Company Number 03846688

Allied Glass Containers Limited

Annual Report

Year ended 3 December 2011

Contents

Company information

Directors	A Henderson R Summers P Morris J Hart J Naughton A Spencer B W McMillan
Secretary	J S McLean
Registered office	South Accommodation Road Leeds LS10 1NQ
Registered number	03846688
Auditors	Grant Thornton UK LLP No1 Whitehall Riverside Leeds LS1 4BN
Bankers	Lloyds Bank Corporate Markets Wholesale Loans Agency 1st Floor 10 Gresham Street London EC2V 7AE
Solicitors	Eversheds LLP Bridgewater Place Water Lane Leeds LS11 5DR

Report of the directors

The directors present their report and the audited financial statements for the year ended 3 December 2011

Business review and principal activities
The principal activities of the company are the manufacture and sale of glass containers

The company has continued to develop its strategy of focusing on premium brands, and as part of this strategy it opened a new decoration facility in September 2011 The new facility expands the company's capabilities as well as satisfying customer requirements in the premium spirits market

Sales demand has continued to remain strong throughout 2011, with turnover 14% higher than 2010 and operating profit from continuing operations 22% above the prior year

Principal risks and uncertainties facing the company
The key area of uncertainty for the company is the effect of the general economic climate on world markets including rising commodity prices

Financial risk management
The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk

The company's principal financial instruments comprise sterling cash and bank deposits, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations

The main risks arising from the company's financial instruments can be analysed as follows

Foreign currency risk
The company is exposed in its trading operations to the risk of changes in foreign currency exchange rates As the company both buys and sells goods within Europe and the US the overall risk is not significant The main foreign currencies in which the company operates are the euro and the US dollar

Credit risk
The company's principal financial assets are bank balances, cash, and trade debtors and represent the company's total exposure to credit risk in relation to financial assets

The company's credit risk is primarily attributable to its trade debtors, which are mostly covered by credit insurance

Liquidity risk
The company's policy is set on a group wide basis with the objective to ensure continuity of funding through acquiring an element of the company's fixed assets under finance leases, and arranging funding for operations via medium-term loans and additional working capital credit facilities to aid short-term flexibility

Cash flow interest rate risk
Interest bearing assets comprise bank deposits only that earn interest at market rate The interest rate on the bank overdraft is at market rate The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company

Going concern
The financial statements have been prepared on a going concern basis The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors

As a consequence the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, it is appropriate to continue to adopt the going concern basis in preparing their report and financial statements

Directors
The current directors of the company are set out on page 1 The names of those directors appointed during the year are as follows

J S Naughton (appointed 10/5/2011)
J T Hart (appointed 10/5/2011)

No director had at any time during the year any material interest in a contract with the company, other than service contracts with the ultimate parent company

Report of the directors
(continued)

Statement of directors' responsibilities
The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that year In preparing these 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 UK 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 and group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is aware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Environmental
The company continues to maintain registration to the International Environmental Standard ISO 14001 The necessary permits to operate the manufacturing sites under the Integrated Pollution Prevention and Control regulations are in place and the company continues to invest significant capital in plant and machinery to ensure continuation of the permits Compliant investment in 2011 amounted to £99,000 (2010 £763,000)

The company is a member of the UK Glass Industry Climate Change Agreement ("UK CCA"), which on the achievement of certain energy saving measures receives a discount of 65% (2010 80%) of the UK Climate Change Levy All of the company's commitments to the UK CCA have been met during the year

The company's registration as a reprocessor of recycled glass has been maintained throughout the year

The company operates within phase 2 of the European carbon emissions trading scheme The company's accounting policy to this scheme is described in note 1 of the financial statements

Employees
During the year the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development

Donations
Charitable donations made by the company during the year to a number of small local charities amounted to £3,116 (2010 £2,048) No political donations were made during the year

Dividends
The directors declared and paid a dividend of £Nil (2010 £11,200,000)

Report of the directors
(continued)

Auditor
Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

Approval
The report of the directors was approved by the Board on 2 March 2012 and signed on its order by

