisition are as follows:

	Book value £000	Fair value adjustments £000	Total £000
Tangible fixed assets	10,079	(2,984)	7,095
Stocks	3,130	-	3,130
Debtors	9,005	-	9,005
Creditors and provisions	(6,275)	(55)	(6,330)
	<hr/>	<hr/>	<hr/>
	15,939	(3,039)	12,900
Negative goodwill			(1,556)
			<hr/>
			11,344
			<hr/>
Satisfied by:			
Cash (including costs of acquisition £350,000)			11,344
			<hr/>

The fair value adjustment on tangible fixed assets arose from a review of the acquired assets' economic and realisable values.

### 26 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 Sidlaw Group Limited, registered in England and Wales. Copies of the accounts are available from Keith House, South Gyle, Edinburgh EH12 9DQ.