

**BRITTON GROUP LIMITED**

**Report and Financial Statements**

**30 April 2005**



# **BRITTON GROUP LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **BRITTON GROUP LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A E Watson (resigned 21 May 2004)  
N James (resigned 21 May 2004)  
M Clark  
S Goodman (appointed 21 May 2004)

#### **SECRETARY**

N James (resigned 21 May 2004)  
S Goodman (appointed 21 May 2004)

#### **REGISTERED OFFICE**

Road One Industrial Estate  
Winsford  
Cheshire

#### **BANKERS**

Bank of Scotland  
No 1 Marsden Street  
Manchester

#### **SOLICITORS**

Eversheds LLP  
1 Royal Standard Place  
Nottingham

#### **AUDITORS**

Deloitte & Touche LLP  
Nottingham

# **BRITTON GROUP LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 16 months period ended 30 April 2005.

### **ACTIVITIES**

The principal activity of the company is that of an intermediary holding company.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company will continue to trade as a holding company in the foreseeable future.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not recommend payment of a dividend. The profit of £523,000 (2003 - £2,263,000) has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period are listed on page 1 of the accounts. Those in office at the period end, and their interests in the share capital of the company, were:

M Clark

S Goodman


None of the directors have any interest in the issued share capital of the company.

The interests of Mr S Goodman and Mr M Clark, directors of the ultimate parent company, are disclosed in the accounts of that company.

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



S Goodman

Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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; and
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITTON GROUP LIMITED**

We have audited the financial statements of Britton Group Limited for the period ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 April 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants  
and Registered Auditors

Nottingham

*7 October 2005*

# BRITTON GROUP LIMITED

## PROFIT AND LOSS ACCOUNT 16 months ended 30 April 2005

	Note	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
Administrative expenses		(325)	(1,164)
Exceptional administrative items		(282)	(443)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>(607)</b>	<b>(1,607)</b>
Reversal of past impairments	8	2,500	3,500
Other operating income		3,092	1,968
<b>OPERATING PROFIT</b>	5	<b>4,985</b>	<b>3,861</b>
Loss on disposal of fixed asset investment	8	(539)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>4,446</b>	<b>3,861</b>
Interest receivable and similar income	2	76	144
Interest payable and similar charges	3	(4,014)	(1,697)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>508</b>	<b>2,308</b>
Tax credit/ (charge) on profit on ordinary activities	6	15	(45)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	14, 15	<b>523</b>	<b>2,263</b>

All results are derived from continuing operations in the current and prior year.

There are no recognised gains and losses other than the profit for the financial year and for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

# BRITTON GROUP LIMITED

## BALANCE SHEET 30 April 2005

	Note	30 April 2005 £'000	31 December 2003 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	1	2
Investments	8	9,000	6,500
		<u>9,001</u>	<u>6,502</u>
<b>CURRENT ASSETS</b>			
Debtors	9	26,925	27,782
		<u>26,925</u>	<u>27,782</u>
<b>CREDITORS: amounts falling due Within one year</b>	10	(33,555)	(8,103)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(6,630)</u>	<u>19,679</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,371	26,181
<b>CREDITORS: amounts falling due after more than one year</b>			
Bank loans and overdrafts	11	-	(24,827)
<b>Provisions for liabilities and charges</b>	12	(494)	-
<b>NET ASSETS</b>		<u>1,877</u>	<u>1,354</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	82,157	82,157
Share premium account	14	1,925	1,925
Profit and loss account	14	(82,205)	(82,728)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>1,877</u>	<u>1,354</u>

These financial statements were approved by the Board of Directors on 6 October 2005

Signed on behalf of the Board of Directors



S Goodman

Director



**NOTES TO THE ACCOUNTS**  
**16 months ended 30 April 2005**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

*The financial statements are prepared under the historical cost convention.*

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery                      25% - 33% per annum

**Loan issue costs**

Issue costs relating to loans agreed have been capitalised and are being amortised over the loan period.

**Investments**

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

**Deferred taxation**

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 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.

**Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

The group pays contributions on behalf of the directors and qualifying employees to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged directly to the profit and loss account.

**Cash flow**

The accounts do not include a cash flow statement because the company, as a wholly owned subsidiary undertaking of Britton Holdings Limited, is exempt from the requirement to prepare such a statement under Financial Reporting Statement 1 "Cash flow statements".