J S McLean
Secretary

Independent auditor's report to the members of Allied Glass Containers Limited (Company number: 03846688)

We have audited the financial statements of Allied Glass Containers Limited for the year ended 3 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor
As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 3 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
2 March 2012

Profit and loss account
for the year ended 3 December 2011

	Note	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Turnover - continuing operations	2	97,543	85,522
Cost of sales		(70,745)	(62,657)
Gross profit		26,798	22,865
Distribution costs		(10,581)	(9,892)
Administrative expenses		(3,620)	(2,936)
Operating profit – continuing operations	3	12,597	10,037
Interest receivable and other similar income		125	416
Interest payable and other similar expenses		(474)	(196)
Profit on ordinary activities before taxation		12,248	10,257
Tax on profit on ordinary activities	6	(6,531)	(2,824)
Profit for the financial year	19	5,717	7,433

There is no material difference between the company's results as reported and on an historic cost basis

There were no other recognised gains and losses other than those reported above

Balance sheet
as at 3 December 2011

	Note	3 December 2011 £'000	4 December 2010 £'000
Fixed assets			
Intangible assets	7	1,276	1,418
Tangible assets	8	31,679	33,330
Investments	9	904	904
		33,859	35,652
Current assets			
Stocks	10	12,215	10,261
Debtors	11	16,783	15,726
Cash at bank and in hand		19,751	8,320
		48,749	34,307
Creditors amounts falling due within one year	12	(31,752)	(24,754)
Net current assets		16,997	9,553
Total assets less current liabilities		50,856	45,205
Creditors amounts falling due after more than one year	13	(3,366)	(3,054)
Provisions for liabilities	15	(2,447)	(2,825)
Net assets		45,043	39,326
Capital and reserves			
Called up share capital	18	-	-
Share premium	19	37,126	37,126
Profit and loss account	19	7,917	2,200
Equity shareholders' funds	20	45,043	39,326

The financial statements were approved by the Board on 2 March 2012 and signed on its behalf by

J T Hart
Director

A Henderson
Director

Notes to the financial statements
for the year ended 3 December 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Allied Glass Group Limited, a company incorporated in England and Wales Accordingly, the financial statements contain information about the company as an individual entity only

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking A group cash flow statement is included in the financial statements of Allied Glass Group Limited

The company is controlled by Allied Glass Group Limited and is exempt from disclosing transactions with it and other group companies under Financial Reporting Standard 8 as it is a wholly owned subsidiary undertaking included within the consolidated financial statements which are publicly available

Turnover

Turnover is the revenue arising from the sales of goods and services It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Fixed assets and depreciation

Depreciation is provided evenly on the cost or valuation of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives No depreciation is provided on freehold land

The anticipated life of fixed assets is generally deemed to be no longer than

Freehold buildings	50 years
Plant and machinery	12 years
Motor vehicles	4 years
Mould equipment	4 years

Where there is evidence of impairment, fixed assets are written down to recoverable amount

Leased assets

Assets held under finance lease are included in the balance sheet and depreciated in accordance with the company's normal accounting policies The present value of future rentals is shown as a liability The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases

Stocks

Stocks are stated at the lower of cost and net realisable value after making due provision against obsolete and slow moving items In the case of manufactured goods the term 'cost' includes raw materials, production wages and production overheads

Notes to the financial statements
for the year ended 3 December 2011

1 Accounting policies (continued)

Deferred tax

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes

In accordance with FRS 19 deferred tax is not provided on timing differences arising from

a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date, and
b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets

Deferred tax assets are recognised if they are expected to be recovered

Deferred tax is measured at the tax rates expected to apply in the years when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs

The company operates a defined contribution pension scheme The assets of the scheme are invested and managed independently of the finances of the company The pension cost represents contributions payable in the year

Intangible fixed assets

Purchases of intangible fixed assets are included in the balance sheet at cost less accumulated amortisation The assets are amortised in equal instalments over their estimated useful economic lives, being 20 years

The useful economic lives are reviewed annually and revised if necessary Provision is made for any impairment

Carbon emissions allowances

The company has energy activities that are subject to the European carbon emissions trading scheme and is allocated carbon emissions allowances by the UK government

Where actual carbon emissions in the year are less than the allowances received (adjusted for allowances traded in the year), the unused allowances are recognised on the balance sheet at the lower of their original market value at the date of grant and their value at the balance sheet date and income to that value is recognised as government grants received Where actual carbon emissions exceed the granted allowances in the year (adjusted for allowances traded in the year), a liability is recognised based on the fair value at the balance sheet date of the additional allowances required and is shown in the profit and loss account as an emissions expense Sales during the year of allowances are recorded in the financial statements as carbon emissions traded

Notes to the financial statements
for the year ended 3 December 2011

2 Turnover

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Turnover by geographic market		
UK	89,768	79,166
Rest of Europe	7,191	5,883
Rest of the World	584	473
	97,543	85,522

3 Operating profit

Operating profit is stated after charging / (crediting)

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Depreciation and other amounts written off tangible fixed assets	4,821	5,035
Amortisation of intangible fixed assets (included within administrative expenses)	142	141
Operating lease rentals		
- plant & machinery	166	167
- land & buildings	925	768
Loss on disposal of fixed assets	101	97
Carbon emissions	(204)	(454)
Auditors' remuneration		
Services to the company and its subsidiaries		
- fees payable to the company's auditor for the audit of the annual financial statements	18	16
Fees payable to the company's auditor for other services		
- other services relating to taxation – compliance and advice	10	10

4 Remuneration of directors

Emoluments of the company's directors

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Directors' emoluments	-	537
Contributions to defined contribution pension scheme	-	38
	-	575

	Number of directors 2011	2010
Retirement benefits are accruing to the following number of directors in the defined contribution scheme	-	7

The aggregate emoluments of the highest paid director were £Nil (2010 £121,000) and contributions of £Nil (2010 £9,000) were made to the defined contribution pension scheme in his respect

During 2011 the directors have been wholly paid by the ultimate parent company

5 Staff numbers and costs

Average monthly number of persons employed by the company (including directors) during the year analysed by category was as follows

	Number of employees 2011	2010
Production	554	527
Sales and distribution	61	57
Administration	31	31
	646	615

The aggregate payroll costs of these persons were as follows

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Wages and salaries	19,454	18,517
Redundancy costs	-	15
Social security costs	2,062	1,891
Other pension costs	985	991
	22,501	21,414

Notes to the financial statements
for the year ended 3 December 2011

6 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Current tax		
UK Corporation tax on profits at 26%	2,440	1,715
Payment for group relief	4,251	1,263
Adjustments in respect of prior years	218	(13)
Total current tax (note 6b)	6,909	2,965
Deferred tax		
Origination of timing differences (note 16)	(378)	(141)
Tax on profit on ordinary activities	6,531	2,824

(b) Factors affecting tax charge for the year

The tax assessed is higher than the standard rate of corporation tax in the UK The differences are explained below

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Profit on ordinary activities before tax	12,248	10,257
Profit on ordinary activities before tax at the standard rate of corporation tax of 26% (2010 28%)	3,184	2,872
Effects of		
Expenses not deductible for tax purposes	20	28
Goodwill amortisation	37	40
Capital allowances in excess of depreciation	174	55
Other short term timing differences	13	(17)
Payment for group relief	2,976	-
Adjustment in respect of prior years	218	(13)
Adjustment in respect of prior years group relief	230	-
Change in tax rate	57	-
Total current tax (note 6a)	6,909	2,965

7 Intangible fixed assets

	£'000
Cost or valuation	
At beginning and end of year	2,836
Amortisation	
At beginning of year	1,418
Charge for the year	142
At end of year	1,560
Net book value	
At end of year	1,276
At beginning of year	1,418

8 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Assets in the course of con-struction £'000	Total £'000
Cost				
At beginning of year	9,985	74,714	705	85,404
Additions	37	2,778	503	3,318
Transfers	-	11	(11)	-
Disposals	(423)	(874)	-	(1,297)
At end of year	9,599	76,629	1,197	87,425
Depreciation				
At beginning of year	4,181	47,893	-	52,074
Charge for year	187	4,634	-	4,821
Disposals	(423)	(726)	-	(1,149)
At end of year	3,945	51,801	-	55,746
Net book value				
At 3 December 2011	5,654	24,828	1,197	31,679
At 4 December 2010	5,804	26,821	705	33,330