**2. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>16 months ended 30 April 2005 £'000</b>	<b>12 months ended 31 December 2003 £'000</b>
Bank interest receivable	<u>76</u>	<u>144</u>

# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
Bank loans, overdraft and other loans	3969	1,644
Amortisation of fees	45	53
	<u>4014</u>	<u>1,697</u>

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
<b>Directors' emoluments</b>		
Emoluments	420	357
Contributions to a defined contribution pension scheme	46	61
Compensation for loss of office	394	366
	<u>860</u>	<u>784</u>

Contributions to a defined contribution scheme were made on behalf of 2 (2003: 2) directors.

	£'000	£'000
<b>Highest paid director</b>		
Emoluments	48	159
Contributions to a defined contribution pension scheme	24	45
Compensation for loss of office	294	366
	<u>366</u>	<u>570</u>

#### Average number of persons employed

Administration	9	7
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	£'000	£'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	981	1,021
Social security costs	131	124
Pension costs	98	111
	<u>1,210</u>	<u>1,256</u>

**NOTES TO THE ACCOUNTS**

**16 months ended 30 April 2005**

**5. OPERATING PROFIT**

Operating profit is stated after charging

	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
Exceptional items:		
Redundancy costs	272	443
Property Costs	10	-
Depreciation	6	7
Rentals under operating leases	58	46
Auditors remuneration		
Audit fees	19	24
Other services	6	12
	<u>          </u>	<u>          </u>

**6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

a) Analysis of (credit)/charge in the period

	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
<b>Current tax</b>		
UK corporation tax at 30% (2003: 30%) based on the profit for the period	-	-
Adjustments in respect of prior years	-	-
	<u>          </u>	<u>          </u>
Total current tax (note 6b)	-	-
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2)	45
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods.	-	(105)
Adjustments in respect of previous years	(13)	105
	<u>          </u>	<u>          </u>
Total deferred tax (note 12)	(15)	45
	<u>          </u>	<u>          </u>
Total tax (credit)/charge in the period	(15)	45
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**16 months ended 30 April 2005**

**6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)**

**b) Factors affecting the tax charge for the period**

The tax assessed for the current year differs to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	16 months ended 30 April 2005 £'000	12 months ended 31 December 2003 £'000
Profit on ordinary activities before tax	508	2,308
Profit on ordinary activities multiplied by the standard Rate of corporation tax in the UK	152	692
<b>Effects of:</b>		
Difference between capital allowances and depreciation	3	(2)
Expenses not deductible for tax purposes	91	136
Utilisation of tax losses	(501)	(200)
Movement in other short term timing differences	-	(43)
Group relief not paid for	1,005	467
Movement on investments	(750)	(1,050)
Adjustment in respect of prior years	-	-
<b>Current tax charge for the period (note 6a)</b>	-	-

**7. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £'000</b>
<b>Cost</b>	
At 1 January 2004	96
Additions	5
At 30 April 2005	101
<b>Accumulated depreciation</b>	
At 1 January 2004	94
Charge for the period	6
At 30 April 2005	100
<b>Net book value</b>	
At 30 April 2005	1
At 31 December 2003	2

# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 8. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £'000
<b>Cost</b>	
At 1 January 2004 and 30 April 2005	48,343
<b>Provision for impairment</b>	
At 1 January 2004	41,843
Reversal of past impairment	(2,500)
At 30 April 2005	39,343
<b>Net book value</b>	
At 30 April 2005	9,000
At 31 December 2003	6,500

Britton Gelpas was sold on 23 June 2004. Britton Gelpas was transferred to Britton Group Limited along with other trading subsidiaries in 1999. No cost of investment can be accurately attributed to Britton Gelpas. The investment was previously held at nil net book value due to past impairments.

The proceeds from the sale were £274,000. Total costs of the sale including a provision for costs to come are £813,000, resulting in a loss on disposal of £539,000.

The company has the following wholly owned subsidiaries incorporated in Great Britain and registered in England and Wales:

<i>Undertaking</i>	<i>Principal activity</i>
Merlin Group Holdings Limited*	Holding company
Britton Merlin Limited	Extrusion, printing and conversion of low, co-extruded and high density polythene films
Britton Group Plastics Limited*	Dormant
Britton Taco Limited*	Manufacture of extruded and embossed polyolefin film and polypropylene film
Taco Plastics Limited	Dormant
Tacolin Limited	Dormant
Britton Polymon Limited*	Dormant
Britton Packbourne Limited*	Polythene film converter
Britton Precision Limited*	Manufacture of polythene film
Britton Security Packaging Limited*	Manufacture and distribution of polythene security and distribution packaging
Britton Decoflex Limited	Manufacture and distribution of polythene security and distribution packaging
Britton Polyian Limited	Printing and conversion of polythene
Hubcharm Limited	Dormant
Finoplas Limited	Dormant
CK Addison and Company Limited	Dormant
Britton Gelpas Limited (Disposed of 23 June 2004)	Manufacture and marketing of polythene products

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company, Britton Holdings Limited.

\* indicates direct subsidiary.

# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 9. DEBTORS

	30 April 2005 £'000	31 December 2003 £'000
Amounts owed by subsidiary undertakings	25,663	26,975
Deferred tax asset	57	42
Other debtors	1,205	765
	<u>26,925</u>	<u>27,782</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 2005 £'000	31 December 2003 £'000
Bank loans and overdraft	46	4,655
Amounts owed to group undertakings	32,786	2,187
Other taxes and social security	292	71
Accruals and deferred income	431	1,190
	<u>33,555</u>	<u>8,103</u>

### 11. BANK LOANS AND OVERDRAFT

	30 April 2005 £'000	31 December 2003 £'000
Secured bank loan tranche A	-	10,658
Secured bank loan tranche B	-	11,365
Secured bank loan note 2008	-	3,000
Secured institutional loan note 2008	-	2,000
Bank overdraft	46	2,459
	<u>46</u>	<u>29,482</u>
Less: Current instalments and amounts due on demand (Note 10)	-	(4,655)
Total borrowings falling due after more than one year	<u>46</u>	<u>24,827</u>

# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 11. BANK LOANS AND OVERDRAFT (Continued)

	30 April 2005 £'000	31 December 2003 £'000
<b>Repayment schedule</b>		
By instalments, due after:		
More than one year but less than two years	-	2,196
More than two years but less than five years	-	6,266
Not by instalments due after:		
More than two years but less than five years	-	16,365
More than five years	-	-
	<u>-</u>	<u>24,827</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	Vacant property £'000	Deferred taxation £'000
At start of period	-	(42)
Charge for the period	(494)	-
Credit for the period	-	(15)
	<u>(494)</u>	<u>(57)</u>
At end of period	(494)	(57)

The vacant property provision relates the rental charges and other costs on the vacant former Gelplas properties, which were transferred to Britton Group Limited upon the sale of Gelplas Limited. It is expected that all of the costs will be incurred within the next 12 months.

The amount of deferred taxation provided and not provided in the accounts are as follows:

Deferred taxation	Provided 30 April 2005 £'000	Not provided 30 April 2005 £'000	Provided 31 December 2003 £'000	Not provided 31 December 2003 £'000
Accelerated capital allowances	(15)	-	2	-
Losses	-	(2,365)	-	(2,852)
Short term timing differences	(42)	-	(44)	-
	<u>(57)</u>	<u>(2,365)</u>	<u>(42)</u>	<u>(2,852)</u>

Deferred tax is not provided where there is uncertainty over the recovery of the asset. To be prudent therefore deferred tax assets on short term timing differences and accelerated capital allowances have been provided.

# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 13. CALLED UP SHARE CAPITAL

	30 April 2005 £'000	31 December 2003 £'000
<b>Authorised</b>		
82,242,517 ordinary shares of £1 each	82,243	82,243
<b>Allotted, called up and fully paid</b>		
82,156,579 ordinary shares of £1	82,157	82,157

### 14. MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	82,157	1,925	(82,728)	1,354
Profit for the period	-	-	523	523
At 30 April 2005	82,157	1,925	(82,205)	1,877

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 April 2005 £'000	31 December 2003 £'000
Profit for the financial period	523	2,263
Opening shareholders' funds/(deficit)	1,354	(909)
Closing shareholders' funds	1,877	1,354

### 16. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary and has taken advantage of the exemptions available under paragraph 3(c) of FRS 8.

### 17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Britton Group (Holdings) Limited. The ultimate parent company and controlling party, for which consolidated accounts are prepared, is Britton Holdings Limited, a company incorporated in Great Britain. Group accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.



# BRITTON GROUP LIMITED

## NOTES TO THE ACCOUNTS 16 months ended 30 April 2005

### 18. CONTINGENT LIABILITIES

The company has a joint VAT registration with Britton Taco Limited, Britton Group Plastics Limited and Britton Polymon Limited.

#### **Guarantee**

With effect from the 21 May 2004 the company is party to a cross company and group guarantee with respect to parent company financing. There are consequently fixed and floating charges over the company's present and future property and assets. This guarantee replaced all previous cross company guarantees.

### 19. FINANCIAL COMMITMENTS

At 30 April 2005, the company had annual commitments under non-cancellable operating leases as set out below:

	2005 Other £'000	2003 Other £'000
Operating leases which expire:		
Within one year	4	-
Within two to five years	67	60
	<hr/>	<hr/>

### 20. PENSIONS

Certain employees are members of the group defined contribution scheme. Contributions paid during the period were £98,000 (2003: £111,000).