The net book value of tangible fixed assets includes £5,830,000 (2010 £5,889,000) in respect of assets held under finance leases Depreciation charged in the year on those assets amounted to £768,000 (2010 £720,000)

The company has made commitments for capital expenditure of £602,000 (2010 £20,000) for which no provision has been made in these financial statements

Notes to the financial statements
for the year ended 3 December 2011

8 Tangible fixed assets (continued)

The net book value of land and buildings comprise

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Freehold	5,590	5,736
Long leasehold	64	68
	5,654	5,804

Freehold land of £14,000 (2010 £14,000) is not depreciated

9 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At beginning of and end of year	904
Amounts written off	-
Net book value	904

The undertakings in which the company has an interest at the year end are as follows

Subsidiaries	**Class and percentage of shares held**	**Country of incorporation**	**Principal activity**
Lax & Shaw Limited	100% ordinary	England	Dormant
Gregg & Company (Knottingley) Limited	100% ordinary	England	Dormant

10 Stocks

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Raw materials and consumables	2,834	1,927
Finished goods	9,381	8,334
	12,215	10,261

There is no material difference between the replacement cost of stocks and their balance sheet amounts

Notes to the financial statements
for the year ended 3 December 2011

11 Debtors

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Trade debtors	14,724	14,201
Other debtors	350	183
Prepayments and accrued income	1,709	1,342
	16,783	15,726

12 Creditors: amounts falling due within one year

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Obligations under finance leases	1,191	1,149
Trade creditors	11,385	11,804
Corporation tax	2,100	741
Amounts owed to parent companies	10,569	5,195
Amounts owed to subsidiary undertakings	904	904
Other taxation and social security	1,934	1,893
Accruals and other deferred income	3,669	3,068
	31,752	24,754

13 Creditors: amounts falling due after more than one year

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Obligations under finance leases	3,366	3,054

14 Finance lease obligations

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Amounts due under finance leases		
Due within 1 year	1,191	1,149
Due between 1 – 2 years	1,037	945
Due between 2 – 5 years	2,099	1,966
Due over 5 years	229	143
	4,556	4,203

Notes to the financial statements
for the year ended 3 December 2011

15 Provisions for liabilities

	Total £'000
At 5 December 2010	2,825
Credited to the profit and loss account	(378)
At 3 December 2011	2,447

16 Deferred taxation

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Accelerated capital allowances	2,521	2,900
Other short term timing differences	(74)	(75)
Total deferred tax provision	2,447	2,825

17 Contingent liability

The company is pending formal notification of a potential liability claim arising from operational matters that may have occurred in the year In accordance with FRS12, no disclosure has been provided of the likelihood or financial effect to prevent prejudicing the company's position

18 Called up share capital

	Year ended 3 December 2011	Year ended 4 December 2010
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	28	28

19 Reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of the year	37,126	2,200
Profit for the year	-	5,717
At end of the year	37,126	7,917

Notes to the financial statements
for the year ended 3 December 2011

20 Reconciliation of movement in shareholders' funds

	Year ended 3 December 2011 £'000	Year ended 4 December 2010 £'000
Profit for the year	5,717	7,433
Dividends	-	(11,200)
Net addition to/ (reduction in) shareholders' funds	5,717	(3,767)
Opening shareholders' funds	39,326	43,093
Closing shareholders' funds	45,043	39,326

21 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	3 December 2011		4 December 2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	8	51	14	82
In the second to fifth years	77	96	208	73
Over five years	929	-	619	-
	1,014	147	841	155

22 Holding companies and ultimate controlling party

The immediate holding company as defined by FRS 8 is Allied Glass Holdings Limited, which is incorporated in Great Britain and registered in England and Wales

The ultimate holding company as defined by FRS 8 is Allied Glass Group Limited The directors consider the ultimate controlling party to be Equistone Partners Europe

The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies